



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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April 2012

ACCIDENTAL DEATH & DISABLEMENT (AD&D) Aircraft Risk

The purpose of AD&D coverage

Accidental Death and Disablement (AD&D) pays a benefit in the event of an accident that causes death, typically an amount equal to (and in addition to) your group life benefit. If the accident doesn't cause death but causes disablement, the policy also pays. Lump sum payments are paid for 'loss of' or 'loss of use of' sight, hearing, speech, or appendages. In the event of paraplegia, hemiplegia, or quadriplegia, typically two times the principle sum is paid. Group AD&D policies also include benefits for rehabilitation, occupational training for a spousal education benefit, and many more.

Air travel limitation

As with any type of insurance coverage, there are limitations as to what the benefit does or doesn't cover, and situations that are excluded. One particular situation that has received some recent attention is work-related air travel. Unless specifically provided, AD&D policies limit coverage as a result of certain aircraft accidents. Here are examples of three insurers' AD&D policy exclusions:

- this policy excludes injury sustained while, and in consequence of riding as a passenger, pilot, operator or member of the crew, in or on any aircraft owned, operated or leased by the policyholder.
- Riding as a passenger, pilot, operator, or member of the crew, in or on, boarding or alighting from or being struck by or making a forced landing with or from any aircraft owned, operated, leased, or chartered by the policy member or the employer.
- Riding as a passenger, pilot, operator, or member of the crew in any non-scheduled, non-commercial aircraft for the purpose of performing any duties of an employee's occupation.

The intent of coverage

AD&D coverage applies 24 hours a day, 365 days a year, on or off the job, anywhere in the world, including while travelling (as a passenger only) in commercial aircraft.

These limitations do not apply to group life insurance coverage; however, it's clear that insurers are not prepared to accept certain types of aviation risk with AD&D coverage. The following gives an example of what is covered within a standard group AD&D policy:

- riding as a passenger, and not as a pilot, operator or member of the crew, in or on any aircraft having a current and valid certificate of airworthiness and piloted by a person who then holds a current and valid pilot's license of a rating authorizing him or her to pilot such aircraft.

Review your risk

With some businesses and industries, such as forestry and mining, it is common for employees to fly in non-commercial, leased, chartered, or privately owned aircraft.

If your business needs require that you use privately owned, leased or chartered aircraft, you may be at risk unless you've purchased coverage for your specific situation.

Other typical exclusions you should be aware of:

- Suicide, or intentionally self-inflicted injury;
- War, or any act of war;
- Active or full time service in the armed forces of any country

If you believe your employees are at risk for any of these situations, contact Johnstone's Benefits so that we can give you advice for your specific needs.