

# Life Insurance and Accidental Death & Dismemberment (AD&D)

The Life Insurance and Accidental Death and Dismemberment (AD&D) Plans at Diageo NA provide financial protection for you and your family in the event of injury or death. There is Company-paid coverage and the option to purchase additional coverage based on your family’s needs.



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## How Life Insurance and AD&D Plans Work

There are three options:

- Company-paid Basic or Core Life Insurance and AD&D
- Employee-paid Supplemental Life Insurance and AD&D
- Employee-paid Dependent Life Insurance and AD&D

Unless you elect otherwise, you will automatically be enrolled for Company-paid Basic Life Insurance and AD&D.

You also automatically receive Company-paid Business Travel Accident Insurance that provides an additional benefit if you die or are permanently injured while traveling on Company business.

### Questions?

If you have questions about your life insurance benefits after you review the information here, call your Human Resources Representative or log on to Diageo One.

## Annual Base Salary

Life Insurance, AD&D, and Business Travel Accident benefits are based on your annual base salary. As your salary increases, your coverage increases. Annual base salary does not include commissions, bonuses, overtime pay, or any fringe benefits. Unless you choose another option, you will automatically be enrolled for Basic Life and AD&D Insurance and Business Travel Accident Insurance.

### Benefit Amounts

Benefit Options	Company-Paid Benefit	Employee-Paid Benefit
<b>Basic Core Life Insurance and AD&amp;D</b>	\$50,000	
<b>Basic Life Insurance</b>	2x your annual base salary up to \$1million maximum*	
<b>Supplemental Life Insurance and AD&amp;D</b>		From 1x to 5x your annual base salary*
<b>Business Travel Accident Insurance</b>	5x your annual base salary (maximum \$500,000)	
<b>Benefit Options for Your Family</b>		
<b>Dependent Life Insurance and AD&amp;D</b>		Spouse or domestic partner: \$10,000, \$25,000, or \$50,000 Children: \$5,000 or \$10,000

\*The maximum life insurance benefit (Core or Basic + Supplemental) is \$1.5 million. The maximum combined life insurance and AD&D benefit is \$3 million.

## Choosing a Beneficiary

When you become eligible for coverage, you will be asked to choose a beneficiary(ies). You may choose one or more persons, a trust, an estate, or a charitable institution.

You may change your beneficiary(ies) as often as you like by completing a new beneficiary form available in the Forms library on Diageo One, or from your Human Resources Representative.

If you purchase Dependent Life Insurance, you are automatically the beneficiary of that policy.

### Beneficiary(ies)

The person or organization that will receive your life insurance benefit.

## Proof of Insurability

If you want additional coverage, and you do not have a life status change, you may need to provide proof of insurability. The insurance company must approve the coverage, and additional coverage is not guaranteed.

The following chart shows when proof of insurability is required:

Type of Insurance	Proof of Insurability Required
<b>Basic Life Insurance and AD&amp;D</b>	<ul style="list-style-type: none"> <li>▪ New Employees: \$650,000 or more in coverage.</li> <li>▪ Current Employees: Increase from Basic insurance of \$50,000 to Basic 2x annual base salary, except during Open Enrollment or within 31 days of a life status change.</li> </ul>
<b>Supplemental Life Insurance and AD&amp;D</b>	<ul style="list-style-type: none"> <li>▪ New Employees: \$250,000 or more in coverage, or if you enroll after 31 days of your eligibility date.</li> <li>▪ Current Employees: Required for all Supplemental coverage increases.</li> </ul>
<b>Dependent Life Insurance and AD&amp;D Spouse/domestic partner</b>	<ul style="list-style-type: none"> <li>▪ If you do not enroll your spouse/domestic partner when you become eligible for coverage or within 31 days of marriage (or satisfying the criteria for a domestic partnership), proof of insurability is required.</li> </ul>
<b>Dependent Life Insurance and AD&amp;D Children</b>	<ul style="list-style-type: none"> <li>▪ Not required, but children can only be added during Open Enrollment or within 31 days of a life status change.</li> </ul>

### Proof of Insurability

If you want additional coverage or have a life status change, you (or your spouse or domestic partner) will need to complete a personal health statement, and submit it to the insurance company

## Cost of Coverage

The Company pays the full cost of your Basic or Core Life and AD&D and Business Travel Accident Insurance.

Premiums for Supplemental and Dependent coverage can be found on Diageo One, or by contacting your Human Resources Representative.



Your cost for supplemental coverage will depend on the amount of insurance, your age, and whether you are a smoker or non-smoker. Premiums for supplemental coverage will automatically increase as your annual base salary increases, or when you enter a new age bracket.

### Smoker and Non-Smoker Rates

If you have not smoked in the previous 12 months, you qualify for non-smoker rates. You will have an opportunity to change your “smoking status” during Open Enrollment.

### Tax Information

The IRS requires Company-paid life insurance above \$50,000 be reported as imputed income. This means that the Company will increase your taxable earnings by the amount of the additional life insurance.

#### An Example

An employee’s annual base salary is \$40,000, and she has elected Basic Life Insurance at 2x her annual base salary and Supplemental coverage at 3x her annual base salary. If she dies in an accident, while on Company business, her beneficiary will receive the following:

Employee’s Coverage	Calculating the Benefit	Amount Payable to Beneficiary
<b>Basic Life and AD&amp;D 2x annual base salary</b>	Life \$40,000 x 2 = \$80,000 AD&D \$40,000 x 2 = \$80,000	\$160,000
<b>Supplemental Life and AD&amp;D 3x annual base salary</b>	Life \$40,000 x 3 = \$120,000 AD&D \$40,000 x 3 = \$120,000	\$240,000
<b>Business Travel Accident 5x annual base salary</b>	\$40,000 x 5 = \$200,000	\$200,000
	Total payment to beneficiary:	\$600,000

For example, if you have \$75,000 in Basic Life Insurance coverage, your taxable income will increase by \$25,000 (\$75,000 minus \$50,000).

Your cost for Supplemental and Dependent coverage will be deducted from your pay on an after-tax basis.

## Benefits Covered by Life Insurance

Life Insurance benefits are payable if you die while an active employee of Diageo NA, regardless of the cause of death.

### Basic Core Life Insurance

The Company automatically provides you with \$50,000 in term life insurance at no cost to you. If you die, your beneficiary(ies) will receive this amount.



## Basic Life Insurance

If you would like more than \$50,000 in coverage, the Company will provide you with 2x your annual base salary (rounded up to the nearest thousand dollars) in term life insurance. This coverage is available at no cost to you.

### Basic Life Insurance Benefits of \$650,000 or More

If your Basic Life Insurance benefit is \$650,000 or more, you will need to provide the insurance company with proof of insurability. See “Proof of Insurability” on page 121.

### When You Reach Age 65 and 70

Your Basic Life Insurance benefit is reduced by 35% in the year following your 65<sup>th</sup> birthday, and by 50% (of the original amount) at age 70.

For example, if you have \$100,000 in Basic Life Insurance, it will be reduced to \$65,000 on January 1 following your 65<sup>th</sup> birthday and then reduced to \$50,000 on January 1 following your 70<sup>th</sup> birthday.

Note, the reduction does not apply to Basic Core Life Insurance coverage.

## Supplemental Life Insurance

You may purchase Supplemental Life Insurance from 1x to 5x your annual base salary (rounded up to the nearest thousand dollars) up to the maximum benefit of \$1.5 million (Core or Basic + Supplemental). This amount is in addition to your Basic Life Insurance. Your cost for coverage is based on your age, amount of insurance, and whether you are a smoker or non-smoker.

### Supplemental Life Insurance Benefits of \$250,000 or More

If your Supplemental Life Insurance benefit is \$250,000 or more, you will need to provide the insurance company with proof of insurability. See “Proof of Insurability” on page 121.

## Dependent Life Insurance

Dependent life insurance is available for your dependents as listed in the *Participating in the Benefit Plans* section. You may purchase coverage for your spouse or eligible partner in the amount of \$10,000, \$25,000, or \$50,000.

You may purchase \$10,000 of coverage for each of your dependent children. You are automatically the beneficiary of Dependent Life Insurance.

**Keep your beneficiary information up to date**

It is important to keep your beneficiary information up to date. You may want to make a change if you get married, divorced, have children, or experience another life status change.



### Maximum Benefits

Below are the maximum benefit amounts available for Life and AD&D Insurance.

Coverage Type	Amount Covered
<b>Life Insurance</b>	
<i>Basic Life Insurance</i>	\$1 million
<i>Core or Basic + Supplemental Life Insurance</i>	\$1.5 million
<b>Dependent Insurance:</b>	
<i>for spouse/domestic partner</i>	\$50,000
<i>for children</i>	\$10,000
<b>AD&amp;D Coverage</b>	
<i>AD&amp;D coverage</i>	\$1.5 million
<i>Combined Life and AD&amp;D Insurance</i>	\$3 million
<i>Business Travel Accident</i>	\$500,000

## Benefits Covered by AD&D

AD&D Insurance provides a benefit to you or your beneficiary(ies) if you die or become permanently injured in an accident. This benefit is in effect 24 hours a day.

When you enroll for Life Insurance coverage (Basic, Supplemental, Dependent), you are automatically enrolled for the same amount of AD&D coverage. AD&D benefits are paid in addition to your life insurance benefits.

For example, if your annual base salary is \$40,000 and you elect Basic Life Insurance (2x annual base salary), you will have \$80,000 in life insurance plus \$80,000 in AD&D coverage.

## Business Travel Accident Coverage

If you die or are permanently injured while traveling on Company business, you or your beneficiary may receive an additional benefit equal to 5x your annual base salary, up to a maximum benefit of \$500,000. (Benefits are reduced beginning at age 70.)

This Plan is not in effect during your daily commute to and from work.

If you experience more than one loss from injuries in the same accident, the most you will receive is 100% of your benefit. The loss must occur while you are covered by this plan and within 365 days of the accident.

## AD&D and Business Travel Accident Benefit Amounts

AD&D and Business Travel Accident benefits are based on a percentage of your life insurance benefit depending on the loss incurred.



### AD&D Benefit Coverage

	100% Life Insurance Benefit	50% Life Insurance Benefit	25% Life Insurance Benefit
<b>Loss Incurred</b>	<ul style="list-style-type: none"> <li>▪ Life</li> <li>▪ Both hands or both feet</li> <li>▪ Sight of both eyes</li> <li>▪ One hand and sight of one eye</li> <li>▪ One foot and sight of one eye</li> <li>▪ Speech and hearing</li> </ul>	<ul style="list-style-type: none"> <li>▪ One hand</li> <li>▪ One foot</li> <li>▪ Sight of one eye</li> <li>▪ Speech</li> <li>▪ Hearing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Thumb and index finger on either hand</li> </ul>

Loss of sight means the total loss of sight which cannot be restored by surgical or other means. Loss of hand means severance at or above the wrist joint. Loss of foot means severance at or above the ankle joint.

### AD&D and Business Travel Accident Limitations

Benefits will not be paid if the loss is a result of:

- Mental or physical illness
- Medical or surgical treatment (unless resulting from a covered accident)
- Self-inflicted injury
- War, or an act of war, or service in any military force
- Police or military duty
- A commission of a felony
- Travel or flight except as a passenger on a commercial or military transport
- Drugs, unless prescribed by a physician
- Poison, gas, or fumes voluntarily taken or inhaled, unless taken on the advice of a dentist or physician
- Ptomaine or bacterial infection (unless the infection occurs because of a wound suffered in a covered accident)
- Activities such as crop dusting, sky diving, hang gliding, racing, aerial photography, or situations requiring FAA special permits, etc.

### Filing a Claim for Benefits

There are different methods of filing a claim if:

- You die
- Your dependent dies
- You are injured
- Your dependent is injured



### **If You Die**

If you die, your beneficiary(ies) should notify your supervisor and your Human Resources Representative as soon as possible.

To receive benefits, your beneficiary(ies) will need to complete a claim form and submit a certified death certificate. Your Human Resources Representative can help your beneficiary(ies) complete the necessary claim forms and any additional information required by the insurance company.

### **If a Dependent Dies**

If a dependent dies, you should notify your Human Resources Representative, and follow the same procedures as described above.

### **If You Are Injured**

If you are injured in an accident, you must notify your supervisor and your Human Resources Representative as soon as possible.

If you have a loss that qualifies for an AD&D benefit, you will need to provide medical documentation of the loss. Your Human Resources Representative can help you complete the necessary claim forms and any additional information required by the insurance company.

### **If a Dependent Is Injured**

If a dependent is injured in an accident, you should notify your Human Resources Representative, and follow the same procedures as described above.

### **Payments**

Benefits are generally paid as installment payments, but you or your beneficiary(ies) may choose to receive a lump sum.

## **Converting Your Coverage**

If your coverage ends, or a dependent is no longer eligible for coverage, you may convert the life insurance portion of the coverage to an individual policy. Note, AD&D coverage cannot be converted. In order to convert your life insurance coverage, you must complete the application and pay the premium within 31 days following the termination of coverage. Conversion forms will be sent to you (or your dependent) if coverage ends.

If you or a dependent dies within the 31-day period following termination of coverage, the full life insurance benefit will be paid whether or not you have applied for an individual policy.

For your supplementary life insurance coverage, you have another option—to convert this coverage or to use the plan's portability feature to continue your coverage at group rates somewhat higher than those available to active employees, but lower than individual policy rates.



Continuing coverage through the portability feature is less expensive than if you were to convert your coverage to an individual policy or purchase life insurance on your own. You may apply for the portability option if your insurance is discontinued because of one of the following reasons:

- You terminate employment
- You change to a regularly scheduled work week of fewer than 20 hours a week
- You retire

Portability allows employees to elect new group life insurance if their coverage terminates because their employment ends or they are no longer in an eligible class. The Hartford's portability insurance policy is group term coverage that allows individuals to port without providing proof of insurability, regardless of their health status. The Hartford does not have a minimum case size restriction for offering portability, which makes this valuable benefit available to a greater number of employers. In addition, there is no initial coverage period required for an individual to be eligible to port. **The Portability Option is only available to Diageo employees who have Supplemental life insurance. The Portability Option is not available on Diageo's Basic Life plan.**

If you retire and do not meet the eligibility requirements for retiree life insurance or you would like a greater level of coverage than is provided to eligible retirees, you may convert all of your group life insurance to an individual policy. If you do so, you pay the regular individual policy insurance company rates for your age at the time you buy the insurance, but you do not have to provide evidence of insurability. The rates for converted coverage can be significantly more expensive than the rates for the group coverage available to active employees. Therefore, you should check other sources of insurance coverage several months before your retirement date. Once you retire, you must make your decision about conversion within 31 days of your retirement date.

If you die during the 31 days before your insurance is continued through the portability feature or converted to an individual policy, your beneficiary receives a lump sum payment of the amount you were entitled to continue or convert, even if you did not apply for continuation of conversion.

Conversion provides the opportunity to obtain the full amount of coverage lost, through an individual universal life policy, if employees lose coverage for any reason other than policy termination or termination of coverage for their class. (If coverage is lost due to these reasons, some restrictions apply.) The Hartford has a toll-free Conversion Quote Line for individuals to obtain a cost estimate for converting their coverage. The Quote Line, 1-877-320-0484, is available Monday through Friday, 9:00 a.m. to 5:00 p.m. EST.



