

## **Volume Calculations for Life and AD&D**

- 1) **Flat Amounts** - The insurance volume for each employee is a fixed dollar value regardless of the individual's earning or position. Multiply this value by the number of employees covered to arrive at your total insurance volume.

**\*Subject to any Age Reductions specified in your policy.**

### ***Sample Calculation***

Flat Amount: \$10,000 (per employee)

Number of Employees - 200

$\$10,000 \times 200 = 2,000,000$

Total Insurance Volume = \$2,000,000

- 2) **Multiple of Earnings** ( \_\_\_  $\times$  annual earnings)- Multiply the employee's covered earnings times the multiple specified in your insurance contract, which will give you the employee's individual volume, not to exceed the plan maximum. After you have calculated each employee's volume, sum up all the volumes to arrive at your total insurable volume.

**\*Subject to any Age Reductions specified in your policy.**

### ***Sample Calculation***

Maximum Earning Amount: \$100,000

$\underline{2} \times$  Annual Earning = Insurance Contract Benefits (subject to Max and Age Reductions)

Example: Annual Earning = \$40,000

$\underline{2} \times \$40,000 = \$80,000 =$  Volume

\* If the employee is at the age specified in the policy, the actual volume is reduced. For example, if the employee is age 65, the volume is reduced by 35%. To determine an individual's volume, multiply the volume in the above example by 65% to determine the actual volume. Please refer to your policy for age and percentage rules.

## **Volume Calculations for LTD (Covered Payroll)**

The employee's monthly earnings are used as the insurable volume, if it is less than the maximum earning amount.

To find the maximum earning amount, first divide the *maximum benefit amount* specified in the contract by the *percentage* also specified in the contract (Round this number to the nearest dollar). If the employee's earnings are less than the maximum you just calculated, use the employee's monthly earnings as the insurable volume. If it is greater than the maximum earnings, use the maximum as the insured volume. After you have determined each employee's volume, sum up all the volumes to arrive at your total insurable volume.

### ***Sample Calculation***

Maximum Benefit Amount: \$5,000

Percentage Rate: 60%

$\$5,000 \div 60\% = \$8,333$  Maximum Earning Amount

## **Volume Calculations for STD – Weekly Earnings (Annual Earning $\div$ 52 weeks)**

If your plan provides a percentage of the employee's weekly earnings as the benefit, calculate the volume in this manner:

Multiply the employee's weekly earning by a percentage specified in the contract. After you have calculated each employee's insurable earnings, add up all the volumes to arrive at your total insurable volume (not to exceed the plan maximum).

### ***Sample Calculation to determine individual employee volume:***

**Maximum Benefit Amount: \$500**

Percentage Rate: 60%

Weekly Earning: \$300

$\$300 \times .60 = \$180$

Volume = \$180

**PLEASE REFER TO YOUR GROUP'S ADMINISTRATION MANUAL FOR ADDITIONAL VOLUME CALCULATION EXAMPLES.**