



ALPA Insurance: A Case for "Just in Case"

► Insurance is a bit like the oxygen mask that is tucked away invisibly above each passenger seat in an airliner. The passengers know it's there, because the flight attendants show and tell them that it is. They know they might have to use it, though chances are they won't. But they also know that on those rare occasions when it might drop down because the cabin becomes depressurized, the mask will give them what they need to handle a difficult or harrowing situation.

The difference between the oxygen mask and insurance is that the mask comes with the airline ticket, and whether to buy insurance is a decision all its own. Unlike a house or a refrigerator or a college education, insurance is not a concrete asset. It is a "just in case" purchase, but it can make all the difference in whether that house or refrigerator or education remains a reality.

ALPA organized 75 years ago to look after the interests of its members, and over time those interests have been constantly redefined and refined. More than 50 years ago, the Association realized that airline pilots who wanted life insurance needed a policy that was specially tailored to their needs. ALPA's group term policy was devised, and ever since then, the people who know pilots best—pilots themselves—have been designing insurance plans for ALPA's members.

"The reason we offer these programs is that they're able to provide benefits that aren't widely available to pilots in the larger marketplace," says Cindy Roy, ALPA senior insurance analyst. "Piloting is still regarded as a dangerous profession, even though medical certification is required, which in fact probably makes it a lower risk than many occupations. When insurance companies don't want to talk to us, we have

the sense they haven't really investigated the statistics, they simply have that perception."

Nevertheless, some well-respected companies are attracted to the quality and number of customers that ALPA can offer, as well as "the 'dazzle' factor," as Roy put it, that surrounds the piloting profession.

The pilots who make up ALPA's

Life, the underwriter for the Group Term Life policy, has had to pay out for ALPA policies in the last year have been less than the premiums the company received. When applicable, the company shares such surpluses with its customers—ALPA policyholders—in the form of a dividend. "Sometimes costs exceed expenses," Roy said, "and we're looking at how



One estimate is that 30 percent of all pilots lose their medical certification, at least temporarily, by the time that they are 60. And a recent survey revealed that 30 percent of Americans think long-term care insurance is necessary, but only 10 percent actually have it.

National Retirement and Insurance Committee meet six times a year to review plans and find the best ways to market, fund, and insure them. The ALPA Membership and Council Services staff is the administrative arm of that Committee, taking care of the "heavy lifting"—dispensing technical advice, ensuring that the plans are well costed and funded, billing, reconciling premiums, issuing certificates of coverage on approval, and reviewing claims when they come in to confirm eligibility and to be sure the forms are complete.

The staff regularly negotiates with companies for favorable rates. For example, the amounts that New York

the premiums could be lowered."

The best example of pilots' unique insurance needs is Loss of License. Many companies offer a disability policy, but they normally define "disability" broadly as preventing many kinds of employment. Loss of License is based on an ALPA-negotiated "own occupation" definition of disability, which applies only to losing the FAA airman medical certificate. Conditions such as being an insulin-dependent diabetic, for example, may prevent a pilot from flying, but not from engaging in other types of employment. If a pilot's medical certificate is withdrawn (and one estimate is that 30 percent of all pilots lose their

medical certification, at least temporarily, by the time they're 60), the Loss of License policy kicks in after a 12-month wait.

Loss of License comes in two guises: a monthly benefit of as much as \$3,600 for 48 months or a lump sum as large as \$250,000 (based on age at the time of disability).

The lump sum could be used, for example, to train for a new profession or to buy a business if the claimant is unlikely to continue in the piloting profession. The monthly payment might be chosen by a pilot who anticipates that he or she will eventually be able to fly again and will need monthly support until then.

The Loss of License programs have 12,800 ALPA participants in the monthly version and 8,650 choosing to be insured for a lump sum. Apprentice members make up 3,250 of each figure.

Those high numbers for apprentices have a simple cause: Loss of License protection in both \$1,200 monthly and \$25,000 lump-sum programs are free to apprentices, a benefit from ALPA (with the option under the monthly plan of paying a reduced rate for higher coverage). At the end of the probationary period, the apprentice coverage can be billed to the member without providing evidence of insurability.

The other no-cost plan for apprentices is Group Term Life Insurance, the oldest of ALPA's plans and the most popular, with an enrollment of more than 20,000 pilots. This insurance, with maximum benefits of \$250,000, has no exclusions for cause of death. It covers the pilot during any flying—civil, military, or recreational (coverage not easy to find in the wider marketplace)—and Roy points out that it does not demand an unblemished health record, unlike some “less expensive” plans that

Satisfied customer

My name is Ted Stewart, and I have participated in your Short-Term Disability Insurance program for 20 years.

This protection brought me peace of mind through the years, but like most pilots, I never anticipated that the actual day would come when I would need it.

However, after sustaining multiple injuries in a fall, that day did arrive.

I can't begin to tell you how helpful your benefits staff members were in assisting me during

these injuries and subsequent loss of work. With their guidance and counsel, I promptly began receiving the insurance benefit I never believed I would need.

This short-term benefit arrived promptly every month, providing my family and me with an income and some financial breathing room to plan for the long term.

In short, it did as advertised, and I am very glad that I purchased this protection. Thank you.

Capt. Ted J. Stewart (former Air Cal pilot, now flying for American)

might be advertised on the Internet.

ALPA also offers its members the 10-Year-Level Term Life Insurance plan, established 4½ years ago and now with an enrollment of more than 1,100. This plan can combine with the Group Term plan to provide coverage as high as \$1.5 million, and its benefits and premiums remain fixed for its first 10 years. Suicide during the first 2 years of the plan is its only excluded cause of death.

ALPA's Short-Term Disability Insurance, with monthly benefit options of as much as \$3,000 for 12 months, can be partnered with Loss of License “Plus” Insurance, which extends the regular 48-month LOL period beyond “own occupation” to inability to engage in “any occupation” for which the pilot is qualified by education, training, or experience.

These plans all serve to protect the ALPA member during his or her working life, but ALPA also provides Long-Term Care Insurance for needs long after retirement—or if a pilot becomes disabled before retiring. A recent survey revealed that 30 percent of Americans think long-term care

insurance is necessary, but only 10 percent actually have it.

John Hancock Life Insurance Company, one of the leaders in the insurance market, is the carrier of ALPA's plan, which provides daily maximum benefits for nursing home stays as well as for home health care. A bonus to this plan is that it's available not only to members but also to their parents and in-laws.

Most of these plans are intended to be secondary to those offered through a pilot's company, but their portability makes them invaluable stopgaps in case of furlough or being hired at another airline.

In continuing to make these plans available and monitoring their efficacy, ALPA wants to make sure its members get the deep breath they'll need if life should suddenly and unexpectedly depressurize.—*Susan Burke, Publications Specialist*

For more information on ALPA's insurance offerings, go to crewroom. alpa.org, then the Member Benefits link, then click on the Insurance Programs site. Or call 1-888-FLY-ALPA.