COMPARISON OF TERM LIFE INSURANCE vs. ACCIDENTAL DEATH INSURANCE

Understand the key differences between Term Life Insurance and Accidental Death Insurance, and when each may provide protection during a surrogacy journey.

FEATURE	TERM LIFE INSURANCE	ACCIDENTAL DEATH (AD) INSURANCE
Purpose	Provides a lump sum upon death for any cause during the policy term	Provides payment only if death meets the policy's definition of 'accidental'
Eligibility	Requires medical underwriting, income review, and may include credit and driving record checks	No income or credit history needed (under most carriers), quicker approval
Application Timeline	A few weeks, up to months	Quick, 3 day turn around can begin as early as medication start
Cost	Varies based on age, health, and term length	Cost based on benefit amount only
Coverage Amount Limits	Based on income: up to 25x income (age ≤40); up to 20x income (age 41–50)	May allow up to $750K for GC, $50K for IPs without income validation (higher amounts may require it)
Beneficiary Structure	Can split among GC and IPs by percentage (not dollar amount)	IPs can be direct beneficiaries; allows specific amounts
Policy Riders Available	None for Surrogacy	Can include Miscarriage, Stillborn, Infant Demise, Loss of Reproductive Organs, Total Disability
Use in Surrogacy	May exclude surrogacy or deny based on it	Designed for surrogacy context, including pregnancy-related death
Contractual Notes	Should be finalized before medical clearance; must align with contract terms	Match agreement and contract must include policy details and premium obligations
Claim Process	Standard process; depends on cause of death	Requires death certificate and medical records; paid only if conditions of policy are met
Risk of Denial	Could happen if exclusions apply or underwriting flags issues	Unlikely under Lloyd's-backed policies, which historically pay out
Policy Start Timing	Before medical clearance is ideal	Available for pre-GSA protection (Short-Term AD) and extends through surrogacy period (18–24 months)

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SURROGATE FRIENDLY
LIFE & ACCIDENTAL DEATH INSURANCE OFFERINGS

Term Life Insurance

Lloyds Accidental Death Carriers:
- Universal Family Insurance OR
- New Life Agency

Riders Available for AD policies:
- Loss of Reproductive Organs
- Total Disability

Miscarriage, Stillbirth, and Infant Demise

Intended Parents Separate Benefit

Short Term Accidental Death options available: starting at Match Agreement *(New offering)*

THE BEST QUESTION TO ASK IS:

What is each policy intended to protect?

KEY TAKEAWAYS REGARDING LIFE INSURANCE

TERM LIFE INSURANCE

- Best for: Comprehensive, long-term protection for death from any cause.
- Requires medical underwriting and income verification; approval can take weeks.
- Legal Note: IPs may be named as beneficiaries by percentage only.
- Coverage Limits: Based on income and age (e.g., up to 25x income if under age 40).
- Contractual Timing: ideally finalized before medical clearance.

COMBINING POLICIES

Combines the strengths of both Term & AD for maximum protection.

Strategy: IPs can customize riders while GCs have broad base coverage.

ACCIDENTAL DEATH INSURANCE

- Best for: Surrogacy-specific protection for accidental or pregnancy-related death and Guarantee Issue policies.
- Advantages: No medical underwriting; IPs can be named as dollar-amount beneficiaries.
- Flexible Terms: 18–24 months, with short-term options (3 or 6 months). Follows the contract terms inside the GSA.
- Riders Available: Can include miscarriage, stillbirth, reproductive organ loss, disability.

SHORT TERM ACCIDENTAL DEATH POLICY (NEW OFFERING)

- Covers from match agreement through medical start.
- Benefit Limits: Up to $750K for GC, $50K for IPs
- Must be included in the match agreement.

LEGAL AND CONTRACTUAL TIPS

- Align policy dates with journey milestones.
- Track expiration dates and policy numbers.
- Include survival clauses for post-termination coverage.
- Inform professionals of any pregnancy changes to avoid coverage gaps.
- Define: IP's contractual responsibility for the agreed-upon coverage amount (list amount), up to the policy limit.
- State the total desired coverage amount, not the coverage amount for each individual policy.
- Refer to "Term Life Insurance and/or Accidental Death Insurance" to maintain flexibility when selecting coverage.

CLAIMS AND RISK MANAGEMENT

- Term life may be denied due to exclusions or underwriting flags. Best practice: consult a licensed insurance agent to determine best options.
- Lloyd's-backed Accidental Death policies have a strong payout history, if criteria are met.
- If a claim is challenged or denied, additional documentation or an appeals process may be necessary.