

Understand the ins and outs of hospital indemnity insurance.

Coverage that helps pay the expenses related to hospitalization and treatment due to a sickness or injury.

Life doesn't always go as expected. Serious illnesses and injuries happen that require hospitalization and treatment. While health insurance helps pay for medical expenses, it doesn't cover all the costs associated with treatment.

That's why Principal® offers a way to help employees financially prepare for their expenses if the unexpected happens. With hospital indemnity insurance, the employee can focus on recovery and worry less about the cost of hospitalization or treatment. When a covered employee or family member is admitted to the hospital for a sickness or injury, they get a lump-sum cash benefit to use any way they choose—regardless of other insurance they may have, or actual expenses incurred.

Available benefits

We offer both Health Savings Account (HSA) and non-HSA compatible plans.¹ Our flexible designs offer a wide range of benefits and days payable, allowing you to design coverage that meets your needs. Here's an example of an HSA compatible plan that may be selected:

Benefit	Benefit payable	Days payable
First day hospital confinement	\$1,000	1
Daily hospital confinement ²	\$100	30
First day Intensive Care Unit (ICU) confinement	\$2,000	1
Daily ICU confinement	\$200	30
Newborn nursery confinement	\$100	1
Health screening benefit	\$50	1

→ Tiered benefit

Offering a tiered benefit allows a higher daily hospital and daily ICU benefit payable the longer the stay in the hospital. This feature is available with daily hospital benefits payable with 30, 60, and 90 days. Using the example HSA plan, here's how the tiered benefit could be paid:

Days payable	Daily hospital benefit	Daily ICU benefit	Days hospitalized
30 days	\$100 daily	\$200 daily	2-10 days
	\$150 daily	\$300 daily	11-20 days
	\$200 daily	\$400 daily	21-30 days

Enhanced injury

Offering enhanced injury allows a benefit to be payable at a higher benefit amount for an injury vs a sickness.

Benefit	Sickness	Injury
First day hospital confinement	\$1,000	\$2,000
First day ICU confinement	\$2,000	\$4,000
Daily hospital confinement	\$100	\$200
Daily ICU confinement	\$200	\$400
Emergency room	\$200	\$400

Additional options for non-HSA plans

- Air ambulance
- Chiropractic care
- Companion lodging
- Doula care
- Durable medical equipment
- Emergency room
- Family care
- General anesthesia
- Ground or water ambulance
- Home health service
- Hospice care
- Inpatient surgery
- Invasive diagnostic procedure
- Lab tests or x-ray
- Major diagnostic procedures
- Medical travel
- Mental disorder inpatient treatment facility
- Mental disorder outpatient
- Observation unit
- Outpatient surgery
- Pet care
- Physician visits and telemedicine
- Prescription drugs
- Rehabilitation facility³
- Skilled nursing facility
- Substance abuse inpatient treatment facility
- Substance abuse outpatient
- Therapy services
- Urgent care facility

Product specifics

Hospital indemnity insurance is only available with another Principal group product.

Plan type	Plans can be chosen to cover the following: <ul style="list-style-type: none">• Sickness and injury• Sickness only• Injury only
Choice type (voluntary coverage only)	Employers can allow their employees to elect different plan designs by job class: <ul style="list-style-type: none">• Dual choice• Triple choice
Coverage type	<ul style="list-style-type: none">• Injury can be on or off the job• Spouse coverage matches that of the covered employee.
Spouse/child coverage	<ul style="list-style-type: none">• Employees must enroll to elect coverage for their spouse or children• Spouse and children's benefits can be up to 100% of employee benefit
Funding options	<ul style="list-style-type: none">• Employee-paid• Contributory• Employer-paid
Enrollment type	<ul style="list-style-type: none">• Annual open enrollment• Evidence of insurability (EOI) is not required
Maternity options	<ul style="list-style-type: none">• Full maternity• Complications only• Full maternity after 10 months
Pre-existing conditions	<ul style="list-style-type: none">• 12/12, 6/12, 3/12• Pre-existing can be removed if full maternity after 10 months is selected⁴
Health screening benefit for preventive care	<ul style="list-style-type: none">• Employers have option to remove• \$50/\$100/\$150 year for each employee, covered spouse, and dependent child
Portability	<ul style="list-style-type: none">• Employers have option to remove• Duration to age 70• Must be insured for 12 months and under age 70• EOI is not required

- ¹ The Internal Revenue Service (IRS) limits the types of supplemental insurance that an individual who participates in an HSA may have while maintaining the tax-exempt status of HSA contributions. If you have or plan to open an HSA, please consult your tax and legal advisors about the features offered in this plan as there may be tax implications of combining these plans.
- ² Daily hospital confinement is always required.
- ³ Hospitalization required.
- ⁴ Any case of 10 lives or less requires pre-existing.



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Arizona Hospital Indemnity Insurance Limitations and Exclusions

Covered Conditions and related Limitations, Exclusions, and reductions¹

Mandatory Benefit

Daily Hospitalization—hospital confinement of at least 18 hours is required. Excludes care received in an emergency room, observation unit, urgent care facility, outpatient surgery, or routine newborn post-natal care.

Optional Benefits

First day Hospital Confinement—payable only once per day. If discharged and confined again for the same or related condition within 30 days of discharge, the later confinement will be considered a continuation and no benefits will be payable.

First day Hospital Intensive Care Unit—payable only once per day. If discharged and confined again for the same or related condition within 30 days of discharge, the later confinement will be considered a continuation and no benefits will be payable.

Daily Hospital Intensive Care Unit—hospital confinement of at least 18 hours is required. Excludes care received in an emergency room, observation unit, urgent care facility, outpatient surgery, or routine newborn post-natal care.

Newborn Nursery Confinement—must be for newborn child confined to a hospital receiving routine nursing or well-baby care.

Rehabilitation Facility—must be prescribed by a physician, and immediately follow a hospital confinement.

Skilled Nursing Facility— must be prescribed by a physician.

Hospice Care—must be diagnosed with a terminal illness by a physician.

Mental Disorder Inpatient Treatment Facility—lifetime maximum of 180 days.

Substance Abuse Inpatient Treatment Facility—lifetime maximum of 180 days.

Mental Disorder Outpatient Treatment—treatment is based on diagnosis, evaluation, and treatment of a mental disorder.

Substance Abuse Outpatient Treatment—treatment is based on diagnosis, evaluation, and treatment of a substance abuse disorder.

Physician Visit and Telemedicine—excluded for routine health examinations, immunizations, normal pregnancy examinations, well baby examinations, any mental disorder, or substance abuse or for any day that a hospital confinement benefit is payable.

Lab test or X-Ray—excluded during a routine physical, annual wellness examination, or for preoperative testing.

Major Diagnostic Procedure—excluded during a routine physical, annual wellness examination, preoperative testing, or during a hospital confinement.

Invasive Diagnostic Procedure—excluded during a routine

physical, annual wellness examination, preoperative testing, or during a hospital confinement.

Prescription Drug— Must be prescribed on an outpatient basis by a physician and dispensed by a licensed pharmacist, payable only once per day.

Durable Medical Equipment—must be prescribed by a physician, and equipment must be rented or purchased.

Home Health Services—must be prescribed by a physician, excluded for days that a hospital confinement is payable.

Therapy Services—payable only once per day. If emergency room, urgent care facility, physician office visit, therapy services, or observation unit are payable for the same day, only the highest benefit will be payable.

Chiropractic Care—must be prescribed from a physician. Massage therapy, treatment of chronic conditions, or injuries not related to a structural imbalance will not be covered.

Air ambulance—must be a licensed professional ambulance company.

Ground or water ambulance—must be a licensed professional ambulance company.

Emergency Room—the exam or treatment must be within 96 hours of the sickness or injury. If emergency room, urgent care facility, physician office visit, therapy services, or observation unit are payable for the same day, only the highest benefit will be payable.

Observation Unit—the exam or treatment must be within 96 hours of the sickness or injury. If emergency room, urgent care facility, physician office visit, therapy services, or observation unit are payable for the same day, only the highest benefit will be payable.

Inpatient surgery—payable only once per day.

Outpatient surgery—if more than one surgical procedure occurs on the same day, only the highest surgical benefit will be payable up to once per day.

General Anesthesia—excluded if a surgical procedure is not payable.

Medical travel—treatment must be prescribed by a physician and is measured as the most direct route from primary residence to the facility of hospitalization or treatment.

Companion lodging— excluded if a hospital confinement is not payable. An adult companion must incur a lodging expense due to hospital confinement of the covered person.

Doula Care—services must begin during pregnancy or within 90 days from delivery.

Family Care—excluded if a hospital confinement is not payable, the family care facility must not be owned or operated by a covered person or their immediate family.

Pet Care—excluded if a hospital confinement is not payable, the pet care facility must not be owned or operated by a covered person or their immediate family.

Benefits may be payable if the sickness or injury occur while insured for the Hospital Indemnity policy. A policy of sickness only, or injury only may also be selected.

If eligible for multiple confinement benefits on the same day, the highest confinement benefit will be payable.

General Limitations and Exclusions

The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations and restrictions are applied as required by state law or as otherwise described in the group policy.

Benefits will not be paid for a sickness or injury caused indirectly or directly by, contributed to, or resulting from willful self-injury or self-destruction, while sane or insane; voluntary participation in an auto-erotic activity; or war or act of war; or voluntary participation in an assault, felony, criminal activity, insurrection, or riot; or duty as a member of a military organization; or sickness or injury diagnosed outside of the United States unless the diagnosis can be confirmed by a licensed physician in the United States; or the use of any drug, narcotic, or hallucinogen not prescribed for the employee or covered dependent by a licensed physician, any mental disorder; voluntary intoxication (as defined by the law of the jurisdiction in which sickness or injury occurred) or while under the influence of any narcotic, drug or controlled substance, unless administered by or taken according to the instruction of a physician or medical professional; voluntary intoxication through use of poison, gas, or fumes, whether by ingestion, injection, inhalation or absorption; or the operation by the member of a motor vehicle or motor boat if, at the time of the injury, the employee or covered dependent's alcohol concentration exceeds the legal limit allowed by the jurisdiction where the injury occurs; substance abuse; operating, learning to operate, or serving as a crew member or flight for life personnel of any aircraft or hot air balloon [except as a crew member in a policyholder owned or leased aircraft on company business]; jumping, parachuting, or falling from any aircraft or hot air balloon, including those which are not motor-driven, parasailing, bungee jumping or other aeronautic activities; or riding in or driving any motor driven vehicle in a race, stunt show or speed test; any injury to a covered person's tooth that occurs from biting or chewing; or practicing for or participating in any semi-professional or professional competitive athletic activity, including officiating or coaching, for which any type of compensation

A spouse and Dependent Children may be covered for up to 100% of the employee benefit amount.

¹ Refer to the policy for definitions applicable to all terms used in this document, and for other applicable terms and conditions, and relevant clinical and diagnostic criteria. Proof of treatment and submission of medical records are required. Claim procedures must be satisfied. Limitations and exclusions must not apply.

or remuneration is received; employee's dependent spouse, sickness or injury arising from or during employment for wage or profit; or a cosmetic surgery or other elective procedures that are not medically necessary; services rendered to a newborn child following their birth, unless the newborn is sick or injured.

Unless specifically mentioned above, no benefits will be paid for mental disorder, substance abuse, or work-related sickness or injury.

No benefits will be paid for any injury or sickness incurred while residing outside the United States for more than six months; or incurred while incarcerated in any type of penal or detention facility.

The covered person must incur the diagnosis and treatment while insured for the hospital indemnity policy.

Preexisting Condition Limitation

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or a pregnancy, for which a covered person received medical treatment, consultation, care, or services, or was prescribed or took prescription medications in the 12-month period before they became insured under the policy.

No benefits will be paid for hospital indemnity that results from a Preexisting Condition until the covered person has been insured for 12 months. After 12 months, the Member must be actively at work for one full day, or the Dependent must be insured for one full day for their treatment to be covered.

HOSPITAL INDEMNITY INSURANCE PROVIDES LIMITED BENEFITS. This summary is not an insurance contract or a complete statement of its provisions. It does not modify or change the provisions of any policy or rider. If there is a discrepancy, the policy is the final arbiter of the coverage. 2742176-022023



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