

Accidental death & dismemberment (AD&D) insurance

Mandy Sleight

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Accidental death and dismemberment (AD&D) insurance provides a death benefit to your beneficiary if you die an accidental death or a partial benefit if you lose a body part. Accidental death & dismemberment insurance can serve as a standalone policy or as a supplement to a life insurance policy, and can be a cost-effective way to get more life insurance coverage. Knowing what AD&D insurance is, how it works, and where you can get it can help you decide if this coverage is right for you.

Key takeaways

- Accidental death & dismemberment (AD&D) insurance provides coverage if you lose a limb or your death is the result of an accident.
- Between AD&D and term life, term life covers more causes of death.
- AD&D insurance can be purchased as a standalone policy or as a supplement to life insurance or voluntary employee benefits.

What is accidental death & dismemberment (AD&D) insurance?

You can get AD&D insurance in several ways, including as part of your employee benefits package, if offered by your employer. It provides coverage if you die by a covered accident or lose a body part as a result of an injury. Dismemberment includes loss of function or use of a body part, including your eyesight, speech or hearing, or losing a body part, such as an eye, finger, or limb.

The loss of one limb or partial function may result in a 50% payout, whereas losing both limbs or total function, or an accidental death, typically results in a 100% payout. AD&D is usually purchased as a [rider](#) or endorsement to a life or health insurance policy, as a voluntary benefit offered by an employer or as a standalone policy.

AD&D insurance is a limited coverage supplemental life policy, which also covers injuries. However, it should not be used as a substitute for broad coverage life insurance, like term or permanent life. AD&D will only pay out if you die a covered accidental death or lose a body part or function of a body part as defined in the policy details.

Voluntary AD&D

Accidents (unintentional injuries) are the [fourth-leading cause](#) for deaths in the United States, which is especially relevant in the workplace. This is where employer-offered voluntary AD&D insurance can play a

significant role.

Voluntary accidental death and dismemberment insurance tends to be most popular with those who live or work in dangerous jobs, such as construction or trucking. AD&D is different from workers' compensation, because while workers' comp is limited just to work, AD&D insurance covers accidents that take place anywhere that could potentially interfere with your ability to earn a living.

Because voluntary AD&D insurance is limited in its protections, it is generally more affordable than other types of insurance and is offered at no cost to employees by many organizations. Like term life insurance, AD&D is a type of insurance that lasts a set amount of time and would need to be renewed for continued coverage.

How does AD&D insurance work?

AD&D insurance works similar to a health or life insurance policy. If you experience an event that is covered by the policy, the insurance company will pay a defined benefit to you or the [policy's beneficiary](#). While dismemberment claims may pay out 50% up to the full benefit amount, depending on the injury, a covered accidental death would pay out the full benefit amount.

If the AD&D coverage is a supplement to a life insurance policy, your beneficiary would be eligible for both the AD&D benefit and the life insurance death benefit if you die from an accidental death. This is called double indemnity. Most AD&D policies also offer double or triple the benefit if you die an accidental death as a fare-paying passenger on public transportation, such as a bus, airplane, ferry, taxi or train.

What does accidental death and dismemberment cover?

AD&D covers accidental death and dismemberment through a variety of causes, including:

- Car accident death (unless cause is natural, like heart attack)
- Fare-paying passenger death on bus, train, taxi, ferry, airplane and other public transportation
- Murder
- Crushed by fallen objects
- Lightning strike
- Fire
- Loss or partial loss of limb, finger, eye, ear
- Loss or partial loss of function, including eyesight and hearing

However, there are some important exclusions to AD&D policies. These vary from insurer to insurer, so you will want to read your policy over carefully to determine what is and isn't covered.

In general, the following causes will be excluded:

- Death from an illness, such as cancer or diabetes

- A drug overdose
- Suicide, or death that happens as the result of mental illness
- Car racing, skydiving, scuba diving or any other high-risk activity
- War and military injuries or death
- Driving while under the influence of alcohol or drugs
- Bacterial infections
- Death during surgery
- Death of a professional athlete during a sporting event
- Death while committing a crime

Which life insurance companies offer AD&D?

Accidental death and dismemberment is available from most [companies that offer life insurance](#), although some only sell policies to employers who then award them to employees as a benefit.

Here are a few of the insurers from whom you can purchase an AD&D policy or endorsement.

- **AIG Direct** policies are available for anyone between age 18-80 who work in high-risk professions, such as firefighters and police.
- **Insubuy** policies are available to individuals or groups.
- **TruStage** policies are available for members of credit unions. Additional coverage increases automatically each year at no additional cost, [up to 50%](#) in 10 years.
- **Fabric** offers approval for coverage that is available within minutes of applying.
- **SunLife** policies pay out 100% of the benefit for quadriplegia.
- **Protective** offers AD&D riders to its life insurance policies.
- **Aflac** offers accidental death insurance for personal use or for employees.

Is accidental death insurance worth it?

An AD&D policy may not be necessary for everybody, particularly if you have a solid life insurance policy already in place. If you prefer to add an AD&D policy or rider to it because it gives you more peace of mind, it may be worthwhile for your situation. Keep in mind that it will only pay out if your death or dismemberment is accidental and does not apply to deaths due to illness or other causes.

AD&D policies are not considered a substitute for life insurance, unless you are unable to get a life insurance policy due to an underlying health condition. If your employer offers you an AD&D policy as part of your benefits package, think through how the coverage could be of use with your current needs and job role, and how a serious injury or death might impact your personal situation.

Pros and cons of accidental death and dismemberment insurance

Pros	Cons
Cheaper than term life coverage.	Only pays out after your death.
Benefits can provide greater financial peace of mind regarding any event that could lead to a death.	Many insurance companies will not pay benefits if you die during a medical procedure, drug overdose or due to illness.
If added to a term life policy, AD&D can provide twice the death benefit to the policyholder's beneficiaries.	Partial payouts for partial loss of limbs or body functions.

Is accidental death and dismemberment insurance the same as life insurance?

Although AD&D insurance covers accidental death causes, having AD&D insurance is not the same as life insurance. Life insurance covers death by accident as well as illness, with suicide in the first two years being one of the few exceptions. The only time AD&D insurance will pay out for death is if the cause is accidental and a covered event.

These limitations are why most people will benefit more from life insurance than AD&D insurance. However, AD&D insurance is usually cheaper than life insurance, including term life, because it only pays out in certain instances. If you want broader coverage, traditional life insurance might be a better option.

A term life policy usually stays in effect for 10 to 30 years, depending on the policy term you choose. It can include riders, such as AD&D, but also endorsements to pay premiums while disabled and other features AD&D insurance typically does not have. Depending on your age, AD&D may be a worthwhile addition to life insurance, especially considering that younger individuals are more likely to die [in an accident than of natural causes](#).

	AD&D	Term life
Coverage	Pays a full benefit if the insured dies an accidental death or suffers dismemberment or full loss of limb or function, or half benefit if partial loss of limb or function.	Pays a death benefit if the insured dies by accident or illness, unless cause of death is suicide in the first two years of the policy.
Limitations	Only pays for covered accidental events Natural causes of death are not covered Long list of exclusions where the policy will not pay Generally inexpensive	Death by suicide is not covered in first two years Other exclusions may apply, depending on company and policy type
Pros	Can be purchased as supplement to other policy Double indemnity Pays double or triple if accident occurs when insured is a fare-paying passenger on commercial transportation	Can cover for 30 years or more at same price Pays for accidents and illnesses Can include AD&D as rider or endorsement
Cons	Limited to accidental death or dismemberment Doesn't cover illnesses Partial payouts for partial loss of limbs or body functions	Generally more expensive than AD&D Health status factors into cost Suicide clause exclusion in first two years

Frequently asked questions

• Do I need both life insurance and AD&D?

It really depends on what kind of life insurance policy you have and what your financial goals and planning requires. If your [life insurance policy](#) offers adequate coverage for you in the case of death or accidental dismemberment, AD&D may be an unnecessary additional cost. If you're in a high-risk profession however, it may be worth consideration. Speak with a licensed insurance agent to determine what coverage is recommended for your specific situation.

• How is AD&D compensation calculated?

Every insurer will differ in this respect, but generally, your policy will pay out 100% of its value in the event of your accidental death. If you are dismembered, the policy will typically pay out on a per-member basis. For example, loss of one eye might be worth a 25% payout, both eyes could be 50%. Confirm amounts and circumstances with your provider to determine how your policy is structured for compensation.

- **What's the best life insurance company?**

Life insurance is a highly individualized financial product, so the [best life insurance company](#) won't be the same for everyone. Consider doing a little research (you could start with our picks for the best companies) and read up about what each company is known for. Then get quotes from each company to see what each can offer you in terms of benefits and rates. If you're stuck and not sure what to do next, consider talking to a certified financial planner or licensed life insurance agent to learn more.