

**Sample Short-Term
Disability Optimal
Outcome Version II**

**Short-Term
Disability Insurance**

*What would you do...
if your income stopped tomorrow?*



Sample

*Developed for the Employees of
ABC Company*

Protecting Your Family Securing Your Future

“As long as you've got your health . . .”

If you're physically healthy, you can work, play, take care of your family and enjoy life.

But, if something were to happen to you; all your hard work – and everything you have – could be lost unless you take steps to protect your income.

If asked to name your most valuable assets, you might list your home, your furnishings or your automobiles.

But what about your *paycheck*?

You insure your home and your auto. Shouldn't you insure your income as well?

After all, it's your *income* that enables you to buy — and enjoy — all of your other assets.

Having adequate insurance coverage is not only the basis for a sound financial blueprint, it helps to provide the protection you need to ensure that your family, your home and your finances will be protected.

By purchasing this disability insurance through your employer, you also benefit from:

- ◆ Affordable group rates
- ◆ Convenient payroll deduction

How This Program Protects You

If you suffer a covered disability while insured by this plan, you'll receive monetary benefits designed to help you maintain your normal lifestyle.

This program covers disabling injuries or sicknesses that last beyond the elimination period, whether they occur on or off the job.

Please take a few minutes *now* to read this program description and learn how this valuable program helps protect your income *AND* your lifestyle.

Eligibility For Coverage

To receive coverage under this plan, you must be an active, full-time employee. Full-time employment means you work at least 30 hours a week.

Eligibility Waiting Period

All employees who meet the eligibility requirements are eligible to participate in this program on the first of the month on or after 90 days of active service.

You can enroll any time within 31 days following the date you become eligible for coverage. If you decide to enroll later, you will have to provide acceptable evidence of good health. This may require a medical examination, at your cost.

You will be asked to complete an enrollment form, indicating your wish to participate and your authorization for payroll deductions.

When Coverage Takes Effect

If you meet these eligibility requirements, your coverage takes effect on the later of the program's effective date, the date you become eligible, the date we receive your completed enrollment form, or the date you authorize any necessary payroll deductions.

If you have to submit evidence of good health, your coverage takes effect on the date we agree, in writing, to cover you. If you're not actively at work on the date your coverage would otherwise take effect, you'll be covered on the date you return to work.

How Disability Is Defined

To receive benefits under this plan, you must be disabled (as defined below) as a result of a covered injury or sickness, and you must be under the appropriate care of a licensed, practicing physician who is qualified to treat your disability.

Disabled means that, solely because of a covered injury or sickness, you are unable to perform the material duties of your regular occupation and you are unable to earn 80% or more of your covered earnings from working in your regular occupation. We will require proof of earnings and continued disability.

Injury means any accidental loss or bodily harm that results directly and independently of all other causes from an accident.

Sickness means any physical or mental illness.

Accident means a sudden, unforeseeable event that causes bodily injury and occurs while you are covered under this plan.

Appropriate Care means the determination of an accurate and medically supported diagnosis of your disability, or ongoing medical treatment and care of your disability by a physician that conforms to generally accepted medical standards, including frequency of treatment and care.

Regular Occupation means the occupation you routinely perform at the time your disability begins. In evaluating your disability, the insurance company will consider the duties of your occupation as it is normally performed in the general labor market in the national economy. It is not work tasks that are performed for a specific employer or at a specific location.

Optimum Ability means your ability to work based on the following: medical evidence you submitted, consultation with your physician, evaluation of your ability to work by not more than three independent experts if required by us.

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Elimination Period

Before collecting benefits, you must satisfy an elimination period following your date of disability. For your plan, this period is the later of any accumulated sick leave or 30 days of continuous disability from either an accident or sickness.

Takeover Provision

The Takeover Provision applies to you, if you were covered under your prior company-sponsored disability program on the day before this policy becomes effective.

If you were not in active service on the day prior to the effective date of this policy due to a reason for which the prior plan and this policy both provide for continuation of insurance, coverage will be provided until the earlier of the date: (a) you return to active service, (b) continuation of insurance under the prior plan would end but for termination of that plan; or (c) the date continuation of insurance under this policy would end if computed from the first day that you were not in active service.

If you were covered under your prior company sponsored disability program on the day before this policy becomes effective, the elimination period for this plan will be waived for any disability that begins while you are insured under this plan if:

- ◆ the disability results from the same or a related condition for which prior plan benefits were payable but the prior plan did not pay benefits solely because it is no longer in effect
- ◆ the elimination period would not have applied under the prior plan, had it remained in effect
- ◆ the disability begins within six months of your return to active service.

If benefits are payable under the prior plan, then no benefits will be payable under this plan. If benefits are not payable under the prior plan (solely because it is no longer in effect), this plan will pay the lesser of the gross benefit payable under the prior plan (subject to applicable maximums) and the benefits provided by this plan.

Prior Plan means the plan of insurance providing similar benefits to you, sponsored by the employer and in effect directly prior to the policy effective date. A prior plan will include the plan of a company in effect on the day prior to that company's addition to this policy after the policy effective date.

Benefits

This plan pays a benefit up to 66.67% of your weekly covered earnings — to a maximum of \$2,000 per week.

Your benefit amount will be reduced by any amounts payable to you by any of the sources listed under the “Effects of Other Income Benefits” section.

Your benefit amount will also be reduced if you are not working and it is determined by independent medical specialists that you could work to your level of optimum ability.

Covered earnings means your wages or salary, excluding overtime pay, bonuses, commissions and other extra compensation.

Return-To-Work Incentives

This plan encourages you to return to work as soon as medically feasible. It includes return-to-work incentives that offer you both the opportunity and the encouragement to successfully return to productive employment.

Return-to-Work Incentive Benefit

You may continue to receive benefits if you return to work but continue to meet the definition of disability.

For any week that the sum of your disability benefit, current earnings and any additional other income benefits exceed 100% of your weekly covered earnings, we may reduce the benefit by the excess amount.

If you return to work while benefits are payable, but are not performing to the level of your optimum ability in that work — as determined by independent medical specialists qualified to make such an evaluation — the benefits payable under this plan will be reduced by the difference between what you actually earn, and what you would be earnings if working to the level considered by those specialists to be your optimum ability.

Recurrent Disability Feature

If you return to work after receiving benefits under this plan, then again become disabled from the same or a related cause, you will *not* have to fulfill another elimination period, unless you have worked more than 14 days or you earn 80% or more of your covered earnings during at least one week. The disability would be considered a continuation of your initial claim.

If the second disability recurs beyond this limit or results from a cause unrelated to the first, you must file a new claim and fulfill a new elimination period.

Rehabilitation Services

If you are offered a rehabilitative assistance program we will work with you during the course of your elimination period or while benefits are payable. You will be expected to cooperate with the implementation of that assistance program. If you refuse such assistance without good cause (e.g., a medically substantiated reason), disability benefits will not be payable and coverage under this plan will end. Coverage may be reinstated, and benefits resumed, if, within 30 days of the termination date, you agree to participate in the rehabilitation efforts.

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Effects of Other Income Benefits

Disability insurance is designed to help you meet your financial obligations, if you cannot work as a result of a covered injury or sickness. The disability benefit provided by this plan is a total benefit; that is, it will be reduced by any disability benefits payable on behalf of you or your dependents, or a qualified third party on behalf of you or your dependents, whether or not you are actually receiving them. Your disability benefits will not be reduced by any Social Security disability benefits you are not receiving as long as you cooperate fully in efforts to obtain them and agree to repay any overpayment when and if you do receive them.

Other income sources that may reduce your plan benefits:

- ◆ Employer-paid portion of company retirement plan benefits
- ◆ Amounts payable under local, state/provincial or federal government disability or retirement plan or law, or other state or federal laws, including those governing workers' compensation (including temporary or permanent disability benefits), occupational disease, and unemployment compensation. This includes damages, compromises or settlements paid in place of such benefits, whether or not liability is admitted
- ◆ Amounts payable by any franchise, group insurance or similar plan
- ◆ Benefits payable by a Canadian and/or Quebec provincial pension plan
- ◆ Amounts payable under the Railroad Retirement Act
- ◆ Amounts payable by company sponsored sick leave or salary continuation plan
- ◆ Any Social Security disability or retirement benefits you or any third party receive (or are assumed to receive) on your own behalf; or which your dependents receive (or are assumed to receive) because of your entitlement to such benefits
- ◆ Benefits payable under work-loss provisions of any mandatory "no fault" auto insurance
- ◆ Any amounts paid on account of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.

Income sources that **WILL NOT** reduce your plan benefits:

- ◆ Benefits paid by personal, individual disability income policies
- ◆ Individual deferred compensation agreements
- ◆ Employee savings plans, including thrift plans, stock options or stock bonuses
- ◆ Individual retirement funds, such as IRA or 401(k) plans
- ◆ Profit-sharing, investment or other retirement or savings plans maintained in addition to an employer-sponsored pension plan.

Minimum Disability Benefit

Your benefits from this plan will never be less than \$25 per week. However, if there is an overpayment due, the minimum benefit may be reduced or not apply in order to recover the overpayment.

Benefit Period

Your benefit period begins after you complete your 30 day elimination period under this plan. You will receive weekly disability benefits until the end of the 9-week benefit period, or until you no longer qualify for benefits, whichever occurs first. (We will ask you to periodically furnish proof of your continuing disability.)

This plan pays short-term disability benefits weekly.

Benefits payable under this plan will terminate on the earliest of any date indicated below:

- ◆ the date we determine you are no longer disabled
- ◆ the date you earn from any occupation more than the percentage of your covered earnings as defined in your definition of disability
- ◆ the date the maximum benefit period ends
- ◆ the date you cease to get appropriate care
- ◆ the date you die
- ◆ the date you refuse to participate without good cause in all required phases of the rehabilitation plan
- ◆ the date you fail to cooperate with us in the administration of the claim.

Benefits may be resumed if you begin to cooperate in the rehabilitation plan within 30 days of the date benefits terminated.

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Exclusions

This plan does not pay benefits for a disability which results, directly or indirectly, from any of the following:

- ❖ suicide, attempted suicide, or whenever you injure yourself on purpose
- ❖ war or any act of war, whether or not declared
- ❖ active participation in a riot
- ❖ commission of a felony
- ❖ the revocation, restriction or non-renewal of your license, permit or certification necessary for you to perform the duties of your occupation, unless solely due to injury or sickness otherwise covered by the policy
- ❖ cosmetic surgery or medically unnecessary surgical procedures.

(Medically necessary means: prescribed by a licensed physician as required treatment for a sickness or injury *and* appropriate according to conventional medical practice in the locality where it is performed. Benefits are payable if the disability is caused by your donation of an organ in a non-experimental organ transplant procedure.)

In addition, we will not pay disability benefits for any period of disability during which you are incarcerated in a penal or corrections institution for any reason.

Termination of Coverage

Your coverage will end on the earliest of any of the following dates:

- ❖ the date you are no longer a member of an eligible class of employees
- ❖ the date the plan is terminated by the insurer or the employer
- ❖ the day after the last date for which premium has been paid by you or the employer
- ❖ the date you become eligible for a plan of benefits intended to replace this coverage
- ❖ the date you are no longer in active service
- ❖ the date benefits end because you did not comply with the terms and conditions of the policy.

If you are receiving disability benefits when the policy terminates, disability benefits will continue if you remain disabled and meet the requirements for the insurance. Any later period of disability, regardless of cause, that begins when you are eligible under another disability coverage provided by any employer, will not be covered.

How Much Your Coverage Will Cost

The cost of this insurance program is paid for by you. Please indicate your disability plan choice (or your decision not to select coverage) on your enrollment form. You must authorize payroll deduction for premium payments. You'll pay a specified amount per month for each \$10 of weekly covered earnings.

The cost of this coverage is \$ _____ per \$10 of weekly benefit.

Costs are subject to change.

To calculate the cost of your coverage, follow these steps:

Step 1. Enter your gross or pre-tax monthly pay (not counting commissions, bonus or overtime). Please note this amount cannot exceed \$ _____.

\$ _____

Step 2. Enter the rate.

\$ _____

Step 3. Multiply gross pay (line 1) by the rate (line 2).

\$ _____

Step 4. Divide by 10 to determine the amount of premium that will be deducted from your paycheck each month.

\$ _____

(Please Note: All benefits in this plan are paid on a weekly basis, regardless of your regular pay period.)

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This information is a brief description of the important features of this plan. It is not a contract. Terms and conditions of the coverage are set forth in Group Policy No. XX-XXXXXX, on policy form TL-004700, issued in _____ and subject to its laws. The availability of this offer may change. Please keep this material as a reference, and file it with your certificate, should you become insured.

Sample

*Coverage is underwritten by
Life Insurance Company of North America
1601 Chestnut Street
Philadelphia, PA 19192*



CIGNA Group Insurance
Life • Accident • Disability

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PM-XXXXXX