



## Voluntary Long Term Disability Insurance

Standard Insurance Company has developed this document to provide you with information about the optional insurance coverage you may select through your *employer*. Written in non-technical language, this is not intended as a complete description of the coverage. If you have additional questions, please refer to the Voluntary Long Term Disability (LTD) Employee Brochure included in your packet or check with your human resources representative.

## Employer Plan Effective Date

A minimum number of eligible employees must apply and qualify for the proposed plan before Voluntary LTD coverage can become effective. This level of participation has been agreed upon by your *employer* and The Standard.

## Eligibility

To become insured, you must be:

- A regular, full time employee of City of Billings, excluding temporary or seasonal employees, full time members of the armed forces, leased employees or independent contractors
- *Actively at work* at least 20 hours each week
- A citizen or resident of the United States or Canada

## Employee Coverage Effective Date

Please contact your human resources representative for more information regarding the following requirements that must be satisfied for your insurance to become effective. You must satisfy:

- Eligibility requirements
- An *eligibility waiting period*
- Proof of good health is required for employees who enroll more than 31 days after eligibility
- An *active work* requirement. This means that if you are not *actively at work* on the day before the scheduled effective date of insurance, your insurance will not become effective until the day after you complete 1 day of *active work* as an eligible employee.

## Benefit Amount

Your monthly benefit is 50% of your insured *predisability earnings* reduced by *deductible income*. Please contact your human resources representative for additional information regarding what is included in *predisability earnings*.

Plan Maximum Monthly Benefit: \$5,000

Plan Minimum Monthly Benefit: \$100

All benefits are guarantee issue.

## Benefit Waiting Period

If your claim for Long Term Disability benefits is approved by The Standard, benefits become payable after you have been continuously *disabled* for 180 days and remain continuously *disabled*. Benefits are not payable during the *benefit waiting period*.

**Preexisting Condition Exclusion**

A general description of the Preexisting Condition Exclusion is included in the Voluntary LTD Employee Brochure. If you have questions, please check with your human resources representative.

*Preexisting Condition Period:* The 180 day period just before your insurance becomes effective

*Exclusion Period:* 12 months

**Own Occupation Period**

For the plan's definition of *disability*, as described in your brochure, the Own Occupation Period is the first 24 months for which *LTD Benefits* are paid.

**Maximum Benefit Period**

If you become *disabled* before age 61, *LTD benefits* may continue during *disability* until you reach age 65. If you become *disabled* at age 62 or older, the benefit duration is determined by your age when *disability* begins:

<u>Age</u>	<u>Maximum Benefit Period</u>
62	3 years 6 months
63	3 years
64	2 years 6 months
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
69+	1 year

**When Benefits End**

*LTD Benefits* end automatically on the earliest of:

- The date you are no longer *disabled*
- The date your *maximum benefit period* ends
- The date you die
- The date benefits become payable under any other LTD plan under which you become insured through employment during a period of *temporary recovery*
- The date you fail to provide proof of continued *disability* and entitlement to benefits

**Rates**

If you have questions regarding how to determine your earnings, please contact your human resources representative.

<u>Age</u> As of January 1	<u>Rate</u>
<30	\$0.136
30-34	\$0.165
35-39	\$0.209
40-44	\$0.295
45-49	\$0.457
50-54	\$0.669
55-59	\$0.942
60-64	\$1.034
65-69	\$1.106
70-74	\$1.379
75+	\$1.978

To calculate your monthly payroll deduction, use the formula indicated below:

1. Enter your average monthly income, not to exceed \$5,000, on Line 1.      Line 1: \_\_\_\_\_
2. Select your rate from the rate table and divide this by 100.      Line 2: \_\_\_\_\_
3. Multiply Line 1 by the amount shown on Line 2.      Line 3: \_\_\_\_\_

The amount shown on Line 3 is your estimated monthly payroll deduction.

### Group Insurance Certificate

If you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage. The information presented above is controlled by the *group policy* and does not modify it in any way. The controlling provisions are in the *group policy* issued by Standard Insurance Company.



The Standard<sup>SM</sup>  
Positively different.

## Voluntary Long Term Disability Insurance

Answers to your questions about coverage from Standard Insurance Company



STANDARD INSURANCE COMPANY

## About This Booklet

This booklet is designed to answer some common questions about the group Voluntary Long Term Disability (LTD) insurance coverage offered to the eligible employees in your company. It is not intended to provide a detailed description of the coverage.

If coverage becomes effective and you become insured, you will receive a *certificate* containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, restrictions and terminating events. The controlling provisions will be in the *group policy*. Neither this booklet nor the *certificate* modify the *group policy* or the insurance coverage in any way.

Please note that defined terms and provisions from the *group policy* are italicized in this booklet.

Features of the group Voluntary LTD coverage may vary by state. In addition to this booklet, refer to the Coverage Highlights for more information about the group Voluntary LTD coverage.



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Positively different.

# Voluntary Long Term Disability Insurance Features

Chances are you already purchase home, auto and life insurance to protect yourself against the threat of loss. And you probably have health insurance to guard against costly medical bills.

So, what steps have you taken to help shield yourself, your lifestyle and those who count on you from an unexpected loss of income? Would you be able to meet your financial obligations if you became disabled and unable to work?

Group Long Term Disability (LTD) insurance is designed to pay a monthly benefit to you in the event you cannot work because of a covered illness or injury. This benefit replaces a portion of your income, thus helping you to meet your financial commitments in a time of need.

By sponsoring group Voluntary LTD insurance from Standard Insurance Company, your *employer* offers you an excellent opportunity to help protect yourself and your lifestyle.

The advantages to you include:

**Convenience** – With premiums deducted directly from your paycheck, you do not have to worry about mailing monthly payments.

**Peace of Mind** – You can take comfort and satisfaction in knowing that you have taken a step toward securing your income during a period of a covered disability.

## Commonly Asked Questions

The following information provides details to give you a better understanding of the Voluntary LTD insurance available from The Standard. Please also refer to the Coverage Highlights for additional details of the plan.

### What is the effective date of this plan?

The effective date of this group Voluntary LTD coverage is dependent upon a minimum number of eligible employees in your company applying and qualifying for the coverage. This level of participation has been agreed upon by your *employer* and The Standard. The group coverage is not effective until the agreed upon participation levels are reached.

### When does my insurance coverage become effective?

If the minimum participation requirement is met and the *group policy* goes into effect, then the effective date of your coverage depends on when you become a *member*, when you apply and whether you are required to provide *evidence of insurability*.

If you are not required to provide *evidence of insurability*, if you apply and agree to pay premiums, your coverage becomes effective on:

- The date you become eligible if you apply on or before that date; or
- The date you apply if you apply within 31 days after you become eligible.

If you are required to provide *evidence of insurability*, if you apply and agree to pay premiums, your coverage becomes effective on the date The Standard approves your *evidence of insurability*.

In every case, you must meet an *active work* requirement before your insurance becomes effective.

Refer to the Coverage Highlights and the *group policy* for additional information.

### **Will I have to provide information regarding my medical history?**

The Standard will require you to provide information regarding your medical history, referred to as *evidence of insurability*, if you:

- Apply more than 31 days after you become eligible for insurance.
- Were eligible but not insured under your company's prior group LTD plan, if any.
- Terminate your coverage for any reason but later apply to become insured again.
- Request to insure *predisability earnings* above the *guarantee issue amount*.
- Request to insure *predisability earnings* that are greater than the last amount for which *evidence of insurability* was required.

If you are required to submit *evidence of insurability*, your coverage becomes effective on the date The Standard approves your *evidence of insurability*. Contact your human resources department for the Medical History Statement form when *evidence of insurability* is required.

### **When am I considered disabled?**

**Own Occupation Period:** During the *benefit waiting period* and the *own occupation period*, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy* or *mental disorder*:

- You are unable to perform with reasonable continuity the *material duties* of your *own occupation*, and
- You suffer a loss of at least 20 percent of your *indexed predisability earnings* when working in your *own occupation*.

You are not *disabled* merely because your right to perform your *own occupation* is restricted, including a restriction or loss of license.

**Any Occupation Period:** Thereafter, you are considered *disabled* if, as a result of *physical disease, injury, pregnancy* or *mental disorder*, you are unable to perform with reasonable continuity the *material duties* of *any occupation* which you are able to perform, whether due to education, training or experience:

- Which is available at one or more locations in the national economy, and
- In which you can be expected to earn at least 60 percent of your *indexed predisability earnings* within 12 months following your return to work, regardless of whether you are working in that or any other occupation.

## How is the LTD benefit amount calculated?

The *LTD benefit* amount is determined by multiplying your insured *predisability earnings* by a specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while *LTD benefits* are payable. This other income is referred to as *deductible income*.

In the following example, the *LTD benefit* amount is 60 percent of insured *predisability earnings*. If your monthly earnings (or *predisability earnings*) before becoming *disabled* were \$2,000 and you now receive a monthly Social Security disability benefit of \$600 and a monthly state disability benefit of \$200, your monthly *LTD benefit* would be calculated as follows:

Insured <i>predisability earnings</i>	\$2,000
<i>LTD benefit</i> percentage	x 60%
	<u>\$1,200</u>
Less Social Security disability benefit	- 600
Less state disability income benefit	<u>200</u>
<b>Amount of <i>LTD benefit</i></b>	<b>\$400</b>

## What is deductible income?

*Deductible income* is income you receive or are eligible to receive while *LTD benefits* are payable. It includes but is not limited to the following:

- Sick pay, annual or personal leave pay, severance pay or other forms of salary continuation including donated amounts paid by your *employer*
- Benefits under any workers' compensation law or similar law
- Amounts under unemployment compensation law
- Social Security disability or retirement benefits, including benefits for your spouse and children
- Disability benefits from any other group insurance
- Disability or retirement benefits under your *employer's* retirement plan
- Benefits under any state disability income benefit law or similar law
- Earnings from work activity while you are *disabled*, plus the earnings you could receive if you worked as much as you are able to considering your *disability*
- Earnings or compensation included in your *predisability earnings* and which you receive or are eligible to receive while *LTD benefits* are payable
- Amounts due from or on behalf of a third party because of your *disability*, whether by judgment, settlement or other method
- Any amount you receive by compromise, settlement or other method as a result of a claim for any of the above

## What are some of the other features of this coverage?

This LTD coverage has the following features:

- It covers *disabilities* that occur 24 hours a day, both on and off the job.
- It includes an Employee Assistance Program and WorkLife Services, provided and administered by Horizon Behavioral Services, to offer support, guidance and resources to help you and your family resolve personal issues.<sup>1</sup>
- You make premium payments through payroll deduction.
- If premium payments are made with “after-tax” dollars, *LTD benefits* are federally tax-free under current federal tax law.
- If your employer makes an approved work-site modification that enables you to return to work while disabled, The Standard will reimburse your employer up to a pre-approved amount for some or all of the cost of the modification.
- While *LTD benefits* are payable, you may qualify to participate in a *rehabilitation plan* that prepares you to return to work. If you qualify, The Standard may pay for return to work expenses you incur, such as job search, training and education and family care expenses.
- If you die while *LTD benefits* are payable, and on the date you die you have been continuously *disabled* for at least 180 days, a *survivors benefit* equal to three times your unreduced *LTD benefit* may be payable. Any *survivors benefit* payable will first be applied to any overpayment of your claim due to The Standard.

## What exclusions apply to this coverage?

You are not covered for a *disability* caused or contributed to by any of the following:

- Your committing or attempting to commit an assault or felony, or your active participation in a violent disorder or riot
- An intentionally self-inflicted *injury*, while sane or insane
- *War* or any act of *war* (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- The loss of your professional or occupational license or certification
- A *preexisting condition* or the medical or surgical treatment of a *preexisting condition* unless on the date you become *disabled*, you have been continuously insured under the *group policy* for a specified period of time, and you have been *actively at work* for at least one full day after the end of the specified period

## What is a preexisting condition?

At any time during a specified period just before your insurance becomes effective, a *preexisting condition* is a mental or physical condition whether or not diagnosed or misdiagnosed:

- For which you or a reasonably prudent person would have consulted a physician or other licensed medical professional; received medical treatment, services or advice; undergone diagnostic procedures, including self-administered procedures; or taken prescribed drugs or medications,
- Which, as a result of any medical examination, including routine examination, was discovered or suspected.

<sup>1</sup> Provided only for *employers* with 15 to 2,500 insured employees.

## What plan limitations apply to this coverage?

*LTD benefits* are not payable for any period when you are:

- Not under the ongoing care of a *physician* in the appropriate specialty as determined by The Standard
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard, unless your *disability* prevents you from participating
- Confined for any reason in a penal or correctional institution
- Able to work and earn at least 20 percent of your *indexed predisability earnings*, but you elect not to work; during the first 24 months after the end of the *benefit waiting period* the responsibility to work is limited to work in your *own occupation*; thereafter, the responsibility to work includes work in *any occupation*

In addition, payment of *LTD benefits* is limited in duration in the following situations:

- You reside outside of the United States or Canada.
- Your *disability* is caused or contributed to by *mental disorders, substance abuse* or *other limited* conditions, including but not limited to chronic fatigue conditions, allergy or sensitivity to chemicals or the environment, chronic pain conditions, carpal tunnel or repetitive motion syndrome, tempor mandibular joint disorder or craniomandibular joint disorder.

## When does my insurance coverage end?

Insurance ends automatically on the earliest of the following:

- The last day of the last period for which you make a premium contribution (except if premiums are waived while *disabled*)
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be a *member*; however, insurance may continue for limited periods under certain circumstances
- If applicable, the date your *employer* ceases to participate under the *group policy*

## How do I apply?

To apply for the Voluntary LTD insurance coverage, complete the Enrollment Form in your enrollment packet, place it in a confidential envelope and submit it to your human resources department.

You can apply at any time. However, if you apply more than 31 days after becoming eligible for the coverage, *evidence of insurability* is required. Coverage subject to *evidence of insurability* is not effective until approved by The Standard. Refer to the Coverage Highlights for additional details.

## Standard Insurance Company

Standard Insurance Company has earned a solid reputation for its quality products, expert resources, superior service, steady growth, innovation and strong financial performance. Founded in 1906, Standard Insurance Company is a leader in the group disability, life and dental insurance market, while also offering individual disability and retirement plans for groups and individuals.

For more information about group Voluntary LTD insurance coverage, or for assistance, please contact your human resources department.



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