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SMA Services, Inc.
A subsidiary of The Southern Medical Association

Group Short Term Disability Insurance FOR SOUTHERN MEDICAL ASSOCIATION - PHYSICIANS

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 Short Term Disability (STD) insurance coverage being offered by SMA Services, Inc. to eligible members of Southern Medical Association. It is not intended to provide a detailed description of the coverage. If coverage becomes effective and you become insured, you will receive a group insurance *certificate* containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events. The controlling provisions will be in the *group policy* issued by Standard Insurance Company. Neither the *certificate* nor the information presented in this booklet modifies the *group policy* or the insurance coverage in any way. If you have additional questions, please contact SMA Services, Inc.

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



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Group Short 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?

STD insurance is designed to pay a benefit to you in the event you cannot work because of 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 STD insurance from Standard Insurance Company, SMA Services, Inc. offers you an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

Savings

Typically, group insurance rates are lower than the rates of individual insurance plans, generally providing you with coverage at a lower cost.

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 disability.

Commonly Asked Questions

The following information provides details to give you a better understanding of group STD insurance available from The Standard.

Do I need STD insurance?

If you are not certain that you need STD coverage, consider if you would be able to meet your financial obligations if you became disabled and unable to work for an extended period of time. The risk of disability may be greater than you think. Recent statistics have shown:

- On the average, about 2,340 disabling injuries occur every hour during the year. (Source: *Injury Facts, National Safety Council, 2001*)
- About 30 percent of all Americans from ages 35 to 65 will suffer a disability for at least 90 days. (Source: *Health Insurance Association of America; The New York Times, February 2000*)
- About one in seven Americans can expect to become disabled for five or more years. (Source: *Health Insurance Association of America; The New York Times, February 2000*)

If you depend on your regular paycheck to pay your bills, what would happen if you became sick and couldn't work? Group STD insurance from The Standard may be part of the solution.

Am I eligible for this coverage?

To be a *member* and eligible for this plan, you must be:

- A regular member or associate member in good standing of Southern Medical Association, excluding temporary and seasonal employees, full-time members of the armed forces, and leased employees
- Regularly working at least 30 hours each week
- A citizen or resident of the United States or Canada

When does my insurance go into effect?

If you apply and agree to pay premiums, your STD coverage becomes effective on the date The Standard approves your *evidence of insurability*. You must meet the *active work* requirement before your insurance becomes effective.

What is the active work requirement?

Active work means performing with reasonable continuity, the material duties of your own occupation at your usual place of business. You must be capable of *active work* on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. 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 one day of *active work* as an eligible employee.

Will I have to provide information regarding my medical history?

If you apply for STD insurance and meet the *active work* requirement, or if you determine that you want to increase your *STD benefit*, satisfactory *evidence of insurability* is required. You will need to complete and submit a Medical History Statement. In some cases, we may request additional medical information or a physical exam.

Evidence of insurability is also required for reinstatement of terminated coverage.

When do STD benefits become payable?

If you become *disabled* and your claim for *STD benefits* is approved by The Standard, *STD benefits* become payable after the *benefit waiting period*. This is a specified number of days during which you must remain continuously *disabled*. *STD benefits* are not payable during the *benefit waiting period*. The *benefit waiting period* is indicated below:

Cause of disability	Benefit waiting period
Accidental <i>injury</i> or <i>Physical disease</i> , <i>pregnancy</i> or <i>mental disorder</i>	When you become insured, you may apply for a <i>benefit waiting period</i> of 14 or 29 days

When am I considered disabled?

During the *benefit waiting period* and to the end of the *maximum benefit 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.

How much is the STD benefit amount?

When you apply for coverage, you may apply for a weekly *STD benefit* in increments of \$500, from \$1,000 to \$2,500. Your *STD benefit* will not exceed 70% of your *predisability earnings*.

What are predisability earnings?

Predisability earnings are your weekly rate of earnings from your *employer* and typically include:

- Salary
- Commissions averaged over the preceding 12-month period or over the period of employment if less than 12 months
- Shift differential pay
- Contributions you make through a salary reduction agreement with your *employer* to an IRC Section 401(k), 403(b), 408(k), 408(p) or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan

Predisability earnings generally exclude bonuses, overtime pay, your *employer's* contribution to a deferred compensation arrangement or pension plan, or any other extra compensation.

Predisability earnings are based on your earnings in effect on the last full day of *active work*.

What is the maximum benefit period?

If you become *disabled*, *STD benefits* may continue during *disability* up to a period you elect when you apply. If you apply for the 14-day *benefit waiting period*, you may apply for a *maximum benefit period* of 75 days or 165 days. If you apply for the 29-day *benefit waiting period*, you may apply for a *maximum benefit period* of 60 days or 150 days. This is the maximum period for which *STD benefits* are payable.

If you are eligible to receive benefits under a long term disability (LTD) plan sponsored by SMA Services, Inc., your *STD benefits* will end when your LTD benefits become payable, even if this occurs before the end of the *maximum benefit period* for the *STD benefits*.

When do STD benefits end?

STD benefits end automatically on the earliest of the following:

- 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 STD plan under which you become insured through employment during a period of *temporary recovery*
- The date *LTD benefits* become payable to you under a policy sponsored by SMA Services, Inc. even if that occurs before the end of the *maximum benefit period* for the *STD benefits*
- The date you fail to provide proof of continued *disability* and entitlement to benefits

What are some of the other features of this coverage?

This STD coverage has the following features:

- If premium payments are made with “after-tax” dollars, *STD 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.
- If the *group policy* terminates, *STD benefits* will continue as long as you are eligible to receive them.

What exclusions apply to this coverage?

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

- Your involvement in any employment for wage or profit
- 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

What limitations apply to this coverage?

STD benefits are not payable for any period when you are:

- Not under the ongoing care of a *physician* other than yourself 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* in your *own occupation*, but you elect not to work
- Receiving sick leave pay, annual or personal leave pay or other salary continuation, including donated amounts from your *employer*

When does my STD insurance coverage end?

The STD insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make a premium contribution (except if premiums are waived while *disabled*)
- The date the *group policy* terminates
- The date you cease to be a *member*, however, insurance may continue for limited periods under certain circumstances as described in the *group policy*

How do I apply for STD insurance coverage?

To apply for STD insurance, complete the Enrollment Form, place it in a confidential envelope and submit it to SMA Services, Inc.

If you become insured under the group STD plan sponsored by SMA Services, Inc., you will receive a group insurance certificate containing a detailed description of the insurance coverage. The information presented in this booklet is controlled by the *group policy* and does not modify it in any way. The controlling provisions are in the *group policy* issued by The Standard.

What STD coverage is available for my Employees?

Your employees are a vital part of your practice and are offered a benefits package that shows your dedication to their well being. The SMA sponsored employee benefits package has been designed after discussions with physicians and employees about their needs. The following STD Benefit is available to employees of physicians:

The weekly STD benefit your employees can elect is \$1,000 up to \$2,500 in increments of \$500. The *STD benefit* will not exceed 70% of *predisability earnings*. The group insurance certificate includes the complete definition of *predisability earnings*.

Your employees may apply for the 14-day *benefit waiting period* with a *maximum benefit period* of 75 days or 165 days. Or, your employees may apply for the 29-day *benefit waiting period* with a *maximum benefit period* of 60 days or 150 days.

About Standard Insurance Company

SMA Services, Inc.* has chosen Standard Insurance Company to provide group STD coverage to eligible employees. The Standard has earned a solid reputation for its quality products, superior customer service, expert resources, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has developed a nationwide presence in the employee benefits industry, providing customers with group and individual disability insurance and retirement plans, and group life and dental insurance.

Just as others count on you, you can count on The Standard for STD insurance for your time of need.

If you have additional questions, please contact SMA Services, Inc. at 800.423.4992.

*SMA Services, Inc. as administrators for the Southern Medical Association's sponsored Group Insurance Program, is a wholly owned subsidiary of SMA.



Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204
www.standard.com

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