

# Group Short Term Disability Insurance

Protect Your Employees From Loss Of Income



Standard Insurance Company  
Short Term Disability Insurance





## Your Proposed Group Insurance Plan

Standard Insurance Company appreciates the opportunity to provide you with a proposal for Group Short Term Disability (STD) insurance. This booklet and the Employee Benefits Proposal together outline the basic features of your proposed STD plan. These two documents are not a contract.

Establishing group STD insurance coverage with The Standard requires your completed, signed application for group insurance and our acceptance of it. When we approve your application, we will issue you a group policy containing our customary language. It will not duplicate the language of any existing policies you may have.

Your group policy with The Standard will contain provisions and defined terms not described in this proposal. If any discrepancies exist between the group policy, the STD proposal and this booklet, your group policy will control.

Your group policy will become effective on the date determined by The Standard, which will be clearly stated on your policy. We will also supply you with certificates of insurance, describing the coverage in detail, for you to deliver to your insured employees.

The proposed premium rate and plan design for your STD coverage are based on the underwriting data received. We will determine final premium rates and plan provisions on the basis of:

- State law
- Policyholder contributions
- Confirmation of occupations
- The actual composition of the group of employees who become insured
- Our current underwriting rules and practices

The proposal will expire on the date shown in your Employee Benefits Proposal. Should you have questions or need additional information, please contact your insurance advisor or the Employee Benefits Sales and Service Office for your area.

Thank you for considering The Standard for your group STD insurance needs. Group Life and Disability are our primary business. Having this level of focused expertise means our people understand your needs better and our employee benefits work harder to support your goals. With tools designed to help you reduce your workload and a proactive approach to help you maintain a more productive and efficient workplace, we're here to partner with you for the long term.

## Group Short Term Disability Insurance

### An Attractive Option For Your Employee Benefits Package

Short Term Disability (STD) insurance from Standard Insurance Company is designed to provide coverage for disabilities resulting from physical disease, injury, pregnancy or mental disorder. STD insurance offers an attractive option for employers who want to supplement a sick leave or statutory disability benefits program. The proposed STD benefit amount and maximum benefit period are shown in the Employee Benefits Proposal.

## STD Product Information

### Definition Of Disability

Insured employees are disabled if they are unable to perform with reasonable continuity the substantial and material acts necessary to pursue their own occupation and are not working in their own occupation. Or, they are actually working in their own occupation but, as a result of physical disease, injury, pregnancy or mental disorder, are unable to earn 80 percent or more of their predisability earnings.

Own occupation means the job the employee is regularly performing for their employer when disability begins.

Substantial and material acts means the important tasks, functions, and operations the employee performs in their regular job with the employer that cannot be reasonably omitted or modified.

Employees who are disabled from their own occupation may work in another occupation and continue to qualify for STD benefits as long as their work earnings do not exceed 80 percent of their predisability earnings. Work earnings will be used to reduce the STD benefit as noted under the Return to Work provision.



### Coverage For New Disabilities

If a period of disability is extended by a new cause while STD benefits are payable, benefits will continue while the employee remains disabled but not beyond the end of the original maximum benefit period. In addition, all policy limitations and exclusions apply to the new cause of disability.

### Plan Options

The Standard offers STD plans that provide both nonoccupational and 24-hour coverage. Non-occupational plans provide coverage for disabilities occurring off the job as a complement to workers' compensation coverage. 24-hour STD plans provide coverage for disabilities occurring on or off the job.

### Minimum STD Benefit

For STD plans that are integrated with deductible income, the minimum STD benefit is \$25 per week. The Employee Benefits Proposal will indicate whether this applies to this proposed plan.

## Returning To Work

Our claims management services have been carefully designed to promote and optimize the return of disabled employees to a productive life whenever possible. When a disability occurs, our focus is on returning the employee to work through our claims management process, the services we provide and the policy provisions we offer.

### Reasonable Accommodation Expense Benefit

To help employers return employees with disabilities to active work whenever they are able, The Standard automatically includes a Reasonable Accommodation Expense Benefit in its STD policies. This benefit reimburses an employer for worksite modifications made on behalf of a disabled employee, which result in a return to work for the employee. The reimbursable modifications are subject to The Standard's prior approval.

### Return To Work Incentive

Providing incentives for disabled employees to return to work at their full potential is critical for any successful rehabilitation plan. Automatically included in our STD policies, The Standard's Return To Work provision is designed to provide valuable financial support to disabled employees in their efforts to return to work.

The Standard's STD benefit is reduced by only the amount of work earnings which, when added to the employee's maximum STD benefit, exceeds 100 percent of predisability earnings. This typically means that employees who return to work receive more total income than those who do not.

### Temporary Recovery

The Standard automatically includes a Temporary Recovery provision in every STD policy to further encourage employees to return to work. Our policy language is among the most flexible in the industry and enables us to work with employees to make permanent recoveries out of temporary ones.

Employees who recover from a disability for a period of time during the maximum benefit period but later suffer a relapse and become disabled again from the same cause or causes, may not have to serve a new benefit waiting period, depending on the length of the period of temporary recovery.

A new benefit waiting period is not required if the periods of recovery during the maximum benefit period do not exceed a total of 90 days. In addition:

- Benefits are not payable for the recovery period
- The recovery period does not count toward the maximum benefit period
- Predisability earnings used to determine the STD benefit will not change
- No STD benefits will be payable after benefits become payable to the employee under any other disability plan for which the employee became insured through employment during the period of temporary recovery

Other than the above, the group policy is applied as if the disability were uninterrupted.

## Additional Cost Options

### Daily Hospital Benefit

With the Daily Hospital Benefit, the eligible insured employee will receive STD benefits for each day of hospitalization during the benefit waiting period.

### First-day Hospital Benefit

If an insured employee is hospital-confined for at least four hours during the benefit waiting period, the benefit waiting period will be satisfied. Hospital-confined means the employee is admitted to a hospital as an in-patient, for which they are charged for room and board. They must be under the ongoing care of a physician while they are hospital-confined. STD benefits will become payable on the date of hospitalization. The maximum benefit period will also begin on that date.

## Exclusions From Coverage

The Standard's STD policies do not cover disabilities caused or contributed to by:

- War or any act of war
- An intentionally self-inflicted injury, while sane or insane
- A disability arising out of or in the course of any employment for wage or profit (applies to non-occupational plans only)
- Committing or attempting to commit an assault or felony, or active participation in a violent disorder or riot

## Limitations

No STD benefit will be paid for any period when the disabled employee is:

- Not receiving appropriate care from a physician until maximum point of recovery
- Eligible to receive benefits under any workers' compensation or similar law (applies to non-occupational plans only)
- Confined for any reason in a penal or correctional institution
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard and by their physician, unless the disability prevents them from participating
- Receiving sick leave pay or other salary continuation from the employer, unless a sick leave integration option is chosen

## Preexisting Condition Limitation

The preexisting condition limitation typically applies to STD benefit amounts of \$3,500 per week or more. If on the date disability begins, the employee has not been continuously insured under the group policy for the 12- (or optional 24-) month limitation period and has not been actively at work for at least one full day after that limitation period, the weekly STD benefit will be limited to not more than \$3,500 if the disability results from a preexisting condition.

A preexisting condition is:

- A diagnosed mental or physical condition for which the employee received medical treatment, care or services or has taken prescribed medication at any time during the preexisting period, or



- if evidence of insurability was required for coverage, a mental or physical condition, whether diagnosed or misdiagnosed:
  - for which the employee has received medical treatment, care or services or has taken prescribed medication at any time during the preexisting period
  - that caused symptoms during the preexisting period for which a prudent person would usually seek medical treatment, care or services
  - that was misrepresented or not disclosed in the application for coverage.

The preexisting condition period is the three- or six-month period just before the employee's insurance becomes effective, as specified in the Employee Benefits Proposal.

We grant credit for time served toward satisfying the preexisting condition limitation period for eligible employees insured under the employer's prior group STD plan that was replaced by The Standard's coverage.

## Deductible Income

The Standard's STD insurance helps replace a portion of income lost as a result of a disability. Often employees are eligible for other sources of income. To prevent overinsurance, the STD benefit is reduced by deductible income, which generally includes the following, although it may vary depending on whether the employer is a public or private entity:

- Work earnings, as described under the Return to Work provision
- Sick pay, annual or personal-leave pay, severance pay, or other salary continuation, including donated amounts, that exceed 100 percent of an employee's predisability earnings
- Benefits the employee receives or is entitled to receive from workers' compensation; state disability income benefit law; the Jones Act; Maritime Doctrine of Maintenance, Wages and Cure; Longshore and Harbor Worker's Act or any similar acts or laws (applies to 24-hour coverage only)
- Benefits from other insurance the employee receives, which when added to the STD benefit, exceeds 80 percent of their predisability earnings
- Any disability benefits received or disability benefits the employee is entitled to receive from the employer's retirement plan
- Any retirement benefits received from the employer's retirement plan
- Any earnings or compensation included in predisability earnings which the employee receives or has a right to receive while STD benefits are payable
- Any amount the employee receives under any unemployment compensation law or similar act or law
- Any third-party liability payments received by judgment, settlement, or otherwise (less attorneys' fees)
- Any amount received by compromise, settlement or other method, as a result of a claim for any of the above, whether disputed or undisputed

\* Please note an insured employee's STD benefit amount may vary based on their own circumstances including earnings and whether their employer participates in SDI.

## How The STD Benefit Amount Is Calculated

The weekly STD benefit amount is determined by multiplying an employee's insured predisability earnings by the specified benefit percentage. This amount is then reduced by deductible income as previously defined.

In the example below, the STD benefit amount is 66<sup>2</sup>/<sub>3</sub> percent of insured predisability earnings. If the employee's weekly earnings before becoming disabled were \$950 and they now receive a weekly state disability insurance (SDI) payment of \$523 (assuming 55 percent SDI benefit), their weekly STD benefit would be calculated as follows:

Insured predisability earnings	\$950
STD benefit percentage	x 66 <sup>2</sup> / <sub>3</sub> %
	<b>\$634</b>
Less state disability benefit	- \$523
Amount of STD benefit	<b>\$111*</b>

## Exceptions To Deductible Income

The following are generally not considered deductible income, although exceptions vary depending whether the employer is a private or public entity:

- Group credit, mortgage disability insurance benefits and accelerated death benefits paid under a life insurance policy
- California Workers' Compensation benefits for permanent disability
- Any cost of living increase in deductible income, other than work earnings
- Reimbursement for hospital, medical or surgical expenses
- Reasonable attorney fees incurred in connection with a claim for deductible income

## Some Commonly Asked Questions

### Who Is Eligible For Coverage?

Coverage is available to all of an employer's active employees who:

- Are citizens or residents of the United States or Canada
- Are actively at work at least 30 hours each week
- Meet the required eligibility waiting period as shown in the Employee Benefits Proposal

Temporary and seasonal employees, full-time members of the armed forces of any country, leased employees and independent contractors are not eligible for coverage. There is no age limit on eligibility for coverage under The Standard's group insurance plans.

### When Is Coverage Effective?

Subject to the active work requirement, coverage is effective as follows:

- Coverage requiring evidence of insurability is not effective until evidence is approved
- For noncontributory plans, coverage is effective on the date the employee becomes eligible
- For contributory plans, employees must apply in writing for coverage. Coverage is effective on the later of:
  - The date the employee becomes eligible
  - The date the employee applies if the employee submits an application within 31 days of becoming eligible
  - The date required evidence of insurability is approved, if the employee applies more than 31 days after becoming eligible

### What Is The Active Work Requirement?

Employees who are performing the substantial and material acts of their own occupation at the employer's usual place of business meet the active work requirement. Employees who are not capable of active work due to physical disease, injury, pregnancy or mental disorder on the day before insurance would otherwise become effective will not become insured until the day after completing one full day of active work as an eligible employee.

### What Level Of Employee Participation Is Required?

For noncontributory plans, 100 percent of the eligible employees must participate. If a plan is contributory (partially or fully funded by employees), a minimum number of eligible employees must participate, as specified in the Employee Benefits STD Proposal.



### When Does The Coverage End?

STD insurance ends automatically on the earliest of the following:

- The last day of the last period for which a premium contribution is received
- The date the group policy terminates
- The date employment terminates
- The date the employee fails to meet the definition of a member (however, STD insurance may be continued under certain conditions, such as during an approved leave of absence scheduled to last no more than 30 days)
- The date an employee's work earnings equal or exceed 80 percent of their predisability earnings

### When Does The Group Policy Terminate?

An employer may terminate a group policy by providing The Standard with written notice. The group policy will automatically terminate if premium is not received by the end of the grace period shown in the Employee Benefits Proposal. The Standard may terminate the group policy if the number of employees insured is less than the minimum participation requirement as shown in the Employee Benefits Proposal. The Standard may also terminate the group policy if we determine that the policyholder has failed to promptly furnish any necessary information requested by us or has failed to perform any other obligations relating to the group policy.



Founded in Portland, Oregon in 1906, The Standard is a nationally recognized provider of group Disability, Life, Dental, and Vision insurance and Individual Disability insurance. We provide insurance to more than 25,700 groups, covering approximately 6 million employees nationwide.\*

Our first group policy, written in 1951 and still in force today, stands as a testament to our commitment to building long-term relationships. We always strive to do what's right – for our policyholders and their employees. This dedication has resulted in a national reputation for quality products, superior service and industry expertise.

To learn more about STD insurance from The Standard, contact your insurance advisor or the Employee Benefits Sales and Service Office for your area at 800.633.8575 or visit us at **standard.com**.

\* As of December 31, 2016, based on internal data developed by Standard Insurance Company.

Standard Insurance Company  
1100 SW Sixth Avenue  
Portland OR 97204

[standard.com](http://standard.com)

GP190-STD/S399

SI 8844-CA

Group STD Proposal Booklet PR/ER  
(1/19)