

Group Short Term Disability Insurance

Protect Your Employees From Loss Of Income



The Standard Life Insurance Company Of New York
Short Term Disability Insurance





Your Proposed Group Insurance Plan

The Standard Life Insurance Company Of New York (The Standard) 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 booklet or your Employee Benefits Proposal. If any discrepancies exist between the group policy, the Employee Benefits 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.

NOTE: The proposed policy would provide group disability income insurance only. It does NOT include basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department.

Group Short Term Disability Insurance

An Attractive Option For Your Employee Benefits Package

The Standard Life Insurance Company of New York's Short Term Disability (STD) insurance plans are designed to provide coverage for disabilities resulting from physical disease, injury, pregnancy or mental disorder. STD insurance offers an attractive option for employers who wish to supplement a sick leave or statutory disability benefits program. The proposed STD benefit amount and duration are shown in the Employee Benefits Proposal accompanying this booklet.

STD Product Information

Definition Of Disability

Insured employees are disabled if, as a result of physical disease, injury, pregnancy or mental disorder, they (a) are unable to perform with reasonable continuity the material duties of their own occupation; and (b) suffer a loss of at least 20 percent in their predisability earnings when working in their own occupation.

Own Occupation means the job the employee is regularly performing for their employer when Disability begins.

Material duties means the usual duties the employee performs in their regular job with their employer that cannot be reasonably modified or omitted. In no event will we consider working more than 8 hours per day or an average of more than 40 hours per week to be a material duty.

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 in the Return to Work Incentive section of this booklet.

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.



Benefits Management Practices And Incentives For Returning To Work

Our benefits management process has 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 benefits management process, the service we provide, and the policy provisions we offer.

The Standard has built a highly knowledgeable team. We practice early intervention and vocational planning with employers. Our benefits analysts work with vocational experts, nurses and physicians. Together they provide early screening, assess disability durations, and identify return-to-work opportunities. As a result, disabled employees may return to work earlier, and employers both regain their valuable employees and contain disability claims costs.



Returning To Work

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 employees with disabilities 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 Incentive 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. Work earnings will include amounts they could earn if they worked to their full potential in work that is reasonably available.

Return To Work Responsibility

In addition to providing positive financial incentives to return to work, The Standard's STD policy also establishes a clear expectation for those who are able to return to work. Disabled employees who are capable of part-time work have a responsibility to take advantage of available work opportunities. They are expected to accept part-time work in their own occupation if they are able to earn at least 20 percent of predisability earnings. No STD benefits are payable for any period when partially disabled employees fail to meet this responsibility.

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 and the following will apply:

- STD 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 during the period of temporary recovery.

Otherwise, the group policy is applied as if the disability were uninterrupted.

Optional Features

Non-Occupational Coverage

Plans that cover disabilities that are non-occupational are offered as a complement to a workers' compensation plan. Non-occupational plans provide coverage for disabilities occurring only off the job.

24-Hour Coverage

Plans that provide coverage for disabilities occurring on or off the job are also available.

Daily Hospital Benefit

Under this provision, 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.

Minimum STD Benefit

For STD plans that are integrated with deductible income, the minimum STD benefit is \$15 per week. Your Employee Benefits Proposal will indicate whether this applies to your plan.

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
- A disability arising out of, or in the course of, any employment for wage or profit (applies to non-occupational coverage only)
- Committing or attempting to commit an assault or felony, or active participation in a violent disorder or riot
- Loss of a professional or occupational license or certification



Limitations

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

- Not undergoing the ongoing care of a physician in an appropriate specialty as determined by The Standard
- Eligible to receive benefits under any workers' compensation or similar law (applies to non-occupational plans only)
- Able to work part-time, but elects not to (i.e., fails to meet the Return To Work Responsibility)
- Not participating in good faith in a plan of medical treatment or vocational training or education approved by The Standard, unless the disability prevents him or her 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 limitation may apply to STD benefit amounts of \$2,500 per week or more. When the limitation applies, the employee will not be covered for amounts greater than \$2,500.

A preexisting condition is a mental or physical condition (whether or not diagnosed or misdiagnosed):

- For which the employee has (or a reasonably prudent person would have): consulted a physician or other medical professional; received medical treatment, services or advice; undergone diagnostic procedures, including self-administered procedures; or taken prescribed drugs or medication;
- Which was discovered or suspected as a result of any routine or other medical examination;

at any time during the preexisting condition period specified in your Employee Benefits Proposal.

Credit will be granted 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.

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 Return to Work Incentive section of this booklet
- Benefits from workers' compensation, state disability income law, the Jones Act, Maritime Doctrine of Maintenance, Wages and Cure; Longshore and Harbor Workers' Act, and any similar benefits which the employee receives or is eligible to receive (24-hour coverage)
- Benefits from other insurance (such as group insurance for non-professionals) the employee receives or is eligible to receive
- Any disability or retirement benefits received from the employer's retirement plan
- Any earnings or compensation included in predisability earnings which the employee receives or is eligible to receive while STD benefits are payable
- Any amount employees receive or are eligible to receive under any unemployment compensation law or similar act or law
- Any amount employees receive or are eligible to receive from, or on behalf of, a third party
- Any amount received by compromise, settlement, or other method, as a result of a claim for any of the above, whether disputed or undisputed

Exceptions To Deductible Income

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

- Group credit, mortgage disability insurance benefits and accelerated death benefits paid under a life insurance policy
- 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 regular employees of the employer who:

- Are working the United States
- 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.

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 material duties 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.

When Does Insurance End?

STD insurance ends automatically on the earliest of the following:

- The date the last period ends for which a premium contribution is received



- The date the group policy terminates
- The date the employment terminates
- The date the employee fails to meet the definition of a member, however, STD insurance may be continued during certain periods; for example, during an approved leave of absence scheduled to last 30 days or fewer

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 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. The Standard may terminate the group policy if the number of persons insured is less than the minimum participation number or less than the minimum participation percentage. The Standard may also terminate the 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 policy.



Employers across the state of New York trust The Standard Life Insurance Company of New York to insure their employees and administer their employee benefits plans. Headquartered in White Plains, The Standard offers a quality portfolio of differentiated group Life, Disability, Dental and Vision insurance products to serve the needs of the New York market. The Standard delivers value in employee benefits through well-designed products and the promise of exceptional service.

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

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