

Short-Term Disability Insurance

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



*Developed for the employees of
MHMRA of Harris County*

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 sustained off the job which last beyond the benefit waiting period.

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

You must be an active, full-time employee to receive coverage under this plan. 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 after 30 days of active service.

You can enroll any time within 30 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 your completed enrollment form is received, 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.

Elimination Period

Before collecting benefits, you must satisfy a benefit waiting period following your date of disability. For your plan, this period is the later of any accumulated sick leave or 7 days (for accident), 14 days (for sickness) of continuous disability.

Benefits

This plan pays a benefit up to 60% of your weekly covered earnings to a maximum of \$2,000 per week.

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

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

Return-To-Work Incentives

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

Residual Disability “Work Incentive” Benefits

If you can work part-time at your regular occupation, or perform some work at any other occupation (including limited or modified job duties or schedules) on a full- or part-time basis for less pay, you may qualify for residual disability benefits under this plan — even if you attempt to return to work before you have fulfilled the benefit waiting period. (Benefit payments, however, do not begin until the full benefit waiting period has been satisfied.)

While residually disabled, you may earn up to 100% of earnings you earned before becoming disabled, through a combination of your work earnings during any period you return to work, plus the benefit amount this plan pays. We reduce the plan benefit paid to the extent necessary to ensure that your benefits and other incomes combined do not exceed 100% of your pre-disability covered earnings amount.

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 benefit waiting period, if you have worked for 14 consecutive days or less. The disability would be considered a continuation of your initial claim.

If the disability recurs beyond this limit, or results from an unrelated cause, you must file a new claim and fulfill a new benefit waiting period.

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. However, this plan is structured to prevent your total benefits and post-disability earnings from equaling or exceeding pre-disability earnings. Therefore, we reduce this plan's benefits by any disability benefits payable to you or to a qualified third party on your behalf.

Other income sources that may reduce your benefits under this plan include:

- ❖ Employer-paid portion of company retirement plan benefits.
- ❖ Amounts payable under any local, state, provincial or federal government disability or retirement plan or law as it pertains to the employer.
- ❖ Amounts payable by any franchise or 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 benefits under this plan are:

- ❖ 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 month. However, if there is an overpayment due, the minimum benefit may be reduced or not apply in order to recover the overpayment.

Benefit Period

Once you qualify for benefits under this plan, you continue to receive them until the end of the 12 week benefit period for accident or the end of the 11 week benefit period for sickness, 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 more than the percentage of your indexed covered earnings used when determining your disability
- ❖ the date you earn more than 80% of your covered earnings.
- ❖ the date the maximum benefit period ends
- ❖ the date you refuse to participate in rehabilitation services
- ❖ the date you cease to get appropriate care
- ❖ the date you die.

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.

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.

- ◆ 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.)

- ◆ an injury or sickness for which you are entitled to benefits from Workers' Compensation or occupational disease law
- ◆ an injury or sickness that is work-related.

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 your 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. Use the chart below to help you calculate the amount for your age group. You must authorize payroll deduction for premium payments.

If you are between these ages:	Your cost per \$10 of weekly benefit:
18 – 24	\$.95
25 – 29	1.08
30 – 34	.96
35 – 39	.70
40 – 44	.51
45 – 49	.58
50 – 54	.65
55 – 59	.79
60 – 64	.89
65 – 69	1.04
70 – 74	1.03
75 – 79	.94
80 – 84	.88
85 – 89	.84
90 – 94	.79
95 – 99	.75

Costs are subject to change.

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

Step 1. Enter your gross or pre-tax weekly pay (not counting commissions, bonus or overtime). Please note this amount cannot exceed \$3,333.33.

\$ _____

Step 2. Multiply by 60% to determine your weekly benefit.

\$ _____

Step 3. Enter the rate for your age group (see the chart above).

\$ _____

Step 4. Multiply your weekly benefit (Step 2) by the rate for your age group (Step 3).

\$ _____

Step 5. Divide by 10 to determine the amount of premium that will be deducted from your paycheck each week.

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

This information is a brief description of the important features of this plan. It is not a contract. Terms and conditions of the Short Term Disability coverage are set forth in Group Policy No. VDT-960177, on policy form TL-004700, issued in Texas and are subject to the laws of the jurisdiction in which it is issued. The availability of this offer may change. Please keep this material as a reference, and file it with your certificate, should you become insured.

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