Long-Term Disability Insurance
Summarizing an LTD product

The contract

In an effort to provide a wide financial safety net for your employees, the following protections have been built into the LTD contract marketed by Assurant Employee Benefits:

• The Dual Definition of Disability qualifies employees for disability benefits by meeting either an occupation test or an earnings test – not both as some other contracts may require.

• The occupation test is satisfied if, during the first 36 months of a period of disability, the person is under the regular care of a doctor other than him- or herself at a medically appropriate frequency and unable to perform at least one of the material duties of his or her regular occupation.

The occupation test is also satisfied if, after the first 36 months of a period of disability, the person is unable to perform at least one of the material duties of each gainful occupation for which he or she is qualified by education, training or experience. A gainful occupation is an occupation in which it would be possible to earn at least as much as the person’s schedule amount of benefit within 12 months of the person’s return to work.

The earnings test qualifies an employee for disability benefits if an injury, sickness or pregnancy prevents him or her from earning more than 80% of pre-disability pay. The earnings test may be especially beneficial in situations where a disability may adversely affect a professional’s ability to rebuild a client base.

• If the earnings test is being met, the zero-day residual stipulates that full-time work in which the employee is performing all of the material duties of his or her regular or some other occupation will not interrupt the qualifying (elimination) period or the period of disability.

• Under unlimited partial disability, if a disabled employee meets the occupation test only, works on less than a full-time basis or works full time but doesn’t perform all of the material duties of his or her regular occupation, then the qualifying period and the period of disability will not be interrupted.

• The qualifying period also will not be interrupted if a disabled person returns to active work on a full-time basis at his or her regular occupation for a limited period and becomes disabled again from the same cause. The number of return-to-work days allowed is based on the selected Qualifying Period (QP).

  • One Month QP - 5 days
  • Three Month QP - 15 days
  • Six Month QP - 30 days

*Disability products and services marketed by Assurant Employee Benefit are underwritten by Union Security Insurance Company.
Plan choices

Below is a list of the most common choices policyholders make regarding plan design options. Assurant Employee Benefits offers a wide array of additional LTD features and benefits which can be tailored to meet employer needs.

Qualifying Period

• from one to twelve months

Rate of Benefit

• 50%
• 60%
• 66 2/3%

Offset - Social Security Integration

• Full Family Benefits as a Direct Offset (FFD)
• Full Family Benefits under the Monthly Payment Limit (FFMPL)
• Primary Only Benefits as a Direct Offset (PDO)
• Primary + 1/2 Dependent Offset

Plan features

Below are the standard provisions available to policyholders in this LTD plan.

Amount of LTD benefit

The LTD benefit amount payable is the lesser of the Schedule Amount minus the Offset Amount or the Monthly Payment Limit (70%) minus the sum of the Offset Amount and the Other Sources.

Note: If the Full Family Benefits under the Monthly Payment Limit integration option is chosen, there is no Offset Amount and the benefits listed under the Offset Amount will be included under the Other Sources.

Example 1: If the employer has chosen a 60% rate of benefit and the FFD Offset - Social Security integration option, the calculation is as follows:

$3,000 Covered Monthly Pay
× 0.60 Rate of Benefit
$1,800 Schedule Amount

If the employee is eligible to receive an $800 disability benefit per month from Social Security, the benefit is further reduced.

$1,800 Schedule Amount
- $800 Social Security Offset
$1,000 Monthly Benefit

Example 2: For an employee covered under the FFD plan who is eligible to receive an $800 Social Security disability benefit, the calculation is as follows:

$2,000 Covered Monthly Pay
× 0.60 Rate of Benefit
$1,200 Schedule Amount
- $800 Social Security Offset
$ 400 Monthly Benefit

The employee returned to work part time and has been doing so for over a year and is receiving monthly return-to-work earnings of $400. The employee is beyond the 100% return-to-work point (during which there was no return-to-work offset). During the second year of working part time, there is an offset for 70% of the $400 income, which is $280 (see Other Sources).

$2,000 Covered Monthly Pay
× 0.70 Monthly Payment Limit Rate
$1,400 Monthly Payment Limit Amount
- $1,080 Social Security Offset ($800) plus Other Sources ($280)
$ 320 Monthly Benefit

We pay the lesser of the two differences ($400 vs. $320).

The above examples are for illustrative purposes only. Please see policy for details of exact coverage.
Offset Amount

Where chosen by the employer, the total of any benefits from the following sources for which an employee is eligible will be subtracted from the Schedule Amount:

• Disability benefits from: any other group disability plan; Social Security, including dependent benefits payable because of the covered person’s disability (dependent benefits not included if Primary Only Benefit Offset is chosen); state temporary disability benefits; or any other government plan.

• Any benefits (except medical or death benefits) or any amount received in a settlement or compromise of the person's rights under any Workers' Compensation Act or similar law or the Maritime Doctrine of Maintenance, Wages or Cure.

• Retirement benefits from a government plan or retirement benefits, disability benefits or similar benefits from a retirement plan sponsored by the employer. Early retirement benefits will be included if the employee chooses to receive them or if they do not reduce the normal retirement benefit under the retirement plan sponsored by the employer.

• Benefits received from a retirement plan representing amounts that have been transferred into that plan and subsequently withdrawn during the maximum benefit period.

Other Sources

• 70% of any salary, wages, partnership or proprietorship draw, commissions or similar pay earned from any employment after the first twelve months of trial return to work unless the sum of our benefit plus any other income exceeds 100% of the employee's pre-disability pay.

• Any group disability insurance benefit, except from an employer-sponsored plan.

• Benefits from any no-fault motor vehicle coverage, unless (i) prohibited by law; (ii) it determines its benefits after benefits have been paid under the LTD plan; or (iii) the benefits are provided under optional coverage.

Lump sum payments

If a lump sum payment is received from any of the sources listed under Offset Amount or Other Sources, it will be prorated over the period of time it accrued.

Maximum benefit period

The plan pays benefits to the maximums stated below, based on your age on the day the period of disability started.

• Before age 60 - until the day before retirement age*

• Age 60 but before age 65 - until the day before retirement age* or 36 months of disability**, whichever is longer

• Age 65 but before age 68 - 24 months of disability**

• Age 68 but before age 70 - 15 months of disability**

• Age 70 but before age 72 - 15 months of disability**

• Age 72 or more - 12 months of disability**

*“retirement age” means the Social Security Normal Retirement Age as stated in the 1983 revision of the United States Social Security Act

**following the end of the qualifying period

Shorter maximum benefit periods are available.
Minimum benefit

The minimum benefit is an amount selected by the policyholder and applies to disabled employees who were working 30 hours per week before the disability. For any period of disability less than one month, the minimum benefit is 1/30th of that amount for each day of disability after the qualifying period ends. Our standard minimum benefit is $100, however, other options are available.

Benefit freeze

Monthly LTD payments to disabled insureds will not be reduced by any cost-of-living increases in benefits from any plan described in the Offset Amount or Other Sources sections.

Waiver of premium

Premiums will be waived during any period of disability for which the person is entitled to benefits.

Successive periods of disability

A disability due to the same or to a related cause is considered to have occurred during a single disability period if not separated by six months or more of active full-time work. (“Full-time” means working at least 30 hours per week.) In this event, the qualifying period does not have to be satisfied again. However, the individual must have remained insured with us throughout this period.

Recovery from disability

When a person ceases to be disabled and immediately returns to active, full-time work with the same employer, he or she continues to be insured with respect to future disabilities without interruption, provided premium payments resume at once and the contract is in force.

If a person ceases to be disabled and does not return to active, full-time work at once, he or she can become insured again when he or she does return to active, full-time work with the same employer by meeting all the eligibility requirements for a new employee.

Pre-existing conditions

We do not pay benefits for certain disabilities resulting from a pre-existing condition or a related condition. The pre-existing conditions provision will vary based on the size of the group applying for coverage and in compliance with state law. In place of a pre-existing conditions provision, proof of good health will be required in certain states for groups of less than ten lives.

Extended benefits

If a person is disabled on the day his or her LTD insurance ends, and if he or she is disabled long enough to qualify, we will pay benefits according to the policy.

Conversion privilege

If an employee’s coverage ends after being insured with us for at least a year, he or she may be eligible to convert to their own LTD policy. The employee must apply within 31 days of termination and pay the required premium. Depending on the reason for termination, the conversion policy may not be available. Additionally, some provisions of the conversion policy may differ from the in force policy.

Pre-existing conditions
A pre-existing condition means an injury, sickness, pregnancy, symptom or physical finding, or any related injury, sickness, pregnancy, symptom or physical finding, for which the covered person has consulted with or received advice from a licensed medical or dental practitioner (including services given during a routine exam) or received medical or dental care, treatment, or services, including taking drugs, medicine, insulin, or similar substances within the stated period before becoming insured. For groups of:

- fewer than 10 employees applying for coverage, 24 months.
- at least 10 but less than 20 employees, 6 months.
- 20 or more employees, 3 months.

However, the pre-existing conditions provision will not apply if the disability begins after a person has gone without care, treatment or services for the pre-existing condition for at least:

- 12 months in groups of less than 10 employees;
- 6 months in groups of at least 10 but less than 20 employees; or
- 3 months in groups of 20 or more employees; or, after a person has been continuously insured under our coverage for:
  - 24 months in groups of at least 10 but less than 20 employees; or
  - 12 months in groups of 20 or more employees.

For groups of less than 10 employees, the pre-existing conditions provision is always in effect unless the insured is treatment free for 12 continuous months.

Your group sales office can advise you regarding the options available in your state.

**Transfer treatment**

Transfer treatment is available for groups presently insured under another disability plan. Details are available from your local group sales office.

**Limitations**

Limited benefits are payable for disabilities due to alcoholism, drug addiction, chemical dependency and mental illness. The combined maximum benefit period for all conditions is 24 months.

Benefits may be payable for more than 24 months if the claimant is hospital-confined at the end of the 24-month period and remains disabled. If this occurs, benefits are payable for the length of the hospital stay and up to 60 days following the stay. Additionally, if a covered person is hospitalized during that 60-day period for at least ten consecutive days, benefits are payable during the second hospital stay and up to 60 days following that stay.
Exclusions

No LTD benefits are payable for any disability caused by:

- war, or any act of war, whether declared or not;
- intentionally self-inflicted injury, while sane or insane; or
- taking part in or the result of taking part in committing an assault or felony.

No benefits are payable for any time the covered person is confined to any facility because he or she was convicted of a crime or public offense.

In addition, we will not pay benefits if:

- the covered person's employer, the policyholder or an associated company has offered him or her the opportunity to return to limited work while disabled;
- the covered person is functionally capable of performing the limited work which is offered; and
- the covered person does not return to work when and as scheduled.

Benefits will end as of the date the covered person was first scheduled to return to work. Subject to the terms of the policy, benefits will recommence on the earlier date he or she returns to such work, if the covered person remains disabled, or the date disability worsens so that he or she is no longer capable of such work.

Our plans comply with applicable state laws. In some cases, state laws require amendments to the benefits described above.

This brochure is an outline and summary of standard plan provisions, but does not reflect all state variations. The employer will be given certificates for distribution to each insured employee which describe their plan in detail. Plan limitations and exclusions apply. This brochure is not the summary plan description required of certain plan sponsors by ERISA.
Assurant Employee Benefits specializes in quality employee benefits and services, including long-term and short-term disability, life and accidental death and dismemberment insurance, dental coverage and disability reinsurance management services. Assurant Employee Benefits also offers voluntary (employee-paid) disability, life and dental plans. Underwriting flexibility allows Assurant Employee Benefits to market tailor-made benefit plans for groups of most any size. Assurant Employee Benefits is located in Kansas City, Missouri.

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