

SHORT-TERM DISABILITY BENEFITS

How do We define Disability?

Disability or ***Disabled*** means that *You* satisfy the definition of either *Total Disability* or *Partial Disability* and *You* are receiving *Appropriate and Regular Care* for *Your* condition from a *Doctor*.

Unless periods of *Disability* are separated by *Your* return to *Active Work* for at least 14 consecutive days, successive periods of *Disability* resulting from injuries received in any one *Accident* or from any one *Sickness* or related *Sicknesses* will be considered one period of *Disability*.

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How do We define Total Disability?

If the institutions are in session, ***Total Disability*** or ***Totally Disabled*** means that due to *Sickness* or *Injury* *You* are continuously unable to perform the *Material and Substantial Duties* of *Your Regular Occupation*, and *Your Disability Earnings*, if any, are less than 20% of *Your* pre-disability *Weekly Earnings*.

If the institutions are not in session, ***Total Disability*** or ***Totally Disabled*** means that due to *Sickness* or *Injury* *You* would be continuously unable to perform the *Material and Substantial Duties* of *Your Regular Occupation*, and *Your Disability Earnings*, if any, would be less than 20% of *Your* pre-disability *Weekly Earnings*.

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How do We define Partial Disability?

If the institutions are in session, ***Partial Disability*** or ***Partially Disabled*** means that:

1. During the *Elimination Period* *You* are able to perform some but not all of the *Material & Substantial Duties* of *Your Regular Occupation*; and
2. After the *Elimination Period*, due to *Injury* or *Sickness*, *You* are able to perform some but not all of the *Material and Substantial Duties* of *Your Regular Occupation*; and *Your Disability Earnings*, if any, are at least 20% but less than or equal to 80% of *Your* pre-disability *Weekly Earnings*.

If the institutions are not in session, ***Partial Disability*** or ***Partially Disabled*** means that:

1. During the *Elimination Period* *You* would be unable to perform some but not all of the *Material & Substantial Duties* of *Your Regular Occupation*; and
2. After the *Elimination Period*, due to *Injury* or *Sickness*, *You* would be able to perform some but not all of the *Material and Substantial Duties* of *Your Regular Occupation*; and *Your Disability Earnings*, if any, would be at least 20% but less than or equal to 80% of *Your* pre-disability *Weekly Earnings*.

You will no longer be considered *Partially Disabled* when *You* are able to increase *Your* current earnings by increasing the number of hours *You* work or the number of duties *You* perform in *Your Regular Occupation* but *You* do not do so.

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Loss of Professional License or Certification

If *You* require a professional license or certification for *Your* occupation, loss of that professional license or certification does not in and of itself constitute *Disability*.

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What is the Elimination Period and how is it satisfied?

The *Elimination Period* is a period of continuous *Disability* which must be satisfied before *You* are eligible to receive benefits from *Us*. It is shown in the *Schedule of Benefits* and begins on *Your Date of Disability*.

If *You* temporarily recover and return to work, *We* will treat *Your Disability* as continuous if *You* return to work for a period of less than or equal to one-half the *Elimination Period* rounded up to the next whole number, not to exceed 7 days. The days that *You* are not *Disabled* will not count toward *Your Elimination Period*.

If *You* return to work for a period greater than one-half the *Elimination Period*, or 14 days, whichever is less, and become *Disabled* again, *You* will have to begin a new *Elimination Period*.

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Can You satisfy Your Elimination Period if You are working?

You can satisfy *Your Elimination Period* if *You* are working, provided *You* meet the definition of *Disability*.

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What Disability Benefit are You eligible to receive?

If *You* are *Disabled* and receiving *Appropriate and Regular Care* for *Your* condition from a *Doctor*, *You* are eligible to receive one of the following at any given time:

1. an *STD Weekly Benefit*; or
2. a Work Incentive Benefit.

While *You* are *Disabled*, *You* might be eligible to receive one or the other of the above, but *You* cannot receive more than one of these benefits at the same time.

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What is Your STD Weekly Benefit and how is it calculated?

Your STD Weekly Benefit will be based on *Your Weekly Earnings* as reported to *Us* by *Your Employer* and for which premium has been paid.

An *STD Weekly Benefit* will be payable after the end of the *Elimination Period* if *You* are *Disabled*.

We will calculate *Your Gross STD Weekly Benefit* amount as follows:

1. Multiply *Your Weekly Earnings* by 60%.
2. The maximum *STD Weekly Benefit* is \$693.
3. Compare the answers from Item 1 and Item 2. The lesser of these two amounts is *Your Gross STD Weekly Benefit*.
4. Subtract the Deductible Sources of Income from *Your Gross STD Weekly Benefit*. The resulting figure is *Your Net STD Weekly Benefit*.

If a benefit is payable for less than one week, *STD Weekly Benefit* payments will be made at a daily rate of 1/7th the weekly benefit.

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Can You work and still receive benefits?

While *Partially Disabled*, *You* may qualify for the Work Incentive Benefit.

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What is the Work Incentive Benefit and how is it calculated?

A Work Incentive Benefit will be payable if *You* are *Disabled* and *Gainfully Employed* after the end of the *Elimination Period*, or after a period during which *You* received *STD Weekly Benefits*.

The Work Incentive Benefit will be calculated while *You* are *Gainfully Employed* as follows:

1. We will add together the *Gross STD Weekly Benefit* and *Your Disability Earnings* and compare to pre-disability *Weekly Earnings*.
2. If the total amount in Item 1 exceeds 100% of pre-disability *Weekly Earnings*, the Work Incentive Benefit will be equal to the *Net STD Weekly Benefit* reduced by the amount of the excess.
3. If the total amount in Item 1 does not exceed 100% of pre-disability *Weekly Earnings*, the Work Incentive Benefit will be equal to the *Net STD Weekly Benefit* amount.

The Work Incentive Benefit will cease on the earliest of the following:

1. the date *You* are no longer *Disabled*; or
2. the end of the *Maximum Period Payable*.

The payment of a Work Incentive Benefit, combined with *Your STD Weekly Benefit*, will not extend the *Maximum Period Payable*, as shown on the *Schedule of Benefits*.

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What are the Deductible Sources of Income?

The *Gross STD Weekly Benefit* under the Policy will be reduced by *Disability* benefits paid under any State Teachers Retirement System, Public Employees Retirement System or School Employees Retirement System.

Act or **Law** means the original enactment of the law or act and all amendments.

Proration of Lump Sum Awards

If any Deductible Source of Income described above is paid in a single sum through compromise settlement or as an advance on future liability, *We* will determine the amount of reduction to *Your Gross STD Weekly Benefit* as follows:

1. *We* will divide the amount paid by the number of weeks for which the settlement or advance was provided; or
2. If the number of weeks for which the settlement or advance is made is not known, *We* will divide the amount of the settlement or advance by the expected remaining number of weeks for which *We* will provide benefits for *Your Disability* based on the Proof of *Disability* which *We* have, subject to a maximum of 26 weeks.

What other sources of income are not deductible?

We will not reduce *Your Gross STD Weekly Benefit* under the Policy by any of the following:

1. deferred compensation arrangements such as 401(k), 403(b) or 457 plans;
2. credit disability insurance;
3. pension plans for partners;
4. military pension and Disability income plans;
5. franchise disability income plans;
6. individual disability income plans;
7. a retirement plan from another Employer;
8. profit sharing plans;
9. thrift or savings plans;
10. individual retirement account (IRA);
11. tax sheltered annuity (TSA);
12. stock ownership plan.

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What happens if Your Deductible Sources of Income increase?

The *Net STD Weekly Benefit* will not be further reduced for subsequent cost-of-living increases which are paid, payable, or for which *You* or *Your* dependents are eligible under any Deductible Source of Income shown above.

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How long will You receive benefits under the Policy?

We will send *You* a payment for each week of *Disability* up to the *Maximum Period Payable* as shown in the *Schedule of Benefits*. Payment of benefits is also subject to any benefit duration limitation pertaining to *Your Disability*.

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What happens if Your Disability recurs?

If *Disability* for which benefits were payable ends but recurs due to the same or related causes less than 14 days after the end of a prior *Disability*, it will be considered a resumption of the prior *Disability*. Such recurrent *Disability* shall be subject to the provisions of the Policy that were in effect at the time the prior *Disability* began.

Disability which recurs more than 14 days after the end of a prior *Disability* is subject to:

1. a new *Elimination Period*;
2. a new *Maximum Period Payable*; and
3. the other provisions of the Policy that are in effect on the date the *Disability* recurs.

Disability must recur while *Your* coverage is in force under the Policy.

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