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Employee-Paid

# LONG-TERM DISABILITY INSURANCE

Prepared for: Coastal Bend Employee Benefits Cooperative

## SUMMARY OF BENEFITS

If you had an unexpected illness of injury and were unable to work, how long would you be able to pay your bills? Long-term disability pays a portion of your salary if you're unable to work due to a covered disability.

**Eligibility:** If you are an active employee who works at least 20 hours per week, you are eligible on the first of the month following 30 days actively at work.

	Gross Monthly Benefit <sup>1</sup>	Maximum Gross Monthly Benefit	Benefit Waiting Period	Maximum Benefit Period
Employee Options	<b>Select Monthly Benefit:</b> Flat dollar benefit in \$100 increments between \$200 and \$7,500 that cannot exceed 66 2/3% of your current monthly earnings	<b>\$7,500</b>	<b>Select from Six Options:</b> Accident/Sickness 0 days/7 days* 14 days/14 days* 30 days/30 days* 60 days/60 days 90 days/90 days 180 days/180 days	Please refer to the "Maximum Benefit Period" Schedules below for more details

\*If because of your disability, you are hospital confined an inpatient, benefits begin on the first day of inpatient confinement

**Employee's Monthly Cost of Coverage<sup>2</sup>:** Use the attached rate sheets.

## Important Definitions and Policy Provisions:

**Disability:** "Disability" or "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 indexed earnings from working in your regular occupation. After benefits have been payable for 24 months, you are considered disabled if solely due to your injury or sickness, you are unable to perform the material duties of any occupation for which you are (or may reasonably become) qualified by education, training or experience, and you are unable to earn 80% or more of your indexed earnings. We will require proof of earnings and continued disability.

**Covered Earnings:** "Covered Earnings" means your wages or salary, not including bonuses, commissions, and other extra compensation.

**When Benefits Begin:** You must be continuously Disabled for your elected benefit waiting period before benefits will be payable for a covered Disability.

**Maximum Benefit Period:** Once you qualify for benefits under this plan, you continue to receive them until the end of the benefit or until you no longer qualify for benefits, whichever occurs first. Should you remain Disabled, your benefits continue according to one of the following schedules, depending on your age at the time you become Disabled and the plan you select.

### Maximum Benefit Period Schedule

Age at Disability	Prior to age 60	Age 60 through 64	Age 65 through 69	Age 70 and over
Duration of Payments (Accident and Sickness)	To age 65, but not less than 5 years	5 years	To age 70, but not less than 1 year	1 year

**When Coverage Takes Effect:** Your coverage takes effect on the later of the policy's effective date, the date you become eligible, the date we receive your completed enrollment form, or the date you authorize any necessary payroll deductions. If you're not actively at work on the date your coverage would otherwise take effect, your coverage will take effect on the date you return to work. If you have to submit evidence of good health, your coverage takes effect on the date we agree, in writing, to cover you.

### **Benefit Reductions, Conditions, Limitations and Exclusions:**

**Effects of Other Income Benefits:** 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 Other Income Benefits payable to you, your dependents, or a qualified third party on behalf of you or your dependents. Disability benefits may be reduced by amounts received through Social Security disability benefits payable to you, your dependents, or a qualified third party on behalf of you or your dependents. Your disability benefits will not be reduced by any Social Security disability benefits you are not receiving as long as you cooperate fully in efforts to obtain them and agree to repay any overpayment when and if you do receive them. Disability benefits will also be reduced by amounts received through other government programs, sick leave, employer's sabbatical leave, employer's assault leave plan, employer funded retirement benefits, workers' compensation, franchise/group insurance, auto no-fault, and damages for wage loss. For details, see your outline of coverage, policy certificate, or your employer's summary plan description. *Note: Some of the Other Income Benefits, as defined in the group policy, will not be considered until after disability benefits are payable for 6 months.*

**Earnings While Disabled:** During the first 24 months that benefits are payable, benefits will be reduced if benefits plus income from employment exceeds 100% of pre-disability Covered Earnings. After that, benefits will be reduced by 50% of earnings from employment.

**Limited Benefit Period:** Disabilities caused by or contributed to by any one or more of the following conditions are subject to a lifetime limit of 24 months for outpatient treatment: Anxiety-disorders, delusional (paranoid) or depressive disorders, eating disorders, mental illness, somatoform disorders (including psychosomatic illnesses), alcoholism, drug addiction or abuse. Benefits are payable during periods of hospital confinement for these conditions for hospitalizations lasting more than 14 consecutive days that occur before the 24-month lifetime outpatient limit is exhausted.

**Pre-existing Condition Waiver:** The Insurance Company will waive the Pre-Existing Condition Limitation for the first month of Disability even if the Employee has a Pre-Existing Condition. The Disability Benefits as shown in the Schedule of Benefits will continue beyond 1 month only if the Pre-Existing Condition Limitation does not apply.

**Pre-existing Condition Limitation:** Benefits are not payable for medical conditions for which you incurred expenses, took prescription drugs, received medical treatment, care or services (including diagnostic measures,) during the 3 months just prior to the most recent effective date of insurance. Benefits are not payable for any disability resulting from a pre-existing condition unless the disability occurs after you have been insured under this plan for at least 12 months after your most recent effective date of insurance.

**Termination of Disability Benefits:** Your benefits will terminate when your Disability ceases, when your benefit duration period is exceeded, or on the following events: (1) the date you earn from any occupation more than 80% of your Covered Earnings, or the date you fail to cooperate with us in a rehabilitation plan, or transitional work arrangement, or the administration of the claim.

**Rehabilitation Requirement:** To be eligible for Disability benefits under this plan, you may be required to participate in a rehabilitation plan at the sole discretion and expense of the insurance company or company administering benefits under this plan. If you fail to fully cooperate with the rehabilitation plan, no Disability benefits will be paid, and coverage will end. For details, see your Certificate of Insurance.

**Exclusions:** This plan does not pay benefits for a Disability which results, directly or indirectly, from any of the following:

- Suicide, attempted suicide, or intentionally self-inflicted injury while sane or insane.
- 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 an Employee's license, permit or certification necessary to perform the duties of his or her occupation unless due solely to Injury or Sickness otherwise covered by the Policy;
- any cosmetic surgery or surgical procedure that is not Medically Necessary;
- an Injury or Sickness for which the Employee is entitled to benefits from Workers' Compensation or occupational disease law;
- an Injury or Sickness that is work related.

In addition, the plan does not pay disability benefits any period of Disability during which you are incarcerated in a penal or corrections institution.

1 Your benefit amount will be reduced by any amounts payable to you by any of the sources listed under the "Effects of Other Income Benefits" section.

2 Costs are subject to change.

Terms and conditions of coverage for Long-Term Disability insurance are set forth in Group Policy No. SLH100006. This is not intended as a complete description of the insurance coverage offered. This is not a contract. Complete coverage details, including premiums, are contained in the Policy Certificate. If there are any differences between this summary and the group policy, the information in the group policy takes precedence. Product availability and/or features may vary by state. Please keep this material as a reference. Insurance coverage is issued on group policy form number: Policy Form TL-004700. Coverage is underwritten by Life Insurance Company of North America, 1601 Chestnut St. Philadelphia, PA 19192.

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