



## **CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION ACT**

### **SUMMARY DOCUMENT AND DISCLAIMER**

Residents of California who purchase life and health insurance and annuities should know that the insurance companies licensed in this state to write these types of insurance are members of the California Life and Health Insurance Guarantee Association ("CLHIGA"). The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guarantee Association will assess its other member insurance companies for the money to pay the claims of the insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Guarantee Association is not unlimited, however, as noted below, and is not a substitute for consumers' care in selecting insurers.

The California Life and Health Insurance Guarantee Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in California. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. **However, insurance companies and their agents are prohibited by law from using the existence of the guarantee association to induce you to purchase any kind of insurance policy.**

Policyholders with additional questions should first contact their insurer or agent or may then contact:

**The California Life and Health Insurance Guarantee Association**

**PO Box 17319**

**Beverly Hills CA 90209-3319**

**OR**

**Consumer Services Division**

**California Department of Insurance**

**300 South Spring St, South Tower**

**Los Angeles CA 90013**

The state law that provides for this safety-net coverage is called the California Life and Health Guarantee Association Act. Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Association.

#### **COVERAGE**

Generally, individuals will be protected by the California Life and Health Insurance Guarantee Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## **EXCLUSIONS FROM COVERAGE**

However, persons holding such policies are not protected by this Guarantee Association if:

Their insurer was not authorized to do business in this state when it issued the policy or contract;

Their policy was issued by a health care service plan (HMO, Blue Cross, Blue Shield), a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society;

They are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state.

The Guarantee Association also does not provide coverage for:

Unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which guarantee rights to group contract holders, not individuals;

Employer or association plans, to the extent they are self-funded or uninsured;

Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;

Any policy of reinsurance unless an assumption certificate was issued;

Interest rate yields that exceed an average rate;

Any portion of a contract that provides dividends or experience rating credits.

## **LIMITS ON AMOUNT OF COVERAGE**

The Act limits the Association to pay benefits as follows:

### **LIFE AND ANNUITY BENEFITS**

80% of what the insurance company would owe under a policy or contract up to \$100,000 in cash surrender values,

\$100,000 in present value of annuities, or

\$250,000 in life insurance death benefits.

A maximum of \$250,000 for any one insured life no matter how many policies and contracts there were with the same company, even if the policies provided different types of coverages.

### **HEALTH BENEFITS**

A maximum of \$200,000 of the contractual obligations that the health insurance company would owe were it not insolvent. The maximum may increase or decrease annually based upon changes in the health care cost component of the consumer price index.

### **PREMIUM SURCHARGE**

Member insurers are required to recoup assessments paid to the Association by way of a surcharge on premiums charged for health insurance policies to which the Act applies.

## **CALIFORNIA NOTICE OF COMPLAINT PROCEDURE**

**Should any dispute arise about your premium or about a claim that you have filed, write to the company that issued the group policy. If the problem is not resolved, you may also write to the State of California, Department of Insurance, Consumer Services Division, 300 S. Spring Street, South Tower, Los Angeles, CA 90013, or call toll-free 1-800-927-HELP, or (213) 897-8921 outside of California. This notice of complaint procedure is for information only and does not become a part or condition of this group policy/certificate.**



# STANDARD INSURANCE COMPANY

A Stock Life Insurance Company  
900 SW Fifth Avenue  
Portland, Oregon 97204-1282  
(503) 321-7000

## CERTIFICATE

### GROUP LONG TERM DISABILITY INSURANCE

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Policyholder:	California Attorneys, Administrative Law Judges, & Hearing Officers in State Employment
Policy Number:	643865-A
Effective Date:	November 1, 2005

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A Group Policy has been issued to the Policyholder. We certify that you will be insured as provided by the terms of the Group Policy. If your coverage is changed by an amendment to the Group Policy, we will provide the Policyholder with a revised Certificate or other notice to be given to you.

Possession of this Certificate does not necessarily mean you are insured. You are insured only if you meet the requirements set out in this Certificate.

"We", "us" and "our" mean Standard Life Insurance Company. "You" and "your" mean the Member. All other defined terms appear with the initial letter capitalized. Section headings, and references to them, appear in boldface type.



President

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## COVERAGE FEATURES

This section contains many of the features of your long term disability (LTD) insurance. Other provisions, including exclusions, limitations, and Deductible Income, appear in other sections. Please refer to the text of each section for full details. The Table of Contents and the Index of Defined Terms help locate sections and definitions.

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### GENERAL POLICY INFORMATION

Group Policy Number: 643865-A  
Policyholder: California Attorneys, Administrative Law Judges, & Hearing Officers in State Employment  
Employer(s): State of California  
Group Policy Effective Date: November 1, 2005  
Policy Issued in: California

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### BECOMING INSURED

To become insured you must: (a) Be a Member; (b) Complete your Eligibility Waiting Period; and (c) Meet the requirements in **Active Work Provisions** and **When Your Insurance Becomes Effective**.

Definition of Member: You are a Member if you are:

1. An active member of good standing of the Policyholder working 30 or more hours for the Employer; and
2. A citizen or resident of the United States or Canada.

You are not a Member if you are:

1. A temporary or seasonal employee;
2. A leased employee;
3. An independent contractor; or
4. A full time member of the armed forces of any country.

Class Definition: None

Eligibility Waiting Period: You are eligible on one of the following dates:

If you are a Member on the Group Policy Effective Date, you are eligible on that date.

If you become a Member after the Group Policy Effective Date, you are eligible on the first day of the calendar month coinciding with or next following the date you become a Member.

Evidence Of Insurability: Required:

- a. For late application for Contributory insurance.
- b. For reinstatements if required.
- c. For Members eligible but not insured under the Prior Plan.



Partial Disability:	Covered
Own Occupation Income Level:	80% of your Indexed Predisability Earnings.
Any Occupation Income Level:	80% of your Indexed Predisability Earnings.

See **Definition of Disability** for more information.

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## EXCLUSIONS AND LIMITATIONS

### Exclusions:

Preexisting Condition Exclusion:	Yes
Preexisting Condition Period:	The 360 day period just before your insurance becomes effective.
Treatment Free Period:	12 months
Exclusion Period:	24 months

Insurance also includes War and Intentionally Self-Inflicted Injury exclusions. See **Exclusions** for an explanation of all exclusions.

### Limitations:

Mental Disorder Limitation:	Yes
Limitation Period:	24 months
Alcohol Use, Alcoholism Or Drug Use Limitation:	Yes
Limitation Period:	24 months

Insurance also includes a Care Of A Physician limitation. See **Limitations** for an explanation of all limitations.

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## DEDUCTIBLE INCOME

Social Security Offset:	Full offset
Salary Continuation Offset:	Sick pay or other salary continuation payable to you by your Employer, but not including vacation pay.

See **Deductible Income** for information on these and other Deductible Income.

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## OTHER PROVISIONS

Survivors Benefit Amount:	A lump sum equal to 3 times your LTD Benefit without reduction by Deductible Income.
Estate Payment Allowed:	No
Conversion of Insurance:	No
COLA Benefit:	No
Leave Of Absence Period:	30 days

Continuity of Coverage:	Yes
Reasonable Accommodation Expense Benefit:	The expenses incurred for the reasonable accommodation or \$25,000, whichever is less.
Predisability Earnings based on:	Earnings in effect on your last full day of Active Work.

## INSURING CLAUSE

If you become Disabled while insured under the Group Policy, we will pay LTD Benefits according to the terms of the Group Policy after we receive satisfactory Proof Of Loss.

### DEFINITION OF DISABILITY

You are Disabled if you meet one of the following definitions during the period it applies:

- A. Own Occupation Definition of Disability;
- B. Any Occupation Definition of Disability; or
- C. Partial Disability Definition.

Own Occupation means any employment, business, trade, profession, calling or vocation that involves Material Duties of the same general character as your regular and ordinary employment with the Employer. Your Own Occupation is not limited to your job with your Employer.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation.

#### A. Own Occupation Definition Of Disability

During the Benefit Waiting Period and the Own Occupation Period you are required to be Disabled only from your Own Occupation.

You are Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Material Duties of your Own Occupation.

Note: You are not Disabled merely because your right to perform your Own Occupation is restricted, including a restriction or loss of license, or because you suffer a loss of Predisability Earnings as a result of disclosure of any Physical Disease, Injury, Pregnancy or Mental Disorder.

#### B. Any Occupation Definition Of Disability

During the Any Occupation Period you are required to be Disabled from all occupations.

You are Disabled from all occupations if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Material Duties of any gainful occupation for which you are reasonably fitted by education, training and experience.

#### C. Partial Disability Definition

1. During the Benefit Waiting Period and the Own Occupation Period, you are Partially Disabled when you work in your Own Occupation but, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn the Own Occupation Income Level or more.
2. During the Any Occupation Period, you are Partially Disabled when you work in an occupation but, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn the Any Occupation Income Level, or more, in that occupation and in all other occupations for which you are reasonably fitted under the Any Occupation Definition of Disability.

You may work in another occupation while you meet the Own Occupation Definition of Disability. If you are Disabled from your Own Occupation, there is no limit on your Work Earnings in another occupation. Your Work Earnings may be Deductible Income. See **Return To Work Incentive** and **Deductible Income**.

Your Any Occupation Period, Any Occupation Income Level, Own Occupation Period, and Own Occupation Income Level are shown in the **Coverage Features**.

## **RETURN TO WORK INCENTIVE**

### **A. During The Benefit Waiting Period**

You may serve your Benefit Waiting Period while working, if you meet either the Own Occupation Definition of Disability or the Partial Disability Definition.

### **B. After The Benefit Waiting Period**

You are eligible for the Return To Work Incentive on the first day you work after the Benefit Waiting Period if LTD Benefits are payable on that date. The Return To Work Incentive changes 12 months after that date, as follows:

1. During the first 12 months, your Work Earnings will be Deductible Income as determined below:
  - a. Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your Work Earnings to that amount.
  - b. Determine 100% of your Indexed Predisability Earnings.
  - c. If a. is greater than b., the difference will be Deductible Income.
2. After those first 12 months, 50% of your Work Earnings will be Deductible Income.

Work Earnings means your gross monthly earnings from work you perform while Disabled, including earnings from your Employer, any other employer, or self-employment. Your earnings will be included in Work Earnings when you have the right to receive them. If you are paid in a lump sum or on a basis other than monthly, we will prorate your Work Earnings over the period of time to which they apply. If no period of time is stated, we will use a reasonable one. Work Earnings will not include any renewal commissions, overwriting renewal commissions, or service fees received on business sold before you become Disabled.

## **REASONABLE ACCOMMODATION EXPENSE BENEFIT**

If you are Disabled and return to work in any occupation for any employer, not including self employment, as a result of a reasonable accommodation made by such employer, we will pay that employer a Reasonable Accommodation Expense Benefit as shown in the **Coverage Features**.

The Reasonable Accommodation Expense Benefit is payable only if the reasonable accommodation is approved by us in writing prior to its implementation.

## **TEMPORARY RECOVERY**

You may temporarily recover from your Disability and then become Disabled again from the same cause or causes without having to serve a new Benefit Waiting Period. Temporary Recovery means you cease to be Disabled for no longer than the applicable Allowable Period.

### **A. Allowable Periods**

1. During the Benefit Waiting Period: a total of 30 days of recovery.
2. During the Maximum Benefit Period: 180 days for each period of recovery.

### **B. Effect Of Temporary Recovery**

If your Temporary Recovery does not exceed the Allowable Periods, 1 through 5 below will apply.

1. The Predisability Earnings used to determine your LTD Benefit will not change.
2. The period of Temporary Recovery will not count toward your Benefit Waiting Period, your Maximum Benefit Period or your Own Occupation Period.

3. No LTD Benefits will be payable for the period of Temporary Recovery.
4. No LTD Benefits will be payable after benefits become payable to you under any other group long term disability insurance policy under which you become insured during your period of Temporary Recovery.
5. Except as stated above, the provisions of the Group Policy will be applied as if there had been no interruption of your Disability.

### **WHEN LTD BENEFITS END**

Your LTD Benefits end automatically on the earliest of 1 through 5 below.

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.
3. The date you die.
4. The date benefits become payable under any other group long term disability insurance policy under which you become insured during a period of Temporary Recovery.

### **PREDISABILITY EARNINGS**

Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work unless a different date applies (see the **Coverage Features**). However, if you are a Partner, L.L.C. Owner-Employee, Sole Proprietor or S-Corporation Shareholder, your Predisability Earnings will be based on your Employer's prior tax year or the Policyholder's prior tax year if you are a P.C. Partner. Any subsequent change in your earnings will not affect your Predisability Earnings.

#### A. Partners, P.C. Partners, L.L.C. Owner-Employees, Sole Proprietors and S-Corporation Shareholders

If you are a Partner, L.L.C. Owner-Employee, Sole Proprietor or S-Corporation Shareholder, Predisability Earnings means your average monthly compensation from your Employer during the Employer's prior tax year. If you are a P.C. Partner, Predisability Earnings means the average monthly compensation received by your professional corporation from the Policyholder during the Policyholder's prior tax year. Your average monthly compensation is determined by adding the following amounts as reported on the applicable Schedule K-1, Schedule C, Form W-2 or S-Corporation federal income tax return, and dividing by 12 (or by the number of months you were a Partner, P.C. Partner, L.L.C. Owner-Employee, Sole Proprietor or S-Corporation Shareholder if less than 12):

1. Your ordinary income (loss) from trade or business activity(ies).
2. Your guaranteed payments, if you are a Partner.
3. Your net profit from business.
4. Your compensation (as an officer), salary, or wages, if you are an S-Corporation Shareholder.

If you were not a Partner, P.C. Partner, L.L.C. Owner-Employee, Sole Proprietor or S-Corporation Shareholder during the entire prior tax year, your Predisability Earnings will be your average monthly compensation for your period as a Partner, P.C. Partner, L.L.C. Owner-Employee, Sole Proprietor or S-Corporation Shareholder.

#### B. All Other Members

Predisability Earnings means your monthly rate of earnings from your Employer, including:

1. Shift differential pay.

Predisability Earnings does not include:

1. Bonuses.
2. Commissions.
3. Overtime pay.
4. Any renewal commissions, overwriting renewal commissions, or service fees.
5. Any other extra compensation.

If you are paid on an annual contract basis, your monthly rate of earnings is one-twelfth (1/12th) of your annual contract salary.

If you are paid hourly, your monthly rate of earnings is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per month, but not more than 173 hours. If you do not have regular work hours, your monthly rate of earnings is based on the average number of hours you worked per month during the preceding 12 calendar months (or during your period of employment if less than 12 months), but not more than 173 hours.

C. All Members

Predisability Earnings includes:

1. Contributions you make through a salary reduction agreement with your Employer to:
  - a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), or 457 deferred compensation arrangement; or
  - b. An executive nonqualified deferred compensation arrangement.
2. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Predisability Earnings does not include your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.

## **DEDUCTIBLE INCOME**

Subject to **Exceptions To Deductible Income**, Deductible Income means:

1. Sick pay or other salary continuation as shown in the **Coverage Features**.
2. Your Work Earnings, as described in **Return To Work Incentive**.
3. Any amount you receive or are eligible to receive because of your disability, including amounts for partial or total disability, whether permanent, temporary, or vocational, under any of the following:
  - a. A workers' compensation law;
  - b. The Jones Act;
  - c. Maritime Doctrine of Maintenance, Wages or Cure;
  - d. Longshoremen's and Harbor Worker's Act; or
  - e. Any similar act or law.
4. Any amount you, your Spouse, or your children under age 18 receive or are eligible to receive because of your disability or retirement under:
  - a. The Federal Social Security Act;
  - b. The Canada Pension Plan;
  - c. The Quebec Pension Plan;

- d. The Railroad Retirement Act; or
- e. Any similar plan, act, or law.

Benefits your Spouse or children receive or are eligible to receive because of your disability are Deductible Income regardless of marital status, custody, or place of residence.

The **Coverage Features** states which one of the following options applies to your Social Security benefits:

- a. Full offset: Both the primary benefit (the benefit awarded to you) and dependents benefits are Deductible Income.
  - b. Primary offset: Primary benefits are Deductible Income, but dependents benefits are not.
  - c. Partial dependents offset: Primary benefits are Deductible Income. Dependents benefits are Deductible Income as determined below:
    - (1) Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your dependents benefits to that amount.
    - (2) Multiply your Predisability Earnings by the dependents limit.
    - (3) If (1) is greater than (2), the difference will be Deductible Income.
5. Any amount you receive or are eligible to receive because of your disability under any state disability income benefit law or similar law.
6. Any earnings or compensation included in Predisability Earnings which you receive or are eligible to receive while LTD Benefits are payable.
7. Any amount you receive or are eligible to receive because of your disability under any other group insurance coverage.
8. Any disability or retirement benefits you receive or are eligible to receive under your Employer's retirement plan, including a public employee retirement system, a state teacher retirement system, and a plan arranged and maintained by a union or employee association for the benefit of its members.
- If any of these plans has two or more payment options, the option which comes closest to providing you a monthly income for life with no survivors benefit will be Deductible Income, even if you choose a different option.
9. Any amount you receive 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**

Deductible Income does not include:

- 1. Any cost of living increase in any Deductible Income other than Work Earnings, if the increase becomes effective while you are Disabled and while you are eligible for the Deductible Income.
- 2. Reimbursement for hospital, medical, or surgical expense.
- 3. Reasonable attorneys fees incurred in connection with a claim for Deductible Income.
- 4. Benefits from any individual disability insurance policy.
- 5. California Workers' Compensation benefits for permanent total or permanent partial disability.
- 6. Early retirement benefits under the Federal Social Security Act which are not actually received.
- 7. Group credit or mortgage disability insurance benefits.

8. Accelerated death benefits paid under a life insurance policy.
9. Benefits from group insurance available through your professional association.
10. Benefits from a through i below.
  - a. Profit sharing plan.
  - b. Thrift or savings plan.
  - c. Deferred compensation plan.
  - d. Plan under IRC Section 401(k), 408(k), or 457.
  - e. Individual Retirement Account (IRA).
  - f. Tax Sheltered Annuity (TSA) under IRC Section 403(b).
  - g. Stock ownership plan.
  - h. Keogh (HR-10) plan.
  - i. Retirement plan under a professional service corporation with respect to principals.

## **RULES FOR DEDUCTIBLE INCOME**

### **A. Monthly Equivalents**

Each month we will determine your LTD Benefit using the Deductible Income for the same monthly period, even if you actually receive the Deductible Income in another month.

If you are paid Deductible Income in a lump sum or by a method other than monthly, we will determine your LTD Benefit using a prorated amount. We will use the period of time to which the Deductible Income applies. If no period of time is stated, we will use a reasonable one.

### **B. Your Duty To Pursue Deductible Income**

You must pursue Deductible Income for which you may be eligible. We may ask for written documentation of your pursuit of Deductible Income. You must provide it within 60 days after we mail you our request. Otherwise, we may reduce your LTD Benefits by the amount we estimate you would be eligible to receive upon proper pursuit of the Deductible Income.

### **C. Pending Deductible Income**

We will not deduct pending Deductible Income until it becomes payable. You must notify us of the amount of the Deductible Income when it is approved. You must repay us for the resulting overpayment of your claim.

### **D. Overpayment Of Claim**

We will notify you of the amount of any overpayment of your claim under any group disability insurance policy issued by us. You must immediately repay us. You will not receive any LTD Benefits until we have been repaid in full. In the meantime, any LTD Benefits paid, including the Minimum LTD Benefit, will be applied to reduce the amount of the overpayment. We may charge you interest at the legal rate for any overpayment which is not repaid within 30 days after we first mail you notice of the amount of the overpayment.

## **SURVIVORS BENEFIT**

If you die while LTD Benefits are payable, we will pay a Survivors Benefit according to 1 through 4 below.

1. The amount of the Survivors Benefit is shown in the **Coverage Features**.

2. The Survivors Benefit will first be applied to reduce any overpayment of your claim.
3. The Survivors Benefit will be paid at our option to any one or more of the following:
  - a. Your surviving Spouse;
  - b. Your surviving unmarried children, including adopted children, under age 25;
  - c. Your Spouse's surviving unmarried children, including adopted children, under age 25; or
  - d. Any person providing the care and support of any of them.
4. If you are not survived by a Spouse or any unmarried child under age 25, no Survivors Benefit will be paid unless payment to your estate is allowed as stated in the **Coverage Features**.

### **WAIVER OF PREMIUM**

Your insurance will continue without payment of premiums while LTD Benefits are payable.

### **BENEFITS AFTER INSURANCE ENDS OR IS CHANGED**

During each period of continuous Disability, we will pay LTD Benefits according to the terms of the Group Policy in effect on the date you become Disabled. Your right to receive LTD Benefits will not be affected by:

1. Termination of the Group Policy after you become Disabled; or
2. Any amendment to the Group Policy that is effective after you become Disabled.

### **EFFECT OF NEW DISABILITY**

If a period of Disability is extended by a new cause while LTD Benefits are payable, LTD Benefits will continue while you remain Disabled. However, 1 and 2 apply.

1. LTD Benefits will not continue beyond the end of the original Maximum Benefit Period.
2. All provisions of the Group Policy, including the **Exclusions** and **Limitations** sections, will apply to the new cause of Disability.

### **EXCLUSIONS**

#### A. War

You are not covered for a Disability caused or contributed to by War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.

#### B. Intentionally Self-Inflicted Injury

You are not covered for a Disability caused or contributed to by an intentionally self-inflicted Injury, while sane or insane.

#### C. Preexisting Condition

##### 1. Definition

Preexisting Condition means a mental or physical condition for which you have done any of the following at any time during the Preexisting Condition Period shown in the **Coverage Features**.

- a. Consulted a Physician.
- b. Received medical treatment or services.

c. Taken prescribed drugs or medications.

2. Exclusion

You are not covered for a Disability caused or contributed to by a Preexisting Condition or medical or surgical treatment of a Preexisting Condition unless, on the date you become Disabled, you:

- a. Have been continuously insured under the Group Policy for the entire Exclusion Period shown in the **Coverage Features**, and have been Actively At Work for at least one full day after the end of the Exclusion Period; or
- b. Have been continuously insured under the Group Policy for the entire Treatment-Free Period shown in the **Coverage Features** without having done any of the following in connection with the Preexisting Condition:
  - 1. Consulted a Physician.
  - 2. Received medical treatment or services.
  - 3. Taken prescribed drugs or medications.

**LIMITATIONS**

A. Care Of A Physician

You must be under the ongoing care of a Physician in the appropriate specialty as determined by us, during the Benefit Waiting Period. No LTD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician in the appropriate specialty as determined by us.

B. Mental Disorder

Payment of LTD Benefits is limited to the Mental Disorder Limitation Period shown in the **Coverage Features** during your entire lifetime for a Disability caused or contributed to by a Mental Disorder. However, if you are confined in a Hospital at the end of the Mental Disorder Limitation Period, this limitation will not apply while you are continuously confined.

Mental Disorder means any mental, emotional, behavioral, psychological, personality, cognitive, mood or stress-related abnormality, disorder, disturbance, dysfunction or syndrome, regardless of cause, including any biological or biochemical disorder or imbalance of the brain. Mental Disorder includes, but is not limited to, bipolar affective disorder, organic brain syndrome, schizophrenia, psychotic illness, manic depressive illness, depression and depressive disorders, or anxiety and anxiety disorders.

Hospital means a legally operated hospital providing full-time medical care and treatment under the direction of a full-time staff of licensed Physicians. Rest homes, nursing homes, convalescent homes, homes for the aged, and facilities primarily affording custodial, educational, or rehabilitative care are not Hospitals.

C. Alcohol Use, Alcoholism Or Drug Use

Payment of LTD Benefits is limited to the Alcohol Use, Alcoholism Or Drug Use Limitation Period shown in the **Coverage Features** during your entire lifetime for a Disability caused or contributed to by your use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

**CLAIMS**

A. Filing A Claim

Claims should be filed on our forms. If we do not provide our forms within 15 days after they are requested, you may submit your claim in a letter to us. The letter should include the date disability began, and the cause and nature of the disability.

B. Time Limits On Filing Proof Of Loss

You must give us Proof Of Loss within 90 days after the end of the Benefit Waiting Period. If you cannot do so, you must give it to us as soon as reasonably possible, but not later than one year after that 90-day period. If Proof Of Loss is filed outside these time limits, your claim will be denied. These limits will not apply while you lack legal capacity.

C. Proof Of Loss

Proof Of Loss means written proof that you are Disabled and entitled to LTD Benefits. Proof Of Loss must be provided at your expense.

D. Documentation

Completed claims statements, a signed authorization for us to obtain information, and any other items we may reasonably require in support of a claim must be submitted at your expense. If the required documentation is not provided within 45 days after we mail our request, your claim may be denied.

E. Investigation Of Claim

We may investigate your claim at any time.

At our expense, we may have you examined at reasonable intervals by specialists of our choice. We may deny or suspend LTD Benefits if you fail to attend an examination or cooperate with the examiner.

F. Time Of Payment

We will pay LTD Benefits within 60 days after you satisfy Proof Of Loss.

LTD Benefits will be paid to you at the end of each month you qualify for them. LTD Benefits remaining unpaid at your death will be paid to the person(s) receiving the Survivors Benefit. If no Survivors Benefit is paid, the unpaid LTD Benefits will be paid to your estate.

G. Notice Of Decision On Claim

We will evaluate your claim promptly after you file it. Within 45 days after we receive your claim we will send you: (a) a written decision on your claim; or (b) a notice that we are extending the period to decide your claim for 30 days. Before the end of this extension period we will send you: (a) a written decision on your claim; or (b) a notice that we are extending the period to decide your claim for an additional 30 days. If an extension is due to your failure to provide information necessary to decide the claim, the extended time period for deciding your claim will not begin until you provide the information or otherwise respond.

If we extend the period to decide your claim, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim; (c) an explanation of the standards on which entitlement to benefits is based; (d) the unresolved issues preventing a decision; and (e) any additional information we need to resolve those issues.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may decide your claim based on the information we have received.

If we deny any part of your claim, you will receive a written notice of denial containing:

- a. The reasons for our decision.
- b. Reference to the parts of the Group Policy on which our decision is based.

- c. A description of any additional information needed to support your claim.
- d. Information concerning your right to a review of our decision.

#### H. Review Procedure

If all or part of a claim is denied, you may request a review. You must request a review in writing within 180 days after receiving notice of the denial.

You may send us written comments or other items to support your claim. You may review and receive copies of any non-privileged information that is relevant to your request for review. There will be no charge for such copies. You may request the names of medical or vocational experts who provided advice to us about your claim.

The person conducting the review will be someone other than the person who denied the claim and will not be subordinate to that person. The person conducting the review will not give deference to the initial denial decision. If the denial was based on a medical judgement, the person conducting the review will consult with a qualified health care professional. This health care professional will be someone other than the person who made the original medical judgement and will not be subordinate to that person. Our review will include any written comments or other items you submit to support your claim.

We will review your claim promptly after we receive your request. Within 45 days after we receive your request for review we will send you: (a) a written decision on review; or (b) a notice that we are extending the review period for 45 days. If the extension is due to your failure to provide information necessary to decide the claim on review, the extended time period for review of your claim will not begin until you provide the information or otherwise respond.

If we extend the review period, we will notify you of the following: (a) the reasons for the extension; (b) when we expect to decide your claim on review; and (c) any additional information we need to decide your claim.

If we request additional information, you will have 45 days to provide the information. If you do not provide the requested information within 45 days, we may conclude our review of your claim based on the information we have received.

If we deny any part of your claim on review, you will receive a written notice of denial containing:

- a. The reasons for our decision.
- b. Reference to the parts of the Group Policy on which our decision is based.
- c. Information concerning your right to receive, free of charge, copies of non-privileged documents and records relevant to your claim.

#### I. Assignment

The rights and benefits under the Group Policy are not assignable.

### **TIME LIMITS ON LEGAL ACTIONS**

No action at law or in equity may be brought until 60 days after you have given us Proof Of Loss. No such action may be brought more than three years after the earlier of:

1. The date we receive Proof Of Loss; and
2. The end of the period within which Proof Of Loss is required to be given.

### **INCONTESTABILITY PROVISIONS**

#### A. Incontestability Of Member's Insurance

Any statement you make to obtain or to increase insurance is a representation and not a warranty.

No misrepresentation by you will be used to reduce or deny your claim or contest the validity of your insurance unless:

1. Your insurance would not have been approved if we had known the truth; and
2. We have given you a copy of a written instrument signed by you which contains your misrepresentation.

After your insurance has been in effect for two years, we will not use a misrepresentation by you to reduce or deny your claim, unless it was a fraudulent misrepresentation.

#### B. Incontestability Of Group Policy

Any statement made by the Policyholder or Employer to obtain the Group Policy is a representation and not a warranty.

No misrepresentation by the Policyholder or Employer will be used to deny a claim or to deny the validity of the Group Policy unless:

1. The Group Policy would not have been issued if we had known the truth; and
2. We have given the Policyholder or Employer a copy of a written instrument signed by the Policyholder or Employer which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums or fraudulent misrepresentations.

### **CONTINUITY OF COVERAGE**

If your Disability is subject to the Preexisting Condition Exclusion, LTD Benefits will be payable if:

1. You were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy;
2. You became insured under the Group Policy when your insurance under the Prior Plan ceased;
3. You were continuously insured under the Group Policy from the effective date of your insurance under the Group Policy through the date you became Disabled from the Preexisting Condition; and
4. Benefits would have been payable under the Prior Plan if it had remained in force, taking into account the preexisting condition exclusion, if any, of the Prior Plan.

Payment of your LTD Benefit will be under the terms of the Prior Plan or the Group Policy, whichever pays less.

### **WHEN YOUR INSURANCE BECOMES EFFECTIVE**

The **Coverage Features** states whether your insurance is Contributory or Noncontributory.

#### A. Noncontributory Insurance

Subject to the **Active Work Provisions**, your Noncontributory insurance becomes effective on the date you become eligible.

#### B. Contributory Insurance

You must apply in writing for Contributory insurance and agree to pay premiums. Subject to the **Active Work Provisions**, your insurance becomes effective on:

1. The date you become eligible, if you apply on or before that date;
2. The date you apply, if you apply within 31 days after you become eligible; or

3. The date we approve your Evidence Of Insurability, if you apply more than 31 days after you become eligible (late application).

C. Insurance Subject To Evidence Of Insurability

Subject to the **Active Work Provisions**, insurance subject to Evidence Of Insurability becomes effective on the date we approve Evidence Of Insurability.

D. Takeover Provisions

1. If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, your Eligibility Waiting Period is waived on the effective date of your Employer's coverage under the Group Policy.
2. You must submit satisfactory Evidence Of Insurability to become insured for insurance if you were eligible for insurance under the Prior Plan for more than 31 days but were not insured.

### **ACTIVE WORK PROVISIONS**

A. Active Work Requirement

If you are incapable of Active Work because of Physical Disease, Injury, Pregnancy or Mental Disorder on the day before the scheduled effective date of your insurance, your insurance will not become effective until the day after you complete one full day of Active Work as an eligible Member.

Active Work and Actively At Work mean performing the Material Duties of your Own Occupation at your Employer's usual place of business.

You will also meet the Active Work requirement if:

1. You were absent from Active Work because of a regularly scheduled day off, holiday, or vacation day;
2. You were Actively At Work on your last scheduled work day before the date of your absence; and
3. You were capable of Active Work on the day before the scheduled effective date of your insurance.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance. However, if you return to Active Work during a period of Disability or Temporary Recovery (see **Temporary Recovery**), you will not qualify for any change in insurance caused by a change in:

1. Your status as a member of a class;
2. The rate of earnings used to determine your Predisability Earnings; or
3. The terms of the Group Policy.

### **WHEN YOUR INSURANCE ENDS**

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which you made a premium contribution, if your insurance is Contributory.
2. The date the Group Policy terminates.
3. The date your employment terminates.

4. The date you cease to be a Member. However, if you cease to be a Member because you are not working the required minimum number of hours, your insurance will be continued during the following periods, unless it ends under 1 through 3 above.
  - a. While your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be a Member.
  - b. During the Benefit Waiting Period and while LTD Benefits are payable.
  - c. During a leave of absence if continuation of your insurance under the Group Policy is required by a state-mandated family or medical leave act or law.
  - d. During any other leave of absence approved by your Employer in advance and in writing and scheduled to last the Leave Of Absence Period shown in the **Coverage Features**.

### **REINSTATEMENT OF INSURANCE**

If your insurance ends, you may become insured again as a new Member. However, the following will apply.

1. If your insurance ends because you cease to be a Member, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.
2. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
3. If your insurance ends because you are on a federal or state mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state mandated family or medical leave act or law.
4. The Preexisting Conditions Exclusion will be applied as if there had been no break in coverage in the following instances:
  - a. If you become insured again within 90 days.
  - b. If required by federal or state mandated family or medical leave act or law and you become insured again immediately following the period allowed under the family or medical leave act or law.

### **CLERICAL ERROR AND MISSTATEMENT**

#### A. Clerical Error

Clerical error by the Policyholder, your Employer, or their respective employees or representatives will not:

1. Cause a person to become insured;
2. Invalidate insurance under the Group Policy otherwise validly in force; or
3. Continue insurance under the Group Policy otherwise validly terminated.

#### B. Misstatement Of Age

If a person's age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:

1. The amount of insurance based on the correct age; and
2. The difference between the premiums paid and the premiums which would have been paid if the age had been correctly stated.

## TERMINATION OR AMENDMENT OF THE GROUP POLICY

The Group Policy may be terminated by us or the Policyholder according to its terms. It will terminate automatically for nonpayment of premium. The Policyholder may terminate the Group Policy in whole, and may terminate insurance for any class or group of Members, at any time by giving us written notice.

Benefits under the Group Policy are limited to its terms, including any valid amendment. No change or amendment will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy. The Policyholder, your Employer and their respective employees or representatives have no right or authority to change or amend the Group Policy or to waive any of its terms or provisions without our signed written approval.

We may change the Group Policy in whole or in part when any change in law or governmental regulation affects our obligations under the Group Policy, or with the Policyholder's consent.

Any such change or amendment of the Group Policy may apply to current or future Members or to any separate classes or groups of Members.

## DEFINITIONS

Benefit Waiting Period means the period you must be continuously Disabled before LTD Benefits become payable. No LTD Benefits are payable for the Benefit Waiting Period. See **Coverage Features**.

Contributory means you pay all or part of the premium for your insurance.

CPI-W means the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the United States Department of Labor. If the CPI-W is discontinued or changed, we may use a comparable index. Where required, we will obtain prior state approval of the new index.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance. See **Coverage Features**.

Providing Evidence Of Insurability means you must:

1. Complete and sign our medical history statement;
2. Sign our form authorizing us to obtain information about your health;
3. Undergo a physical examination, if required by us, which may include blood testing; and
4. At your expense, provide any additional information about your insurability that we may reasonably require.

Group Policy means the group long term disability insurance policy issued by us to the Policyholder and identified by the Group Policy Number.

Indexed Predisability Earnings means your Predisability Earnings adjusted by the rate of increase in the CPI-W. During your first year of Disability, your Indexed Predisability Earnings are the same as your Predisability Earnings. Thereafter, your Indexed Predisability Earnings are determined on each anniversary of your Disability by increasing the previous year's Indexed Predisability Earnings by the rate of increase in the CPI-W for the prior calendar year. The maximum adjustment in any year is 10%. Your Indexed Predisability Earnings will not decrease, even if the CPI-W decreases.

Injury means an injury to your body.

L.L.C. Owner-Employee means an individual who owns an equity interest in an Employer and is actively employed in the conduct of the Employer's business.

LTD Benefit means the monthly benefit payable to you under the terms of the Group Policy.

Maximum Benefit Period means the longest period for which LTD Benefits are payable for any one period of continuous Disability, whether from one or more causes. It begins at the end of the Benefit

Waiting Period. No LTD Benefits are payable after the end of the Maximum Benefit Period, even if you are still Disabled. See **Coverage Features**.

Noncontributory means the Policyholder or Employer pays the entire premium for your insurance.

P.C. Partner means the sole active employee and majority shareholder of a professional corporation in partnership with the Policyholder.

Physical Disease means a physical disease entity or process that produces structural or functional changes in your body as diagnosed by a Physician.

Physician means a licensed medical professional, other than yourself, acting within the scope of the license.

Pregnancy means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

Prior Plan means your Employer's group long term disability insurance plan in effect on the day before the effective date of your Employer's coverage under the Group Policy and which is replaced by the Group Policy.

Spouse means:

1. A person to whom you are legally married; or
2. Your Domestic Partner. Your Domestic Partner means an individual recognized as such under California state law.

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