

Proposal for Group Employee Benefits

***Prepared By:
Boston Mutual Life Insurance Company***

This Proposal has been prepared for:

Town of Allenstown

On behalf of:

Davis & Towle

Date Prepared:

November 23, 2015

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SCHEDULE OF BENEFITS FOR TOWN OF ALLENSTOWN

PLAN ID: Basic Short Term Disability
PROPOSED EFFECTIVE DATE: January 1, 2016

GROUP BENEFIT:
Social Security Integration: Primary and Family

Class 1 All Full Time Active Employees

CORE BENEFIT:

Plan: 4 Days Accident/Injury - 4 Days Sickness - 26 Weeks Duration
67% of basic weekly earnings rounded to the next higher \$1 with a minimum of \$25 to a maximum of \$1,200
First Day Hospital: No
Residual Benefits: Yes
Temporary and Seasonal Emp Excluded
Employee Contribution: 0%
Disability Definition: Residual Duties And Earnings
Class Participation: 100% of eligible employees or 10 total enrolled lives at the group level

- ◆ Having Boston Mutual Life Insurance Company prepare your W-2 forms for your employees receiving short-term disabilities does not release you of your obligation to file a 'Third-Party Sick Pay Recap' W-2 and W-3 form. These recap forms are needed to reconcile employer match of FICA you have paid in on behalf of your employees.
- ◆ If you request that Boston Mutual Life Insurance Company prepare your W-2 forms for third party sick pay benefits paid to your employees, you agree that such forms will be prepared using Boston Mutual Life Insurance Company's name and employer identification number or its Third party vendor.

Stated policy specifications will be made part of the application.

SCHEDULE OF BENEFITS FOR TOWN OF ALLENSTOWN

PLAN ID: Basic Short Term Disability
PROPOSED EFFECTIVE DATE: January 1, 2016

GROUP BENEFIT:
Social Security Integration: Primary and Family

Class 1 All Full Time Active Employees

CORE BENEFIT:

Plan: 15 Days Accident/Injury - 15 Days Sickness - 26 Weeks Duration
67% of basic weekly earnings rounded to the next higher \$1 with a minimum of \$25 to a maximum of \$1,200
First Day Hospital: No
Residual Benefits: Yes
Temporary and Seasonal Emp Excluded
Employee Contribution: 0%
Disability Definition: Residual Duties And Earnings
Class Participation: 100% of eligible employees or 10 total enrolled lives at the group level

- ◆ Having Boston Mutual Life Insurance Company prepare your W-2 forms for your employees receiving short-term disabilities does not release you of your obligation to file a 'Third-Party Sick Pay Recap' W-2 and W-3 form. These recap forms are needed to reconcile employer match of FICA you have paid in on behalf of your employees.
- ◆ If you request that Boston Mutual Life Insurance Company prepare your W-2 forms for third party sick pay benefits paid to your employees, you agree that such forms will be prepared using Boston Mutual Life Insurance Company's name and employer identification number or its Third party vendor.

Stated policy specifications will be made part of the application.

SCHEDULE OF BENEFITS FOR TOWN OF ALLENSTOWN

PLAN ID: LTD
PROPOSED EFFECTIVE DATE: January 1, 2016

GROUP PARTICIPATION REQUIREMENTS:
The greater of 10 lives or 100% of eligible employees.

LTD Class 1: All Full Time Active Employees

BENEFIT:

| | |
|---------------------------------|---|
| Class Participation Requirement | 100% |
| Benefit Percent | 66 2/3% |
| Maximum Monthly Benefit | \$5,000 |
| Minimum Monthly Benefit | \$50 |
| Elimination Period | 180 Days or the date STD payments end, whichever is greater |
| Benefit Duration | 2 Years RBD |
| Social Security Integration | Primary/Family |
| Pre-Existing Exclusion | 3/12 |
| Own Occupation Period | 2 Years |
| Definition of Disability | Res 12 Months WB |
| Mental Illness Limitation | 24 Months |
| Drug and Alcohol Limitation | 24 Months |
| Self Reporting Limitation | Unlimited |
| Survivor Benefit | 3 Months |
| Family Care Benefit | YES |
| Family Care Benefit Amount | \$350 PER CHILD TO A MAXIMUM OF \$1,000 PER MONTH |
| Family Care Benefit Duration | 12 Months |
| EE Contribution | 0% |

- ◆ Having Boston Mutual Life Insurance Company prepare your W-2 forms for your employees receiving long-term disabilities does not release you of your obligation to file a 'Third-Party Sick Pay Recap' W-2 and W-3 form. These recap forms are needed to reconcile employer match of FICA you have paid in on behalf of your employees.
- ◆ If you request that Boston Mutual Life Insurance Company prepare your W-2 forms for third party sick pay benefits paid to your employees, you agree that such forms will be prepared using Boston Mutual Life Insurance Company's name and employer identification number or its Third party vendor.

Stated policy specifications will be made part of the application.

COST EXHIBIT FOR TOWN OF ALLENSTOWN

PLAN ID: Basic Benefits
PROPOSED EFFECTIVE DATE: January 1, 2016

| Coverage | EE's | Insurance Volume | Rate Guarantee | Monthly Rate | Monthly Premium |
|-----------------------|------|------------------|----------------|---------------|-----------------|
| Short Term Disability | 29 | \$17,825 | 24 Months | \$0.730/\$10 | \$1,301.23 |
| Long Term Disability | 29 | \$115,196* | 24 Months | \$0.240/\$100 | \$276.47 |

* Covered Payroll

Total Monthly Premium \$1,577.70
Total Annual Premium \$18,932.34

- ◆ It is assumed that this Proposal has been prepared for a group which has been in business for at least 2 years, unless otherwise approved by Home Office Underwriting.
- ◆ To be considered for coverage, applicants must have a legal right to reside in the United States, must have a permanent United States residential address and must have a (SSN) Social Security Number or (ITIN) Individual Tax Identification Number.
- ◆ Proposed rates are based on census data provided to Boston Mutual. We reserve the right to change proposed rates. Final rates will be based upon actual enrollment and review of current renewal documentation by Home Office Underwriting.
- ◆ This Proposal is valid until February 21, 2016.
- ◆ During the initial 12 month period, or for a longer period if shown in the Group Application, if the number of insured lives or volume changes by 25% or more the rates and remaining rate guarantee period may be changed.
- ◆ Insurance applied for shall not take effect until the Application has been approved by Boston Mutual at its Home Office.
- ◆ Eligible employees who are disabled on the date their insurance would otherwise become effective shall become insured on the date they return to Active Work.
- ◆ Earnings means your gross income from your employer in effect just prior to your date of disability. It includes your total income before taxes and any deductions for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account.
 STD: It does not include income received from commissions, bonuses, overtime pay, or any other extra compensation or income received from sources other than your employer.
 LTD: It does not include income received from commissions, bonuses, overtime pay, or any other extra compensation or income received from sources other than your employer.
- ◆ Disability benefits will be Integrated and Offset with Other Income e.g. Statutory Disability Plans, Social Security, Workers' Comp, Retirement Plans, Salary Continuation or Sick Leave Plans, Unemployment etc. Please see attached proposal pages for a complete list of offsets. Participation in Social Security and Workers' Comp is assumed.
- ◆ This proposal is intended to explain certain portions of coverage. It does not constitute the Policy. Any discrepancies between this proposal and the Policy are resolved by the wording contained in the Policy. You may request a sample policy from your sales representative. State variations to plan design, benefit maximums, General Provisions, Exclusions, Limitations, etc., may apply.

Stated policy specifications will be made part of the application.

COST EXHIBIT FOR TOWN OF ALLENSTOWN

PLAN ID:

Basic Benefits

PROPOSED EFFECTIVE DATE:

January 1, 2016

| Coverage | EE's | Insurance Volume | Rate Guarantee | Monthly Rate | Monthly Premium |
|-----------------------|------|------------------|----------------|---------------|-----------------|
| Short Term Disability | 29 | \$17,825 | 24 Months | \$0.330/\$10 | \$588.23 |
| Long Term Disability | 29 | \$115,196* | 24 Months | \$0.240/\$100 | \$276.47 |

* Covered Payroll

| | |
|------------------------------|-------------|
| Total Monthly Premium | \$864.70 |
| Total Annual Premium | \$10,376.34 |

- ◆ It is assumed that this Proposal has been prepared for a group which has been in business for at least 2 years, unless otherwise approved by Home Office Underwriting.
- ◆ To be considered for coverage, applicants must have a legal right to reside in the United States, must have a permanent United States residential address and must have a (SSN) Social Security Number or (ITIN) Individual Tax Identification Number.
- ◆ Proposed rates are based on census data provided to Boston Mutual. We reserve the right to change proposed rates. Final rates will be based upon actual enrollment and review of current renewal documentation by Home Office Underwriting.
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- ◆ Insurance applied for shall not take effect until the Application has been approved by Boston Mutual at its Home Office.
- ◆ Eligible employees who are disabled on the date their insurance would otherwise become effective shall become insured on the date they return to Active Work.
- ◆ Earnings means your gross income from your employer in effect just prior to your date of disability. It includes your total income before taxes and any deductions for pre-tax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account.
 STD: It does not include income received from commissions, bonuses, overtime pay, or any other extra compensation or income received from sources other than your employer.
 LTD: It does not include income received from commissions, bonuses, overtime pay, or any other extra compensation or income received from sources other than your employer.
- ◆ Disability benefits will be Integrated and Offset with Other Income e.g. Statutory Disability Plans, Social Security, Workers' Comp, Retirement Plans, Salary Continuation or Sick Leave Plans, Unemployment etc. Please see attached proposal pages for a complete list of offsets. Participation in Social Security and Workers' Comp is assumed.
- ◆ This proposal is intended to explain certain portions of coverage. It does not constitute the Policy. Any discrepancies between this proposal and the Policy are resolved by the wording contained in the Policy. You may request a sample policy from your sales representative. State variations to plan design, benefit maximums, General Provisions, Exclusions, Limitations, etc., may apply.

Stated policy specifications will be made part of the application.

GROUP SHORT TERM DISABILITY BENEFIT SUMMARY

Eligibility

All employees working at least 30 hours a week, *or the minimum hours specified in the group application*, are eligible for insurance on the effective date of the plan provided they are actively at work on that date. New employees are eligible on the date specified in the group application.

Elimination Period

Elimination Period is a period of continuous days of disability and begins on the first day of disability. Disability must continue through the elimination period before payments to the insured begin. The elimination period may differ depending upon whether the disability is due to a sickness or an injury. The date that payments begin is referred to as the benefit commencement date.

First day hospital coverage is an optional benefit that may be purchased. If because of the insured's disability, he/she becomes hospital confined, benefits will begin immediately.

Please refer to the Schedule of Benefits and Cost Summary page of this proposal for the elimination period selected.

Pre-Disability Earnings

Pre-Disability Earnings means the insured's gross earnings from the employer in effect immediately prior to the date disability begins. Earnings used to determine benefits exclude commissions, bonuses, overtime pay or other extra compensation.

Weekly Payment

When proof is received that the insured is disabled due to sickness or injury and requires regular attendance of a physician, the insured will receive a weekly payment based on his/her earnings, but not to exceed the maximum payment amount selected in the Schedule of Benefits and Cost Summary.

Maximum Payment Duration

Maximum Payment Duration means the period of time during which a weekly payment will be made to the insured for a disability. Please refer to the Schedule of Benefits and Cost Summary for the duration selected.

Minimum Payment Amount

Disabled insureds will not receive less than \$25 per week under the plan, regardless of the income received from other sources, unless the minimum payment amount must be applied toward the recovery of an overpayment, which may exist on the insured's claim.

Other Income Amounts

STD coverage is designed to replace a reasonable portion of a disabled insured's salary. To prevent over insurance, *STD payments will be reduced by income the insured receives or is eligible to receive from the following sources:*

- ◆ US Social Security
- ◆ Canadian and Quebec pension plans
- ◆ Workers' Compensation law
- ◆ Group disability plans with employer or association
- ◆ Group disability plans with another employer
- ◆ Employer retirement plans
- ◆ Formal salary continuation or sick leave plans
- ◆ State disability plans (EDD, DBL, TDB, TDI etc)
- ◆ Unemployment benefits
- ◆ No-fault automobile insurance benefits or automobile liability insurance benefits
- ◆ Any form of employment
- ◆ A third party (after subtracting the attorney's fees) by judgment, settlement or otherwise.

STD benefits are NOT reduced by the following:

- ◆ 401K plans
- ◆ Profit sharing plans
- ◆ Thrift plans
- ◆ Tax sheltered annuities
- ◆ Stock ownership plans
- ◆ Credit disability insurance
- ◆ Non-qualified plans of deferred compensation
- ◆ Pension plan for partners
- ◆ Military pension and military disability income plans
- ◆ Retirement plan from another employer
- ◆ Individual retirement accounts (IRA)
- ◆ Informal salary continuation plans
- ◆ Individual disability plans

Primary and Family Social Security Integration

The weekly payment will be directly reduced by Primary and Family Social Security benefits, if applicable. Primary benefits are those Social Security benefits, which the insured receives or is eligible to receive because of disability and/or retirement. Family benefits are those Social Security benefits, which the insured's spouse, child or children receive or are eligible to receive as a result of the insured's eligibility for Social Security benefits.

See Other Income Amounts.

Work-Life Resource

Our counseling partner, Health Management Systems of America - a nationally recognized leader in the field of Mental and Behavioral Health Care services, provides on-line life resources for all insureds under this group disability program on topics such as health and wellness, behavioral health, child and elderly care, articles and video presentations.

GROUP SHORT TERM DISABILITY BENEFIT SUMMARY

Calculating the Disability Payment

To figure the amount of payment:

- A. If the insured is disabled and not working, or disabled and working earning less than 20% of pre-disability earnings, payment to the insured will be figured as follows:
 1. Multiply the insured's weekly pre-disability earnings by the benefit percentage.
 2. Compare the amount to the maximum weekly payment for the plan.
 3. Take the lesser of the amounts from step 1 and 2. This is the gross weekly payment.
 4. Subtract from the gross weekly payment any 'Other Income Amounts', except any income earned or received from any form of employment. This is the payment the insured may receive.
- B. If the insured is disabled and working earning between 20% and 80% of pre-disability earnings, payment to the insured will be figured as follows:
 1. Multiply the insured's weekly pre-disability earnings by the benefit percentage.
 2. From 100% of the insured's weekly pre-disability earnings, subtract any 'Other Income Amounts', including current income earned or received from any form of employment.
 3. Compare the results from steps 1 and 2 with the maximum weekly payment for this plan.
 4. The payment the insured may receive is the lesser of the amounts from step 3.
- C. If the insured is disabled and working earning more than 80% of pre-disability earnings, (taking into consideration a three month average of current earnings), no further payments will be made and the claim will terminate.

Loss of earnings must be as a result of or due to the same sickness or injury for which the insured is disabled.

Cost of Living Freeze

Except for increases in income earned or received from any form of employment, once an 'Other Income Amount' has been subtracted from the gross weekly disability payment, the insured's payment will not be further reduced due to a cost of living increase in any 'Other Income Amount.'

Temporary Recovery

If the insured temporarily recovers and returns to work, earning more than 80% of his/her pre-disability earnings, and the same sickness or injury causes disability to occur again within 14 days of the date the prior disability ended, weekly payments to the insured will resume if he/she was continuously insured under the plan for the period of temporary recovery. A new elimination period for this disability will not need to be satisfied.

Non-Occupational STD Coverage

Non-occupational STD coverage insures sicknesses or injuries occurring off the job.

Definition of Disability

Through the elimination period, an insured is considered disabled if due to sickness or injury he/she is unable to perform any of the material and substantial duties of his/her regular occupation.

Following the elimination period, the insured is considered disabled if due to sickness or injury he/she is unable to perform some or all of the material and substantial duties of his/her regular occupation and has at least a 20% loss in pre-disability earnings.

An insured is also considered disabled if he/she meets the Definition of Disability through the elimination period, but following the elimination period, is working in any occupation and has at least a 20% loss in pre-disability earnings.

The Definition of Disability also presumes:

- ◆ disability begins while the insured is covered under the plan;
- ◆ that the loss of a professional or occupational license or certification does not, by itself, mean the insured is disabled;
- ◆ *any occupation* includes the insured's regular occupation.

Sickness means an illness or disease. It also includes an injury which occurs before being insured. This plan does not cover an occupational sickness. *

Injury means a bodily injury that occurs while insured and is the direct result of an accident and not related to any other cause. This plan does not cover an occupational injury. *

**Occupational sickness or occupational injury means a sickness or injury caused by or aggravated by any employment for pay or profit.*

Exclusions

Disabilities which arise from the following will not be covered:

- ◆ intentionally self-inflicted injuries;
- ◆ war or active participation in a riot;
- ◆ the attempt to commit or commission of a felony under federal or state law, or
- ◆ an occupational sickness or injury (unless the insured is a partner or sole proprietor not covered by workers' compensation coverage).

GROUP SHORT TERM DISABILITY BENEFIT SUMMARY

Workplace Modification Benefit

This benefit reimburses the employer up to 100% of reasonable costs incurred through modification to the workplace to accommodate a disabled employee's return to work and to assist the employee in remaining at work. The amount paid will not exceed the lesser of a maximum of \$2,000 for any one employee or the expected liability for the claim.

To qualify for this reimbursement, the employee must have:

- ◆ a disability preventing him/her from performing some or all of the material and substantial duties from his/her regular occupation;
- ◆ the physical and mental abilities needed to perform some or all of the material and substantial duties of his/her regular or a gainful occupation, but only with the assistance of the proposed workplace modification; and
- ◆ the reasonable expectation of returning to active employment and remaining in the active employment with the assistance of the proposed workplace modification.

The employer must provide a written proposal on the proposed workplace modification.

Vocational Rehabilitation Services

A disabled employee who is receiving a payment may be eligible for vocational rehabilitation services. These services may include vocational testing and training, job modification, job placement, or other services reasonably needed to assist the insured in returning to full-time or part-time active employment.

The decision to offer these services will be based on a disabled employee's education, training and experience, transferable skills, physical and mental abilities, motivation to return to active employment, the labor force demand for the particular occupation, and the expected liability for the claim.

To qualify for these services, the employee must:

- ◆ have a disability preventing him/her from performing some or all of the material and substantial duties of his/her regular occupation;
- ◆ lack the skills, training or experience needed to perform another gainful occupation;
- ◆ possess the physical and mental abilities needed to complete a rehabilitation program; and
- ◆ be reasonably expected to return to active employment with the assistance of these services.

Once it is determined that the disabled employee qualifies for the services, a written program will be prepared by us.

Social Security Assistance

If an insured is receiving a payment, assistance can be provided to him/her with their application for Social Security disability benefits or guidance through the appeal process may be offered.

Evidence of Insurability

Evidence Of Insurability means a statement of your medical history that we will use to determine if you are approved for coverage. Evidence of Insurability will be provided at your own expense.

Evidence of Insurability form means the portion of the enrollment form that you complete and submit to us that contains a statement of your medical history

Evidence of Insurability is required if: 1. You are a late applicant which means you enroll for coverage after your initial enrollment period, or 2. You voluntarily cancelled your coverage and are reapplying.

Pre Existing Condition

Pre Existing Condition means any condition for which you have done any of the following at any time during the period of time specified in the Schedule of Benefits, just prior to your effective date of coverage, whether or not that condition is diagnosed at all or is misdiagnosed. 1. received medical treatment or consultation; 2. taken or were prescribed drugs or medicine; or 3. received care for services, including diagnostic measures.

Leave of Absence

Leave of Absence means you are absent from active employment for a period of time that has been agreed to in advance in writing by your employer

Waiver of Premium

We do not require premium payment while the insured person is receiving Short Term Disability payments under this policy. Please refer to your certificate for more information.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Standard Benefit Provisions

Eligibility

All employees working at least 30 hours a week, or the minimum hours specified in the group application, are eligible for insurance on the effective date of the plan provided they are actively at work on that date. New employees are eligible on the date specified in the group application.

Elimination Period

Elimination Period is a period of continuous days of disability and begins on the first day of disability.

Disability must continue through the elimination period before payments to the insured begin.

Accumulation of Elimination Period

If, during the elimination period a disability temporarily ceases and the insured returns to his/her regular occupation for up to 15 days and becomes disabled again due to the same sickness or injury, he/she is not required to satisfy a new elimination period. Days the insured is not disabled will not count toward satisfying the elimination period.

Pre-Disability Earnings

Pre-Disability Earnings means the insured's gross earnings from the employer in effect immediately prior to the date disability begins. Earnings used to determine benefits exclude commissions, bonuses, overtime pay or other extra compensation.

Waiver of Premium

Premium payments for coverage under the Long Term Disability plan are suspended for an insured while receiving payments under the plan.

Temporary Recovery

If the insured temporarily recovers and returns to work, earning more than 80% of his/her pre-disability earnings, and the same sickness or injury causes disability to occur again within 6 months of the date the prior disability ended, monthly payments to the insured will resume if he/she was continuously insured under the plan for the period of temporary recovery. A new elimination period for this disability will not need to be satisfied.

Full Maternity

Maternity is considered as an eligible disability.

Work-Life Resource

Our counseling partner, Health Management Systems of America - a nationally recognized leader in the field of Mental and Behavioral Health Care services, provides on-line life resources for all insureds under this group disability program on topics such as health and wellness, behavioral health, child and elderly care, articles and video presentations.

Other Income Amounts

LTD coverage is designed to replace a reasonable portion of a disabled insured's salary. To prevent over insurance, LTD payments will be reduced by income the insured receives or is eligible to receive from the following sources:

- ◆ US Social Security
- ◆ Canadian and Quebec Pension Plans
- ◆ Workers' Compensation Law
- ◆ Other Group Disability Plans
- ◆ Employer Retirement Plans
- ◆ Formal Salary Continuation or Sick Leave Plans
- ◆ State Disability (EDD, DBL, TDB, TDI etc)
- ◆ Unemployment Benefits
- ◆ No-Fault Auto Insurance or Liability Insurance
- ◆ Any Form of Employment
- ◆ Third Party (less attorney's fees) by judgment, settlement or otherwise.

LTD benefits are NOT reduced by the following sources of income:

- ◆ 401K Plans
- ◆ Profit Sharing and Thrift Plans
- ◆ Tax Sheltered Annuities
- ◆ Stock Ownership Plans
- ◆ Credit Disability Insurance
- ◆ Non-Qualified Plans of Deferred Compensation
- ◆ Pension Plan for Partners
- ◆ Military Pension and Disability Plans
- ◆ Retirement Plan from Another Employer
- ◆ Individual Retirement Accounts (IRA)
- ◆ Informal Salary Continuation Plans
- ◆ Individual Disability Plans

Cost of Living Freeze

Except for increases in income earned or received from any form of employment, once an 'Other Income Amount' has been subtracted from the gross monthly disability payment, the insured's payment will not be further reduced due to a cost of living increase in any 'Other Income Amount'.

Continuity of Coverage (continued on next page)

In order to prevent loss of coverage for an insured because of a transfer of insurance carriers, the plan will provide coverage as follows.

For Individuals who are disabled on the date coverage under this plan becomes effective: An employee will be covered under the plan if (s)he was insured by the prior group insurance plan, and the cost of coverage under the prior group insurance plan was paid.

Payments will be limited to the monthly amount the prior group insurance plan would have paid the insured had the plan stayed in effect. Payments will be reduced by any amount the prior group insurance plan is responsible for paying.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Standard Benefit Provisions

Continuity of Coverage (continued)

For individuals who became disabled under this plan due to a pre-existing condition: If an employee was insured by the prior group insurance plan just before becoming eligible for coverage under this plan; is in active employment; and is insured under this plan, then (s)he may be eligible for payments under this plan if his/her disability is due to a pre-existing condition. ***In order to receive payments, (s)he must meet the pre-existing condition exclusion of this plan or the prior group insurance plan, had the plan stayed in effect.***

The total amount of time the employee was continuously insured under both the prior group insurance plan and this plan will be considered to determine satisfaction of the pre-existing condition exclusion. If the pre-existing condition exclusion of either plan can't be satisfied, then a disability payment will not be made.

Payments will be determined using the provisions of this plan, but the monthly payment will not be more than the maximum monthly payment of the prior group insurance plan, and will end on the earlier of the end of the maximum payment duration under this plan or the date benefits would have ended under the prior insurance plan, if the plan had stayed in effect.

Note: This plan provision applies when replacing prior coverage, where no gap exists between termination date of prior coverage and effective date of coverage under this plan.

Family or Medical Leave of Absence

Coverage may be continued if the leave is approved and premiums are paid. Coverage may continue for the greater of the leave period required by the Federal Family and Medical Leave Act of 1993 or the leave required by state law.

Return to Work Benefit

As an incentive to return from disability, partially disabled employees earning between 20% and 80% of pre-disability earnings are eligible for up to 100% of the maximum monthly payment for 12 months so long as the payment in conjunction with Other Income Amounts including current income does not exceed the pre-disability earnings.

Workplace Modification Benefit

This benefit reimburses the employer up to 100% of reasonable costs incurred through modification to the workplace to accommodate a disabled employee's return to work. The amount paid will not exceed the lesser of a maximum of \$1,000 for any one employee or the expected liability for the claim. ***The employer must provide a written proposal on the proposed workplace modification.***

Vocational Rehabilitation Services

If the insured is disabled and receiving monthly benefits under this policy, the insured is also eligible to receive benefits under the Vocational Rehabilitation Services and Benefit Rider.

Vocational rehabilitation services are available to assist the insured in returning to work to the extent of her/his ability. The disability claim is reviewed to determine whether the insured is eligible for these services at the sole discretion of the insurer. In order to be eligible for vocational rehabilitation services, the insured must be medically able to participate in a return to work plan.

The claim file will be reviewed by a vocational rehabilitation professional to determine if rehabilitation services might help the insured return to gainful employment.

If the insurer determines that vocational rehabilitation services are appropriate, it will provide a written vocational rehabilitation plan developed specifically for the insured.

The vocational rehabilitation plan may include at the insurer's sole discretion, but is not limited to, the following services:

1. Coordination with the Employer to assist the insured to return to work;
2. Evaluation of adaptive equipment or job accommodations to allow the insured to work;
3. Evaluation of possible workplace modifications which might allow the insured to work in her/his regular occupation or another job or occupation;
4. Vocational evaluation to determine how the disability may impact the employment options;
5. Job replacement services, including resume preparation services and training in job-seeking skills; and
6. Alternative treatment plans such as recommendations for support groups, physical therapy, occupational therapy, or other treatment designed to enhance the insured's ability to work.

Vocational Rehabilitation Benefit

If the insured is receiving monthly benefits under this policy, and is participating in a vocational rehabilitation plan, the insured may be eligible for an additional Vocational Rehabilitation Benefit of 5% of the gross monthly payment to a maximum of \$500 per month.

This benefit is not subject to policy provisions which would otherwise increase or reduce the benefit amount such as deductible sources of income. However, the Total Benefit Cap will apply.

Vocational Rehabilitation Benefits will end on the earliest of the following dates:

1. The date it is determined that the insured is no longer eligible to participate in a vocational rehabilitation plan;
2. The date the insured is no longer participating in a vocational rehabilitation plan;
3. Any other date on which monthly payments would stop in accordance with the policy.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Variable Benefit Provisions - Definitions of Disability

Definition of Disability - Including Residual

An insured is considered disabled if due to sickness or injury (s)he is unable to perform *some or all* of the material and substantial duties of his/her **regular occupation** and has at least a 20% loss in pre-disability earnings.

An insured is also considered disabled if (s)he meets the Definition of Disability as defined above, but is working in any occupation, and has at least a 20% loss in pre-disability earnings.

Without Residual

Through the elimination period, an insured is considered disabled if due to sickness or injury (s)he is unable to perform *any* of the material and substantial duties of his/her **regular occupation** and has at least a 20% loss in pre-disability earnings.

Following the elimination period, the insured is considered disabled if due to sickness or injury (s)he is unable to perform some or all of the material and substantial duties of his/her regular occupation and has at least a 20% loss in pre-disability earnings.

Regular occupation means the occupation, (as it is performed nationally), that the insured is routinely performing when disability begins. It does not mean the job the insured is performing for a specific employer or at a specific location.

Gainful occupation means an occupation, considering an insured's past training, education and experience (or for which an insured can be trained), that provides or can be expected to provide the insured, within 12 months of returning to work, with a before tax income at least equal to his/her gross monthly payment.

The Definition of Disability also presumes disability begins while the insured is covered under the plan; that the loss of a professional or occupational license or certification does not, by itself, mean the insured is disabled; any occupation includes the insured's regular occupation.

12, 24, 36, or 60 Month Own Occupation

Payments will continue beyond the term specified on the schedule page if due to the same sickness or injury the insured is unable to perform the material and substantial duties of any **gainful occupation**.

Extended Own Occupation

Payments will continue to the end of the maximum benefit period if due to the same sickness or injury the insured is unable to perform the material and substantial duties of his/her regular occupation.

24-Month Own Occupation - ADL

Payments will continue beyond 24 months if the insured remains disabled as defined above and is continuously unable to perform one or more Activities of Daily Living (ADLs), without stand-by help, or has a cognitive impairment or a terminal illness.

Activities of Daily Living (ADLs) are bathing, dressing, toileting, transferring, eating, mobility, and continence.

Stand-by Help means the insured must have hands-on (active) help from another person with all or most of the activity.

Cognitive Impairment means the insured has a deterioration or loss in intellectual capacity resulting from injury, sickness, Alzheimer's disease or similar forms of irreversible dementia and needs another person's active help or verbal guidance for his/her own protection or for the protection of others.

Terminal Illness means a diagnosed illness that, according to generally accepted medical standards, is expected to result in death within six months.

Survivor Benefit

If an insured dies after having been disabled for a minimum of 180 consecutive days and was receiving payments under the plan, the eligible survivor will be paid a one-time lump sum benefit. If there is no eligible survivor, payment will be made to the insured's estate. If there is no estate, no payment will be made.

Minimum Payment Amount

Disabled insureds may be eligible to receive the Minimum Monthly Benefit amount as shown on the Schedule of Benefits, regardless of income received from other sources, unless the minimum payment amount must be applied toward recovery of any overpayment, which may exist on the insured's claim.

Social Security Integration

The monthly payment will be directly reduced by the integration shown on the Schedule of Benefits.

Primary benefits are those Social Security benefits, which the insured receives or is eligible to receive because of disability and/or retirement. Any Social Security benefits received on behalf of an eligible dependent will not reduce the LTD payment.

Family benefits are those Social Security benefits, which the insured's spouse, child or children receive or are eligible to receive as the result of the insured's eligibility for Social Security benefits.

Note: Also see Other Income Amounts.

Social Security Assistance

If an insured is receiving a payment, assistance can be provided to help him/her with their application for Social Security Disability benefits or in offering guidance through an appeal process, if necessary.

Receipt of Social Security benefits may enable the insured to receive Medicare after 24 months of disability payments, protect retirement benefits or qualify the insured's family for Social Security benefits.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Variable Benefit Provisions

Mental Illness

Mental Illness means a disability due to or resulting from psychiatric or psychological conditions, regardless of cause and includes: schizophrenia, depression, manic-depressive or bipolar illness, anxiety, personality or adjustment disorders or other conditions usually treated by a mental health provider or other qualified provider using psychotherapy, psychotropic drugs or other similar methods of treatment.

Limitations noted on the Schedule of Benefits does not apply to dementia if due to stroke, trauma, viral infection, Alzheimer's disease or other conditions not usually treated by a mental health provider using psychotherapy, psychotropic drugs or other similar methods of treatment.

Substance Abuse

Substance Abuse means a pattern of pathological use of alcohol or other addictive drug unless prescribed by a doctor and used by the insured as prescribed.

Special Conditions Limitation

Special conditions will have a maximum period of payment.

If the insured is disabled and meets the eligibility requirements of the policy, the lifetime or cumulative maximum period of payment for all disabilities due to special conditions is either 12 or 24 months as specified in the Schedule of Benefits Page.

As specified in the Schedule of Benefits Page, either 12 or 24 months of benefits will be paid for any combination of such disabilities even if the disabilities:

1. Are not continuous; and/or
2. Are not related.

As specified in the Schedule of Benefits Page, the insurer will continue to send the insured payments beyond the 12 or 24 month period if the insured meets one or both of these conditions:

1. If the insured is confined to a hospital, health facility or institution at the end of the 12 or 24 month period, the insurer will continue to send the insured payment(s) during the confinement.

If the insured is still disabled when discharged, the insurer will send the insured payments(s) for a recovery period of up to 90 days.

If the insured becomes reconfined at any time during the recovery period and remains confined for at least 14 days in a row, the insurer will send payment(s) during that additional confinement and for one additional recovery period up to 90 more days.

2. In addition to item 1, if the insured continues to be disabled after the 12 or 24 month period as specified in the Schedule of Benefits Page, and subsequently becomes confined to a hospital, health facility, or institution for at least 14 days in a row, the insurer will send payment(s) during the length of the reconfinement.

The insurer will not make payments beyond the limited pay period as indicated above, or the maximum period of payment, whichever comes first.

Special Conditions means:

1. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic, and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, except:
 - a. arthritis
 - b. herniated intervertebral disks;
 - c. scoliosis;
 - d. spinal fractures;
 - e. osteopathies;
 - f. spinal tumors; malignancy or vascular malformations;
 - g. radiculopathies, documented by electromyelogram;
 - h. spondyloisthesis, grade II or higher;
 - i. myelopathies and myelitis;
 - j. demyelinated disease;
 - k. traumatic spinal cord neurosis;
2. Chronic fatigue syndrome;
3. Fibromyalgia
4. Carpal tunnel syndrome, or
5. Environmental allergic illness, including but not limited to, sick building syndrome and multiple chemical sensitivity.

Refer to policy for a listing of special conditions.

GROUP LONG TERM DISABILTY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Variable Benefit Provisions

Maximum Payment Durations

Maximum payment duration means the period of time during which the disability insured will receive a monthly payment. It is based on the insured's age when (s)he becomes disabled.

| Age at Disability | Maximum Payment Duration | | | | |
|-------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|---|
| | 2 Year Reducing Benefit Duration | 3 Year Reducing Benefit Duration | 5 Year Reducing Benefit Duration | To Age 65 not less than 60 months | SSNRA Social Security Normal Retirement Age |
| Under 60 | 2 years | 3 years | 5 Years | To Age 65 | To SSNRA |
| 60 | 2 years | 3 years | 60 Months | 60 Months | 60 Months* |
| 61 | 2 years | 3 years | 48 Months | 48 Months | 48 Months* |
| 62 | 2 years | 3 years | 42 Months | 42 Months | 42 Months* |
| 63 | 2 years | 3 years | 36 Months | 36 Months | 36 Months* |
| 64 | 2 years | 30 Months | 30 Months | 30 Months | 30 Months* |
| 65 | 2 years | 24 Months | 24 Months | 24 Months | 24 Months |
| 66 | 21 Months | 21 Months | 21 Months | 21 Months | 21 Months |
| 67 | 18 Months | 18 Months | 18 Months | 18 Months | 18 Months |
| 68 | 15 Months | 15 Months | 15 Months | 15 Months | 15 Months |
| 69+ | 12 Months | 12 Months | 12 Months | 12 Months | 12 Months |

**or to SSNRA, whichever is greater.*

This benefit duration is in compliance with the Age Discrimination in Employment Act Amendment (ADEA). This duration is based on an equal cost benefit for each insured as required by the ADEA.

Note: Employees who remain at work full-time at age 70 or beyond will continue to be eligible for coverage.

Pre-Existing Conditions Exclusions

This plan will cover a disability if it is caused by, contributed to by, or results from a pre-existing condition and the disability begins according to the limitations shown in the Schedule of Benefits.

12/6/24 - after the insured has gone at least 6 consecutive months from his/her effective date of coverage without treatment for the pre-existing condition, or after being insured for 24 consecutive months from his/her effective date of coverage.

3/6/12 - after the insured has gone at least 6 consecutive months from his/her effective date of coverage without treatment for the pre-existing condition, or after being insured for 12 consecutive months from his/her effective date of coverage.

If the time period requirements are not met, the disability is excluded from coverage under the plan.

A pre-existing condition is a condition for which the employee received medical treatment, consultation, care or services, including diagnostic measures, or had taken prescribed drugs or medicines prior to his/her effective date of coverage.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Calculating the Disability Payment

If the insured is disabled and not working, or disabled and working earning *less than 20%* of pre-disability earnings, payments to the insured will be figured as follows:

1. Multiply the insured's monthly pre-disability earnings by the benefit percentage.
 - a. *If All Source Integration is applicable, multiply the insured's monthly pre-disability earnings by the percentage shown on the Schedule of Benefits.*
2. Compare this amount to the maximum monthly payment for this plan.
3. The lesser of the amounts from Steps 1 and 2 is the gross monthly payment.
4. Subtract from the gross monthly payment any Other Income Amounts except any income earned or received from any form of employment. This is the payment the insured may receive.

If the insured is disabled and working earning *between 20% and 80%* of pre-disability earnings, payment to the insured *for the duration shown in the Schedule of Benefits* will be figured as follows:

1. Multiply the insured's monthly pre-disability earnings by the benefit percentage.
2. From 100% of the insured's monthly pre-disability earnings, subtract any Other Income Amounts, including current income earned or received from any form of employment.
3. Compare the results from Step 1 and 2 with the maximum monthly payment for this plan.
4. The payment the insured may receive is the lesser of the amount from Step 3.

Payments after the initial duration will be figured as follows:

1. Multiply the insured's monthly pre-disability earnings by the benefit percentage.
 - a. *If All Source Integration is applicable, multiply the insured's monthly pre-disability earnings by the percentage shown on the Schedule of Benefits.*
2. Compare this amount to the maximum monthly payment for this plan.
3. The lesser of the amounts from Steps 1 and 2 is the gross monthly payment.
4. Subtract from the gross monthly payment:
 - a. 100% of any Other Income Amounts, except any income earned or received from any form of employment, and
 - b. 50% of any income earned or received from any form of employment.

This is the payment the insured may receive.

If the insured is disabled and working earning more than 80% of pre-disability earnings, (taking into consideration a three month average of current earnings), no further payments will be made and the claim will terminate.

Loss of earnings must be as a result of or due to the same sickness or injury for which the insured is disabled.

GROUP LONG TERM DISABILITY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Optional Benefits

Retirement Contribution

If elected on the Schedule of Benefits

An additional benefit will be paid if the insured is disabled, qualifies for a monthly payment and has participated in the Employer's Retirement Benefit Plan for at least 3 months before becoming disabled.

This additional benefit will equal the amount the insured contributed toward the Retirement Benefit Plan as of the date of the disability, but will not be more than a certain percentage of the pre-disability earnings, not to exceed the maximum allowable by law.

The additional benefit will be paid to the Employer for deposit into the Retirement Benefit Plan. However, if the Employer's Retirement Benefit Plan cannot accept the additional benefit, the insured may have an alternative retirement savings plan, such as a flexible premium deferred annuity established and maintained to receive the additional benefit.

Benefits stop for the insured on the earlier of:

1. The date the insured is no longer disabled; or
2. The date the insured returns to any employment; or
3. The date the insured stops participating in the Employer's Retirement Benefit Plan; or
4. The date the insured stops receiving disability payments under this plan.

Escalation Benefit

If elected on the Schedule of Benefits, an escalation benefit may be payable to the insured after (s)he:

- ◆ has satisfied the LTD elimination period;
- ◆ continues to be disabled for 12 or more months, and
- ◆ is receiving a monthly payment as of his/her anniversary of benefit payments.

The escalation increase percentage in monthly payments will be as shown on the Schedule of Benefits, but not more than the annual percentage change in the index (CPI) for the prior calendar year.

If the insured continues receiving monthly payments under the plan, then (s)he will be eligible for additional increases in payments on each following anniversary of benefit payments for up to 5 - or - 10 adjustments - or - to the end of the LTD maximum payment duration, *as shown on the Schedule of Benefits*.

Escalation increases will cease on the earliest of the date the insured is no longer disabled, the date (s)he dies, or the date the monthly payment to the insured has been increased five times, or the end of the LTD maximum payment duration, as shown on the Schedule of Benefits. *As a result of escalation increases, an insured may receive monthly payments that exceed the maximum monthly payment.*

Supplemental Disability Benefit

If elected on the Schedule of Benefits, The insured will receive an additional Supplemental Disability Benefit equal to the percentage of monthly earnings specified in the Schedule of Benefits Page, not to exceed \$3000 per month, if the insured is unable to perform the material and substantial duties of his/her regular occupation due to sickness or injury and:

1. Is continuously not able to perform two or more Activities of Daily Living (ADL) without stand-by help; or
2. Has a cognitive impairment; or
3. Has a terminal illness.

Activities of Daily Living (ADLs) are bathing, dressing, toileting, transferring, mobility, eating, and continence. ADLs the insured is not able to perform without stand-by help, prior to the effective date of coverage, will not be covered.

Cognitive impairment means the insured has a deterioration or loss in intellectual capacity, resulting from injury, sickness, Alzheimer's disease or similar forms of irreversible dementia and needs another person's active help or verbal guidance for their own protection or for the protection of others. The deterioration or loss will be based on clinical evidence and/or clinical tests, according to generally accepted medical standards, that reliably measure the impairment. Cognitive impairments beginning prior to the effective date of coverage will not be covered.

Terminal illness means a diagnosed illness that, according to generally accepted medical standards, is expected to result in death within six months.

Stand-by help means the insured must have hands-on (active) help from another person with all or most of the activity.

Spousal Disability Benefit

If elected on the Schedule of Benefits, Spousal Disability coverage may provide a monthly payment to the spouse for up to 24 months after a spouse had been disabled for 90 days and is under the regular care of a doctor.

Activities of Daily Living (ADL) are bathing, dressing, toileting, transferring, eating, mobility, and continence. (Please refer to the contract for a definition of each of these activities.) ADLs the spouse is unable to perform, without stand-by help, prior to the effective date of his/her coverage will not be covered.

Payments to the spouse will end on the earliest of the following dates:

- ◆ the date the spouse is no longer disabled;
- ◆ the date the spouse has received 24 months of payments;
- ◆ the date the spouse dies.

GROUP LONG TERM DISABILTY BENEFIT SUMMARY

The following definitions and benefit provisions are subject to the limitations noted in the Schedule of Benefits.

Optional Benefits

Child/Family Member Care Expense Benefit

If elected on the Schedule of Benefits

If the insured is receiving monthly payments under the policy and is participating in a vocational rehabilitation plan, the insured may be eligible for an additional Child/Family Member Care Expense Benefit if:

1. The employer has taken this option and
2. The insured is incurring expenses to provide care for a child under age 15 or a family member who needs personal care assistance.

Under this benefit, the insurer will pay a Child/Family Member Care Expense Benefit of \$350 per child or family member not to exceed a maximum of \$1,000 per month.

The Child or Family Member Care Expense Benefit will end on the earliest of the following dates:

1. The date the insured is no longer incurring child or family member care expenses;
2. The date the insured is no longer participating in a vocational rehabilitation plan; [or]
3. After 12 or 24 (specified on the Schedule Benefits Page) months of Child or Family Member Care Expense Benefits have been paid for each Child or Family Member [;or]
4. Any other date on which monthly payments would stop in accordance with the policy.

To receive this benefit, the insured must provide satisfactory proof of incurring a child or family member care expense.

Child or Family Member Care means care or supervision of your child or family member and care is given by a licensed child-care center or a licensed caregiver who is not related to you by blood or marriage.

This benefit is not subject to provisions which would otherwise increase or reduce the benefit amount such as a deductible source of income. However, the Total Benefit Cap will apply.

Self-Reported Symptoms

Self-Reported Symptoms means the manifestations of the insured's condition, which (s)he tells his/her doctor, that are not verifiable using tests, procedures or clinical examinations standardly accepted in the practice of medicine. Examples of self-reported symptoms include, but are not limited to, headaches, pain, fatigue, stiffness, soreness, ringing in ears, dizziness, numbness and loss of energy.

Payments for a disability due to Mental Illness, Substance Abuse and/or Self-Reported Symptoms (if applicable) will be payable according to the limitations noted in the Schedule of Benefits. The monthly payment will not be made beyond the maximum payment duration.

COBRA Premium Disability Benefit

If elected on the Schedule of Benefits

When COBRA Premium Disability Benefits Are Payable

If the insured is disabled and receiving a monthly benefit under the policy, the insured will also receive a COBRA Premium Disability Benefit provided (s)he meets all the following requirements:

1. Has been continuously disabled for the longer of:
 - the elimination period; or
 - 30 consecutive days;
2. Due to the sickness or injury, is not working in any occupation;
3. Is receiving a monthly benefit under this policy;
4. 4. Employment with the Employer has terminated; and
5. Is paying premiums for COBRA Medical Coverage under the Employer's plan.

Benefits under this provision will begin the day after the insured satisfies all of the above requirements.

Amount of COBRA Premium Disability Benefit Payment

This benefit pays an additional monthly benefit, equal to the lesser of:

1. The amount of the monthly premium the insured must pay for COBRA Medical Coverage for (her) himself, or
2. A set amount of [\$100] or [\$200] or [\$300] or [\$400] or [\$500].
(As specified on the Schedule Benefits Page)

This payment, as described above, will not be reduced by any deductible sources of income. If the insured is eligible to receive this benefit for less than one month, the insured will be paid 1/30th of the benefit for each day disabled.

Insured must submit proof, in an acceptable form, of COBRA Medical Coverage premiums that are being paid for his/her coverage only.

When COBRA Premium Disability Benefit Ends

The COBRA Premium Benefit will terminate the EARLIER of:

1. The date the insured is no longer receiving or is no longer eligible to receive a monthly benefit under this policy;
2. The date the insured is no longer disabled under the terms of the policy;
3. The end of the COBRA Medical Coverage period, not to exceed 18 months;
4. The end of the COBRA Medical Coverage period, not to exceed 18 months;
5. The date the insured fails to give the required proof that (s)he is paying premiums for COBRA Medical Coverage.

COBRA means the federal Consolidated Omnibus Budget Reconciliation Act of 1985 and any subsequent amendments.

COBRA MEDICAL COVERAGE means the continuation of Medical Coverage under the Employer's plan as provided for under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

MEDICAL COVERAGE means coverage provided under the Employer's health or medical plan that pays for the insured's medical, hospital or surgical expenses.