

Short Term Disability Insurance

Definitions

• Disability

“Disabled” or “disability” means that, due to sickness, pregnancy or accidental injury, the employee:

1. is receiving appropriate care and treatment from a doctor on a continuing basis; and
2. is unable to earn more than 80% of his/her predisability earnings at his/her own occupation for an employer in his/her local economy.

• Own Occupation

“Own occupation” means the activity that the employee regularly performs and that serves as the employee’s source of income. It is not limited to the specific position that the employee held with the employer. It may be a similar activity that could be performed with the employer or any other employer.

• Loss of Earnings

The employee’s loss of earnings must be a direct result of sickness, pregnancy or accidental injury. Economic factors such as, but not limited to, recession, job obsolescence, pay cuts and job-sharing will not be considered in determining whether the employee meets the loss of earnings test.

For an employee whose occupation requires a license, “loss of license” for any reason does not, in itself, constitute disability.

• Predisability Earnings

“Predisability earnings” means the amount of the employee’s gross salary or wages from the employer as of the day before the disability began. This is calculated on a weekly basis. This may include contributions made through a salary reduction agreement with the employer to any of the following:

1. an Internal Revenue Code (IRC) Section 401(k), 403(b) or 457 deferred compensation arrangement;
2. an executive nonqualified deferred compensation arrangement; and
3. amounts contributed to fringe benefits according to salary reduction agreement under the IRC Section 125 plan.

Predisability earnings do not include

1. Commissions and bonuses (unless this is part of the plan);

2. Awards;
3. Overtime pay;
4. Employer’s contributions on the employee’s behalf to any deferred compensation arrangement or pension plan; or
5. Any other compensation.

Claims Services

Managed Disability Strategies

Resources used to Implement

Focus on Abilities

Disability nurse specialist to medically evaluate claims

Clinical approach to case management

Medical director & panel of consulting physicians

Job site accommodation services

Certified rehabilitation counselors (CRC)

Early intervention programs

Vocational/nurse rehabilitation specialist

Duration control guidelines

Occupational health nurse

U.S. behavioral health physician experts

Employability consultants

Social Security application and appeals assistance

Social Security specialists

• Other Claims Services

- Toll-free claim submission, if requested
- W-2 and FICA tax reporting and withholding
- Electronic funds transfer of benefits (EFT)

Features

• Work Incentive Benefit

Provides financial incentives when working while partially disabled. Allows up to 100% of predisability earnings replacement. This benefit includes:

- **Rehabilitation Incentive:** 10% increase in weekly benefit for participation in an approved rehabilitation program.
- **Family Care Expenses:** While participating in an approved rehabilitation program, after the 4th week of disability, up to \$60 per week for

(Continued)

Features *(continued)*

reimbursement of eligible family care expenses incurred by you for each eligible family member during the Family Care Period. *(Not available in NY or NJ. NJ allows reimbursement of Child Care Expenses only.)*

- **Cost of Living Freeze**

Weekly benefits will not be further reduced due to the cost of living increases payable under “other income benefits” after the initial reduction for these income benefits has been determined.

- **Return to Work Incentive**

Employees may satisfy the elimination period with days of partial and/or total disability, commonly called “zero-day residual.”

- **Pregnancy**

Pregnancy benefits are determined on the same basis as sickness.

- **Continuity of Coverage**

To prevent loss of coverage when transferring insurance carriers, MetLife will provide coverage to employees not actively at work if:

- The employee was covered for short term disability benefits under the prior carrier’s plan at the time of transfer; and
- The employee is not actively at work due to injury or sickness provided the required payment toward the cost of short term disability benefits is made to MetLife.

In the event of a claim, the benefit payable would be that which could have been paid by the prior carrier had coverage remained in force, less any benefit for which the prior carrier is liable.

However, in no event would benefits be payable for any period of disability which began prior to the time of transfer.

- **List Billing Services**

Self-administration is preferred for groups of 200 or more enrolled employees. Groups with less than 200 enrolled employees may receive a monthly premium statement showing the amount of premium due and listing the insured employees and premium by coverage.

Rates

- **Initial Rate Guarantee**

Initial rates are guaranteed for the following periods:

- 2 years for groups of 10-99 lives, and
- 1 year for groups of 100 or more lives.

These initial rate guarantees remain in effect provided:

- The plan of benefits and eligibility remains unchanged;
- There are no additions or deletions of subsidiaries or affiliates; and
- The census, volume or geographic distribution does not change by 25% or more.

Final rates will be based on actual enrollment, contribution levels and plan design purchased.

Eligibility

- **Only active, full-time employees** who work at least 30 hours per week are eligible for coverage.¹
- **Retirees** are not eligible for coverage.
- **Part time and seasonal employees** are not eligible for coverage.

Minimum Participation Requirements

- **Contributory Plans**

For contributory plans, the employer’s contribution must equal at least 25% of the cost of the insurance and at least 75% of all eligible employees must enroll.

- **Non-contributory Plans**

For non-contributory plans, 100% participation is required.

- **Minimum Monthly Premium Payment**

A minimum premium of \$100 per month is required at the time the plan is issued. The minimum monthly premium is calculated on an “average per coverage” amount basis if more than one MetLife SBC coverage is purchased. All life coverages (Basic, Dependent, and Optional) are considered one coverage for purposes of calculating the average premium.

¹ In VT: Employer must be given the option to offer the coverage described in this benefits description to part-time employees working a minimum of 17 1/2 hours per week.

Product Availability

Due to the specific regulatory requirements associated with state mandated disability plans, we will not write STD coverage described herein in NJ, NY, RI, HI or CA. Groups written outside these states but containing employees working in these restricted areas can purchase STD coverage, but only for non-restricted locations. Special state plans may be available. Information can be obtained by contacting the local MetLife Small Business Center Office.

Reduction of Benefits

• Offset of Benefits

Initial Weekly benefits payable under this plan will be reduced by those benefits (which result from the same disability) which apply to the employee, and to the employee's spouse, child, or children including^{2,3}:

1. The amount received by the employee under any salary continuance or sick pay plan of the employer **and**
2. The amount received or for which the employee is eligible under any Workers' or Workmen's Compensation law;⁴ **and**
3. The amount received by the employee for which he or she is eligible under any compulsory benefits act or law; **and**
4. For a benefit duration greater than 26 weeks, the amount of disability or retirement benefits under the United States Social Security Act or any other governmental disability or retirement program as follows:
 - (a) disability or unreduced retirement benefits received by the employee, or by the employee's spouse, child or children; **or**
 - (b) reduced retirement benefits received by the

2 In **CA**: Benefits may only be offset with those benefits that are actually received, not just for benefits for which the insured is eligible. However, benefits will not be paid if the employee does not apply for other benefits.

3 In **MD**: Offsets must be proportionately based on share of liability.

4 In **NY**: Benefits may only be offset with those benefits that are actually received. Benefits may be contingent upon having applied for Workers' Compensation.

5 In **NJ**: May only use as offset if the employer contributes to the cost of the individual policy. In **NY**: May not offset with individual insurance policies. In **TN**: May only use as offset if the employer contributes to the cost of the individual policy. If offset, cannot reduce the STD benefit to less than \$100. In **TX**: May not offset with individual insurance policies. In **MD**: May not offset with individual insurance policies.

6 In **NY**, no disability benefits are payable for any disability for which the employee receives benefits under any Workers' Compensation or any similar law.

7 In **SD**, no disability benefits are payable for any disability for which benefits are payable under any Workers' Compensation or any similar law.

employee, or the employee's spouse, child or children; **and**

5. The amount of any disability income benefit for which the employee is eligible under any individual disability policies sponsored by the employer;⁵ **and**
6. The amount of benefits received by the employee under the employer's retirement plan as follows:
 - (a) any disability benefit;
 - (b) any retirement benefits, subject to the limitations of the Age Discrimination in Employment Act (ADEA); **and**
7. The amount of benefits received under any mandatory no-fault auto law. (*This offset is not permitted in MD, NJ, NC or VA.*); **and**
8. The amount of recovery you receive for loss of income as a result of a claim against a third party by judgment, settlement or otherwise. (*This offset is not permitted in MO, NJ, NY, NC, and VA.*)

Limitations

• Occupational Benefits Limitation

No benefits are payable for any disability:

1. which happens in the course of any work performed by the employee for wage or profit; or
2. for which the employee is eligible to receive benefits under any Workers' Compensation or any similar law.^{6,7}

• Mandatory Rehabilitation

Benefit payments cease on the date an employee refuses to participate in an approved rehabilitation program in which the employee is capable of participating. (*This limitation does not apply in NJ. In CT, this does not apply if the plan is contributory. In CT, if a plan is non-contributory, this provision will only apply if the insured's doctor approves the insured's participation in a rehabilitation program.*)

• Pre-Existing Conditions

The employee may be disabled due to a pre-existing condition. No benefits in excess of \$1,500 are payable under this plan in connection with that disability unless his/her elimination period starts after he/she has been an active employee under this plan for a specified period of time.

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Limitations *(continued)*

A pre-existing condition is an injury, sickness, or pregnancy for which the employee during a specified period of time before his/her effective date:

1. received medical treatment, consultation, care or services;
2. took prescription medications or had medications prescribed; or
3. had symptoms or conditions which would cause a reasonably prudent person to seek diagnosis, care or treatment.⁸

Exclusions

This plan does not cover any disability which results from or is caused by or contributed to by:

- ✘ War, insurrection or rebellion;
- ✘ Active participation in a riot;
- ✘ Intentionally self-inflicted injuries or attempted suicide;⁹
- ✘ Committing a felony; or
- ✘ Elective treatment or procedures, such as, but not limited to:^{10, 11}
 - Cosmetic surgery or treatment primarily to change appearance
 - Invitro fertilization
 - Embryo transfer procedure
 - Sex-change surgery
 - Reversal of sterilization
 - Liposuction
 - Radial keratotomy

8 In AZ, MN, MO, MT, NC, ND, NJ, OR, PA, TX and WY, the pre-existing condition limitation “had symptoms, or conditions which would cause a reasonably prudent person to seek diagnosis, care or treatment” does not apply.

9 In MO, intentionally self-inflicted injuries or attempted suicide while sane.

10 In NY and NJ, the exclusion “Elective treatment or procedures” does not apply.

11 In MD, The exclusion for “Elective treatment” also includes, “This does not apply to a disability which results from an elective treatment or procedure, but was not planned for or anticipated for such treatment or procedure.”

12 Not applicable in NJ. In CT, this is not applicable if the plan is contributory. In CT, if a plan is non-contributory, this provision will only apply if the insured’s doctor approves of the insured’s participation in a rehabilitation program.

13 In MA, 31-day continuation if employment ends and 90-day continuation if employment ends due to a plant closing or partial plant closing.

Cancellation/Termination

Coverage is provided under a group insurance policy (Policy Form GPNP99) issued by Metropolitan Life Insurance Company New York, NY with certificates of insurance (Form G.24303) issued to each insured employee.

Coverage terminates:¹³

- ✘ When the employee’s full-time employment ceases;
- ✘ When his/her STD contributions cease (if such contributions are required);
- ✘ When the maximum benefit period has been reached;
- ✘ When the employer’s contributions cease;
- ✘ Upon termination of the participating employer agreement by the employer, with prior written notice to MetLife; or
- ✘ If the group STD plan is discontinued by MetLife for non-payment of premium or if participation requirements or minimum lives covered requirements are not met.

Weekly Benefits terminate:

- ✘ When the employee is no longer disabled;
- ✘ When the employee dies;
- ✘ The date the employee fails to attend a medical exam scheduled at MetLife’s request; or
- ✘ The date the employee ceases or refuses to participate in a rehabilitation program.¹²

Note:

Like most group insurance policies, MetLife group policies contain certain exclusions, limitations, reductions of benefits and terms for keeping them in force. Your local MetLife Small Business Center representative can answer any questions about costs and details of coverage. A full description of the benefits will be provided in the certificate.

MetLife® Small Business Center

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