SEBB Long Term Disability Plan

Effective November 5, 2020

Washington State Health Care Authority
SCHOOL EMPLOYEES BENEFITS BOARD

756494

PROTECTION FOR YOU AND YOUR INSURANCE POLICY
THE WASHINGTON LIFE AND DISABILITY INSURANCE GUARANTY ASSOCIATION

PREFACE

This brochure briefly describes the coverage provided through the Washington Life & Disability Insurance Guaranty Association ("Association").

The Association is a nonprofit unincorporated legal entity created by the Washington Life and Disability Insurance Guaranty Association Act, Chapter 48.32A RCW ("Act"). Every life and disability insurance company authorized to do business in Washington is a member of the Association. A Board of Directors ("Board"), composed of representatives from member insurers, and the Insurance Commissioner, ex officio, oversee the operation of the Association.

The expenses of the Association are paid by assessments made against each member insurer. Persons covered by the Act are not charged for the expenses of the Association or the protection provided under the Act.

Coverage is provided for certain life and disability insurance. However, the Association does not cover all such insurance. Coverage that is provided is subject to the limitations and exclusions provided by the Act.

The purpose of this brochure is to help you understand the general nature and the conditions of the protection provided under the Act. It is only a summary, however, and if you have specific questions that are not discussed here you may contact either the Association or the Office of the Insurance Commissioner.

Washington Life and Disability Insurance
Guaranty Association
P.O. Box 2292
Shelton, WA 98584
360-426-6744

Company Supervision Division
Office of the Insurance Commissioner
P.O. Box 40259
Olympia, WA 98504-0259
360-725-7214

QUESTIONS AND ANSWERS

1. WHAT INSURANCE POLICIES ARE COVERED UNDER THE ACT?

   The Act applies to life insurance policies, disability insurance policies, and annuity contracts issued by an insurance company authorized to do business in Washington. The term "disability insurance," as used in the Act, includes not only disability income insurance, but also policies commonly referred to as "health insurance" (which includes long term care policies). Together, all of these policies and contracts are sometimes referred to as "covered policies," a term used in this brochure.

2. ARE THERE POLICIES OR INSURERS NOT COVERED BY THE ACT?

   The Act specifically excludes certain types of policies or portions of policies, including, but not limited to: The portion of a policy not guaranteed by the insurer; the portion of a policy to the extent the interest rate or crediting rate exceeds the limits in the Act; policies of reinsurance, unless assumption certificates have been issued; policies issued in Washington by an insurer at a time when the insurer was not licensed or did not have a certificate of authority; policies issued to a self-insured plan or program; certain unallocated employee benefit plan annuities protected by federal law; and unallocated annuity contracts not issued to or in connection with a benefit plan or a government lottery.

   The Act also does not apply to policies or contracts issued by health care service contractors, health maintenance organizations, fraternal benefit societies, self funded multiple employer welfare arrangements, mandatory state pooling plans, mutual assessment companies, insurance exchanges, or an organization that has a certificate or license limited to issuance of certain charitable gift annuities.

3. WHO IS PROTECTED UNDER THE ACT?

You are covered by the Act if you are an owner of or certificate holder under a policy or contract (other than an unallocated annuity contract or structured settlement annuity), and:

- You are a Washington resident; or
- You are not a Washington resident, but only if: the insurer is domiciled in Washington; there is an association similar to the Washington Association in your state of residency; and you are not covered in your state of residency, because the insurer was not licensed in that state; or
- You are a beneficiary, assignee, or payee of one of the above, regardless of where you reside (except for nonresident certificate holders under group policies).

Owners of unallocated annuity contracts are covered if the contract was issued to or in connection with a specific benefit plan whose plan sponsor has its principal place of business in Washington, or the contract was issued to or in connection with a government lottery and the owner is a Washington resident.

4. HOW DOES THE ASSOCIATION PROTECT COVERED PERSONS AGAINST LOSS?

After an order of liquidation is entered against a company, the Association begins its work of carrying out the purpose of the Act, which is to assure the performance of insurance obligations of that company. The Association is authorized to carry out its duties by working with insurance companies in good standing to assume or take over the covered policies. The association may also directly provide benefits and coverage as authorized by the Act. The Association has the authority to collect the funds necessary to provide protection to covered persons against losses on their covered policies.

5. WHERE DOES THE ASSOCIATION GET THE MONEY TO PROVIDE THIS PROTECTION?

The Association is authorized to collect money from all life and disability insurance companies doing business in Washington. The funds collected from an assessment are used to pay claims to covered persons and/or to fund the assumption of covered policies by another insurer.

6. DOES THE ASSOCIATION PAY OUT THE MONEY IT COLLECTS RIGHT AWAY OR DO COVERED PERSONS HAVE TO WAIT?

The Association generally cannot make an assessment for covered policies issued by a company until after an order of liquidation has been entered against the company, and a reasonable estimate can be made of the amount of money needed. Insurance companies receiving an assessment notice must make their payments within thirty days.

Because it takes time for an action to be commenced against a financially impaired insurer, for a Court to issue an order, and for funds to be collected to satisfy the obligations of that insurer, some delay, hopefully short, is unavoidable before payments can be made. Although it is impossible to predict how long this process will take in any given case, an average time period of twelve to eighteen months is not unusual.

When necessary, the Association may borrow money to make payments more promptly, particularly in cases that will take an unusual amount of time to be resolved.

7. WHAT IS THE AMOUNT OF PROTECTION PROVIDED BY THE ACT?

The Act provides the following maximum amounts of protection:

Life Insurance Death Benefits $500,000

Disability Benefits and Health Benefits
(including Long Term Care Benefits) $500,000

Present Value of Individual Annuities $500,000

Unallocated Annuity Contracts,
other than certain government retirement plans
(limit is per contract owner or plansponsor) $5,000,000

Government Retirement Plans in
Unallocated Annuities established
under Internal Revenue Code § § 401, 403(b), or 457
(limit is per participant) $100,000

This protection becomes effective at the time of entry of a Court order of liquidation against the insurer. Of course, if the amount owed under the contract or policy is less than the maximum benefit under the Act, the covered person will be entitled to protection only up to the actual amount owed.

Furthermore, the maximum protection available to each covered person remains the same, regardless of the number of contracts through which he or she has a claim.

8. IF A HUSBAND AND WIFE EACH INDIVIDUALLY OWN A COVERED POLICY, IS THE PROTECTION UNDER THE ACT PROVIDED TO EACH OF THEM?

   Yes. As long as the residency requirements are met, both would be entitled to the protection provided by the Act, up to the maximum amount.

9. WHY DOESN'T MY INSURANCE COMPANY ADVERTISE THE FACT THAT ITS POLICIES AND CONTRACTS ARE PROTECTED UNDER THE ACT?

   Under Washington law, insurance companies are prohibited from advertising that their policies or contracts may be covered under the Act.

10. WHY HASN'T MY AGENT TOLD ME ABOUT THE GUARANTY ACT?

    Your insurance agent is subject to the same prohibitions as your insurance company. As a representative of the company, an agent must exercise great care when soliciting business and consequently, will generally not discuss the subject of a guaranty act with clients.

11. WHO SHOULD I CONTACT IF I BELIEVE THERE HAS BEEN A VIOLATION OF THE ACT?

    You should contact the Association if you believe your rights have been violated under the Act. If you are dissatisfied with the actions of the Association, you may also contact the Office of the Insurance Commissioner.

CONCLUSION

This brochure has been prepared by the Washington Life and Disability Insurance Guaranty Association. Its purpose is to inform the public in a general way of the protections that are available in this state on insurance policies and annuity contracts issued by companies authorized to do business in Washington. The Association does not, by this brochure, endorse any company or its products, but rather seeks to address some of the concerns that you may have regarding the security of insurance policies and annuity contracts.

For more information or answers to specific questions you may contact the Washington Life and Disability Insurance Guaranty Association or the Office of the Insurance Commissioner, whose addresses and telephone numbers are shown in the Preface.

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

Policyholder:	Washington State Health Care Authority
Policy Number:	756494-A
Effective Date:	January 1, 2020

The Group Policy has been issued to the Policyholder. We certify that you will be insured as provided by the terms of your Employer's coverage under the Group Policy. If the terms of this Certificate differ from the terms of your Employer's coverage under the Group Policy, the latter will govern. If your coverage is changed by an amendment to the Group Policy, we will provide the Employer 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.

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

Chairman, President and CEO

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Index of Defined Terms

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.

GENERAL POLICY INFORMATION

Group Policy Number:	756494-A
Policyholder:	Washington State Health Care Authority
Employer(s):	See **Definitions**.
Group Policy Effective Date:	January 1, 2020
Policy Issued in:	Washington

Member means:

1. An employee of the Employer who is eligible for the employer contribution toward SEBB benefits;
2. Actively At Work. (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as the person is capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

A school employee is eligible if:

1. The Employer anticipates the employee will work 630 hours in the current School Year;
2. The employee actually works 630 hours in the current School Year;
3. The employee is not anticipated to work 630 hours in the current School Year because of when the employee was hired, but is anticipated to work at least 630 hours in the next School Year, and established eligibility for the employer contribution toward SEBB benefits as follows:
    a. A 9- to 10-month employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains the last day of School Year; or
    b. A 12-month employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains August 31.
4. The employee is anticipated to work 630 hours in the current School Year based on stacking of hours within one Employer;
5. The employee actually works work 630 hours in the current School Year based on stacking of hours within one Employer;

Member does not include a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

An employee will not cease to be a Member solely due to a reduction in work hours due to a furlough or temporary layoff. This applies to employees who have effective dates of furlough or temporary layoff between September 1, 2020 and December 31, 2020.

Class Definition: None

SCHEDULE OF INSURANCE

Eligibility Waiting Period:	You are eligible on the date you become a Member which is the date you are eligible for the Employer contribution, but not before the Group Policy Effective Date.

If you were insured under the Prior Plan on the day before you become a Member, your Eligibility Waiting Period is waived on the date you become a Member.

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

Own Occupation Period:	The first 24 months for which LTD Benefits are paid.
Any Occupation Period:	From the end of the Own Occupation Period to the end of the Maximum Benefit Period.

You may be insured under either Basic Insurance or Supplemental Insurance. You will be insured under Basic Insurance unless you are insured under Supplemental Insurance. If you cease paying premiums for Supplemental Insurance, you automatically will be insured under Basic Insurance.

Your Employer will pay for the first $667 of Predisability Earnings under the Supplemental plan.

LTD Benefit:

Basic Insurance:	60% of the first $667 of your Predisability Earnings, reduced by Deductible Income.
Supplemental Insurance:	60% of the first $16,667 of your Predisability Earnings, reduced by Deductible Income.

Maximum:

Basic Insurance:	$400 before reduction by Deductible Income.
Supplemental Insurance:	$10,000 before reduction by Deductible Income.
Minimum:	$100 or 10% of your LTD Benefit before reduction by Deductible Income, whichever is greater.

Benefit Waiting Period: The longer of:

a) 90 days

b) The period of sick leave (excluding shared leave) for which you are eligible under the Employer's sick leave, paid time off (PTO), or other salaried continuation plan (excluding vacation leave); and/or

c) The end of Washington Paid Family and Medical Leave Law for which you are receiving benefits.

Maximum Benefit Period: Determined by your age when Disability begins, as follows:

Age	Maximum Benefit Period
61 or younger	To age 65, or to SSNRA, or 3 years 6 months, whichever is longest.
62	To SSNRA, or 3 years 6 months, whichever is longer.
63	To SSNRA, or 3 years, whichever is longer.
64	To SSNRA, or 2 years 6 months, whichever is longer.
65	2 years
66	1 year 9 months
67	1 year 6 months
68	1 year 3 months
69 or older	1 year

Social Security Normal Retirement Age (SSNRA) means your normal retirement age under the Federal Social Security Act, as amended.

PREMIUM CONTRIBUTIONS

Basic Insurance is: Noncontributory

Supplemental Insurance is: Contributory. You and your Employer share the cost of coverage. Employer contribution level determines the taxability of the benefit amount.

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 Proof Of Loss satisfactory to us.

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BECOMING INSURED

To become insured you must be a Member, complete your Eligibility Waiting Period, and meet the requirements in **Active Work Provisions** and **When Your Insurance Becomes Effective**.

You are a Member if you are:

1. An employee of the Employer who is eligible for the employer contribution toward SEBB benefits;
2. Actively At Work. (for purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as the person is capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada.

A school employee is eligible if:

1. The Employer anticipates the employee will work 630 hours in the current School Year;
2. The employee actually works 630 hours in the current School Year;
3. The employee is not anticipated to work 630 hours in the current School Year because of when the employee was hired, but is anticipated to work at least 630 hours in the next School Year, and established eligibility for the employer contribution toward SEBB benefits as follows:
    a. A 9- to 10-month employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains the last day of School Year; or
    b. A 12-month employee anticipated to be compensated for at least 17.5 hours a week in six of the last eight weeks counting backwards from the week that contains August 31.
4. The employee is anticipated to work 630 hours in the current School Year based on stacking of hours within one Employer;
5. The employee actually works work 630 hours in the current School Year based on stacking of hours within one Employer;

You are not a Member if you are a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

An employee will not cease to be a Member solely due to a reduction in work hours due to a furlough or temporary layoff. This applies to employees who have effective dates of furlough or temporary layoff between September 1, 2020 and December 31, 2020.

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

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WHEN YOUR INSURANCE BECOMES EFFECTIVE

A. When Insurance Becomes Effective

Subject to the **Active Work Provisions**, your insurance becomes effective as follows:

1. Insurance Subject To Evidence Of Insurability

   Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.

2. Insurance Not Subject To Evidence of Insurability

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

   a. Noncontributory Insurance (Basic Insurance)

      Noncontributory Insurance not subject to Evidence Of Insurability becomes effective on:

      i. The First Working Day of the School Year if you become eligible on or before the First Day of School; or

      ii. The first day of the calendar month following the date you become eligible if you become eligible after the First Day of School.

   b. Contributory Insurance (Supplemental Insurance)

      You must apply in writing for Contributory Insurance and agree to pay premiums. Contributory Insurance not subject to Evidence Of Insurability becomes effective on:

      i. The First Working Day of the School Year if you become eligible on or before the First Day of School and apply within 31 days of becoming eligible; or

      ii. The first day of the calendar month following the date you become eligible if you become eligible after the First Day of School, if you apply within 31 days of becoming eligible; or

      iii. The beginning of the next plan year following the date you apply, if you apply during the Annual Enrollment Period.

      Late application: Evidence Of Insurability is required if you apply more than 31 days after you become eligible.

Evidence Of Insurability Requirement

Evidence Of Insurability satisfactory to us is required for:

1. Late application for Supplemental Insurance.
2. Reinstatements when applicable for Supplemental Insurance. See the **Reinstatement Of Insurance** section for additional information.

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. Provide any additional information about your insurability that we may reasonably require.

Certain Evidence Of Insurability Requirements Will Be Waived. Evidence Of Insurability will not be required if you apply for Supplemental Insurance prior to January 1, 2021. However, the Preexisting Condition exclusion shown in the **Disabilities Excluded From Coverage** section will apply.

For employees who were eligible to enroll but did not enroll in the Supplemental Insurance coverage with an effective date of January 1, 2020 – if you enroll during the period of January 1, 2020 through October 25, 2020, your coverage becomes effective the first day of the calendar month following the date you apply and the 12 month Preexisting Condition Exclusion Period will begin on the first day of the calendar month following the date you apply. The Continuity of Coverage provision will apply. If you enroll during the period of October 26, 2020 – November 23, 2020, your coverage becomes effective January 1, 2021. The Preexisting Condition Exclusion Period will begin on January 1, 2021. The Continuity of Coverage provision will apply. With respect to Supplemental Insurance, the Preexisting Condition Period will be the 90-day period just before your Supplemental Insurance becomes effective.

However, if you elected to discontinue your Supplemental Insurance, and you elect to become reinsured for Supplemental Insurance at any time, including the October 26, 2020 – November 23, 2020 enrollment period, you must provide Evidence of Insurability to become insured again and the Preexisting Condition Exclusion will apply as shown in the **Disabilities Excluded From Coverage** section.

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ACTIVE WORK PROVISIONS

A. Active Work Requirement

You must be capable of Active Work on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. 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 with reasonable continuity the Material Duties of your Own Occupation at your Employer's usual place of business.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance.

C. Exception

The Active Work Requirement will not apply to you 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.

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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 terms of the Prior Plan if it had remained in force, taking into account the preexisting condition exclusion, if any, of the Prior Plan.

For such a Disability, the amount of your LTD Benefit will be the lesser of:

a. The monthly benefit that would have been payable under the terms of the Prior Plan if it had remained in force; or

b. The LTD Benefit payable under the terms of the Group Policy, but without application of the Preexisting Condition Exclusion.

Your LTD Benefits for such a Disability will end on the earlier of the following dates:

a. The date benefits would have ended under the terms of the Prior Plan if it had remained in force; or

b. The date LTD Benefits end under the terms of the Group Policy.

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WHEN YOUR INSURANCE ENDS

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which a premium contribution was made for your insurance, subject to the conditions below.
2. The date the Group Policy terminates.
3. The last day of the calendar month in which your employment terminates with your Employer.
4. The last day of the calendar month in which you cease to be a Member.

Your insurance will be continued during the following periods when you are absent from Active Work unless it ends under any of the above.

a. For Basic Insurance: During a Leave Of Absence, your Insurance is continued through the end of the School Year if you meet the eligibility requirements as shown in the **Coverage Features** section. Your Employer contribution toward school employee benefits board (SEBB) benefits ends the last day of the calendar month in which the School Year ends.

   If you do not meet the eligibility requirements as shown in the **Coverage Features** section, your Basic Insurance is terminated as of the last day of the calendar month in which your work pattern is revised such that you are no longer anticipated to work 630 hours or more during the School Year.

b. For Supplemental Insurance: During a Leave Of Absence, providing that a) you are approved by your Employer in advance in writing and b) you maintain your eligibility for your Employer paid Basic Insurance. However, the following will apply:

i. During the first 90 days your insurance will be continued, and premium payments are waived for Supplemental Insurance. Premiums for your Basic Insurance will continue to be remitted on your behalf by your Employer.

ii. Beginning on day 91 and continued through the end of the School Year, your insurance will continue providing premium payments are remitted by you to your Employer.

c. If you are a part-time employee or a substitute employee, your Supplemental Insurance may be continued when you cease to be Actively at Work, providing you maintain your eligibility for your Employer paid Basic Insurance. However, the following will apply:

i. During the first 90 days your insurance will be continued, and premium payments are waived for Supplemental Insurance. Premiums for your Basic Insurance will continue to be remitted on your behalf by your Employer.

ii. Beginning on day 91 and continued through the end of the School Year, your insurance will continue providing premium payments are remitted by you to your Employer.

d. During the Benefit Waiting Period.

Leave Of Absence means:

a. A paid or unpaid temporary or indefinite administrative or involuntary Leave Of Absence or sick leave, other than a leave for an activated reservist; or

b. 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

Note: A period of Disability is not a Leave Of Absence. A period when you are absent from Active Work as part of a severance or other employment termination agreement is not a Leave Of Absence, even if you are receiving the same Predisability Earnings.

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CONTINUED INSURANCE DURING SCHOOL BREAKS

Your insurance will be continued during a school break.

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WAIVER OF PREMIUM

We will waive payment of premium for your insurance while LTD Benefits are payable.

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REINSTATEMENT OF INSURANCE

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

1. If you cease to be a Member because of a covered Disability following the Benefit Waiting Period, your insurance will end; however, if you become a Member again immediately after LTD Benefits end, the Eligibility Waiting Period will be waived and, with respect to the condition(s) for which LTD Benefits were payable, the Preexisting Condition Exclusion will be applied as if your insurance had remained in effect during that period of Disability.
2. If your insurance ends because you cease to be a Member for any reason other than a covered Disability, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.

3. If your insurance ends because you fail to make a required Supplemental Insurance premium contribution, you must provide Evidence Of Insurability to become insured again.

4. 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.

5. The Preexisting Conditions Exclusion will be applied as if insurance had remained in effect 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.

6. If you elected to discontinue being insured under Supplemental Insurance and want to become reinsured for Supplemental Insurance, you must provide Evidence of Insurability to become insured again and the Preexisting Condition will apply as shown in the **Disabilities Excluded From Coverage** section.

7. If your insurance ends because you cease to be a Member due to not working the required number of hours shown in the **Coverage Features** section**,** and you regain your eligibility, you may become reinsured for Supplemental Insurance without providing Evidence Of Insurability and your insurance will become effective the first day of the calendar month in which you regain your eligibility for Supplemental Insurance. However, the Preexisting Condition will apply as shown in the **Disabilities Excluded From Coverage** section.

8. If you change Employers and you were not insured for Supplemental Insurance, you must provide Evidence of Insurability to become insured for Supplemental Insurance. You must meet the eligibility requirements as shown in the **Coverage Features** section to become insured.

9. In no event will insurance be retroactive, except as shown in the **When Your Insurance Becomes Effective** section.

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DEFINITION OF DISABILITY

You are Disabled if you meet one of the following definitions:

A. Own Occupation Definition Of Disability

   During the Benefit Waiting Period and the first 24 months for which LTD Benefits are paid (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 Sickness, Injury or Pregnancy, you are unable to perform with reasonable continuity the Material Duties of your Own Occupation.

B. Any Occupation Definition Of Disability

   From the end of the Own Occupation Period to the end of the Maximum Benefit Period (Any Occupation Period), you are required to be Disabled from all occupations.

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

C. Partial Disability Definition

   1. During the Benefit Waiting Period and the Own Occupation Period, you are Partially Disabled if you are working in your Own Occupation but, as a result of Sickness, Injury or Pregnancy, you

are unable to earn more than the Own Occupation Income Level (80% of Indexed Predisability Earnings).

2. During the Any Occupation Period, you are Partially Disabled if you are working in an occupation but, as a result of Sickness, Injury or Pregnancy, you are unable to earn more than the Any Occupation Income Level (60% of Indexed Predisability Earnings) in that occupation and in all other occupations for which you are reasonably suited 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**.

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 your 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.

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RETURN TO WORK PROVISIONS

A. Return To Work Responsibility

During the Own Occupation Period no LTD Benefits will be paid for any period when you are able to work in your Own Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

During the Any Occupation Period no LTD Benefits will be paid for any period when you are able to work in Any Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

B. Return To Work Incentive

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

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 in a., b. and c:

   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.

C. Work Earnings Definition

Work Earnings means your gross monthly earnings from work you perform while Disabled, plus the earnings you could receive if you worked as much as you are able to, considering your Disability, in work that is reasonably available:

a. In your Own Occupation during the Own Occupation Period; and

b. In Any Occupation during the Any Occupation Period.

Work Earnings includes earnings and any TRI pay from your Employer, any other employer, or self-employment, and any sick pay, vacation pay, annual or personal leave pay or other salary continuation earned or accrued while working.

Earnings from work you perform 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.

In determining your Work Earnings we:

1. Will use the financial accounting method you use for income tax purposes, if you use that method on a consistent basis.
2. Will not be limited to the taxable income you report to the Internal Revenue Service.
3. May ignore expenses under section 179 of the IRC as a deduction from your gross earnings.
4. May ignore depreciation as a deduction from your gross earnings.
5. May adjust the financial information you give us in order to clearly reflect your Work Earnings.

If we determine that your earnings vary substantially from month to month, we may determine your Work Earnings by averaging your earnings over the most recent three-month period. During the Own Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 80% of your Indexed Predisability Earnings. During the Any Occupation Period you will no longer be Disabled when your average Work Earnings over the last three months exceed 60% of your Indexed Predisability Earnings.

LT.RW.OT.1

REASONABLE ACCOMMODATION EXPENSE BENEFIT

If you 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 of up to $25,000, but not to exceed the expenses incurred.

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

LT.RA.OT.1

REHABILITATION PLAN PROVISION

While you are Disabled you may qualify to participate in a Rehabilitation Plan. Rehabilitation Plan means a written plan, program or course of vocational training or education that is intended to prepare you to return to work.

To participate in a Rehabilitation Plan you must apply on our forms or in a letter to us. The terms, conditions and objectives of the plan must be accepted by you and approved by us in advance. We have the sole discretion to approve your Rehabilitation Plan.

While you are participating in an approved Rehabilitation Plan, your LTD Benefit will be increased by 10% of your Predisability Earnings. Your LTD Benefit may not exceed the Maximum LTD Benefit shown in the **Coverage Features** as a result of this increase.

An approved Rehabilitation Plan may include our payment of some or all of the expenses you incur in connection with the plan, including:

a. Training and education expenses.

b. Family care expenses.

c. Job-related expenses.

d. Job search expenses.

(WITH REHAB INC BFT) LT.RH.OT.1

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. See **Definition Of Disability**.

A. Allowable Periods

1. During the Benefit Waiting Period: a total of 90 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, the following 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 disability insurance plan 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.

(NEW TR PERIOD) LT.TR.OT.1

WHEN LTD BENEFITS END

Your LTD Benefits end automatically on the earliest of:

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 LTD plan under which you become insured through employment during a period of Temporary Recovery.
5. The date you fail to provide proof of continued Disability and entitlement to LTD Benefits.
6. If LTD Benefits are paid to an individual incorrectly enrolled due clerical error, LTD Benefits will end on the last day of the month in which the clerical error was discovered.

PREDISABILITY EARNINGS

Substitute Employees: Your Predisability Earnings will be based on your averaged monthly earnings over the 12 month period prior to your last full day of Active Work or over the period of your employment if less than 12 months.

All other Members: Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work. Any subsequent change in your earnings after that last full day of Active Work will not affect your Predisability Earnings.

For employees whose work hours are reduced due to a furlough or temporary layoff between September 1, 2020 and December 31, 2020:

- Your Predisability Earnings will be based on your monthly base rate of pay that would have been in effect on your last full day of Active Work if your work hours had not been reduced due to a furlough or temporary layoff. Any subsequent change in your base rate of pay after your last full day of Active Work will not affect your Predisability Earnings.
- Supplemental LTD insurance will be continued for a period of 90 days from the effective date of the furlough or temporary layoff. In order for supplemental LTD insurance to continue, the employee must remit premium payments based on the Predisability Earnings in effect on the last full day of Active Work.
- When the employee exhausts the 90-day continuation period, Predisability Earnings will reduce to actual work earnings.

Predisability Earnings means your base monthly rate of earnings and any additional time, responsibility and incentive (TRI Pay) from your Employer, including:

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), 408(p), 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:

1. Bonuses.
2. Commissions.
3. Overtime pay.
4. Shift differential pay.
5. Optional stipends.
6. Standby Pay
7. Stock options or stock bonuses.
8. Your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.
9. Any other extra compensation.

If you are paid on an annual contract basis, your base monthly rate of earnings is one-twelfth (1/12th) of your annual contract salary (including position stipends) and any TRI pay.

If you are paid hourly, your base 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.

(BASE_NO STOCK) LT.PD.OT.1X

DEDUCTIBLE INCOME

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

1. Sick pay, shared leave, annual or personal leave pay, severance pay, or other salary continuation, including donated amounts, (but not vacation pay) eligible to be paid to you by your Employer
2. Your Work Earnings, as described in the **Return To Work Provisions**.
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 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 or act.

   Primary offset only: Primary benefits (the benefit awarded to you) are Deductible Income, but dependents benefits are not.
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. Amounts you receive or are eligible to receive because of your disability under the PEBB Policy. See **Rules For Deductible Income**.
7. Amounts you receive or are eligible to receive because of your disability under any other group disability insurance coverage, as determined below:
   a. Determine the amount of your LTD Benefit as if there were no Deductible Income, and add your group disability insurance benefits to that amount.
   b. Determine 60% of the first $16,667 of your total monthly earnings from all employment plus 40% of the remainder of your total monthly earnings from all employment.
   c. If a. is greater than b., the difference will be Deductible Income.

7. Any disability or retirement benefits you receive under your Employer's retirement plan, including a public employee retirement system, a state teacher retirement system, a school employee retirement system, and a plan arranged and maintained by a union or employee association for the benefit of its members.

   You are not required to apply for disability or early retirement benefits under your Employer's retirement plan if the receipt of such benefit would reduce the benefit you would be eligible to receive at normal retirement age. However, disability or early retirement benefits you do receive will be Deductible Income.

   If the receipt of such benefit would not reduce the benefit you would be eligible to receive at normal retirement age, then disability or early retirement benefits you receive or are eligible to receive will be Deductible Income.

8. Any earnings or compensation included in Predisability Earnings which you receive or are eligible to receive while LTD Benefits are payable.

9. Any amount you receive or are eligible to receive under any unemployment compensation law or similar act or law.

10. Any amount you receive or are eligible to receive from or on behalf of a third party because of your disability, whether by judgment, settlement or other method. If you notify us before filing suit or settling your claim against such third party, the amount used as Deductible Income will be reduced by a pro rata share of your costs of recovery, including reasonable attorney fees.

11. 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.

(SL NO CHOICE_CA DOM_NO OTHR OFFST_PRIV_WITH 3RD) LT.DI.OT.1X

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. Early retirement benefits under the Federal Social Security Act which are not actually received.
6. Group credit or mortgage disability insurance benefits.
7. Accelerated death benefits paid under a life insurance policy.
8. Benefits from the following:
   a. Profit sharing plan.
   b. Thrift or savings plan.
   c. Deferred compensation plan.
   d. Plan under IRC Section 401(k), 408(k), 408(p), 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.

9. The following amounts under your Employer's retirement plan:

   a. A lump sum distribution of your entire interest in the plan.

   b. Any amount which is attributable to your contributions to the plan.

   c. Any amount you could have received upon termination of employment without being disabled or retired.

10. Vacation pay from your Employer.

(PRIV_NO OTHR OFFST) LT.ED.OT.1

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.

E. Deductible Income Under PEBB Policy

Deductible Income will be deducted from the PEBB Policy first if benefits are payable under both the Group Policy and the PEBB Policy.

Amounts that qualify as Deductible Income under both the PEBB Policy and the Group Policy will be deductible under the Group Policy as follows:

   a. Determine the amount of your deductible income under the PEBB Policy.

   b. Determine the amount of your long term disability benefit under the PEBB Policy.

   c. If a. is greater than b., the difference will be Deductible Income under the Group Policy.

SUBROGATION

If LTD Benefits are paid or payable to you under the Group Policy as the result of any act or omission of a third party, we will be subrogated to all rights of recovery you may have in respect to such act or omission. You must execute and deliver to us such instruments and papers as may be required and do whatever else is needed to secure such rights. You must avoid doing anything that would prejudice our rights of subrogation.

If you notify us before filing suit or settling your claim against such third party, the amount to which we are subrogated will be reduced by a pro rata share of your costs of recovery, including reasonable attorney fees. If suit or action is filed, we may record a notice of payments of LTD Benefits, and such notice shall constitute a lien on any judgment recovered.

If you or your legal representative fail to bring suit or action promptly against such third party, we may institute such suit or action in our name or in your name. We are entitled to retain from any judgment recovered the amount of LTD Benefits paid or to be paid to you or on your behalf, together with our costs of recovery, including attorney fees. The remainder of such recovery, if any, shall be paid to you or as the court may direct. We will apply our subrogation rights under this provision in accordance with applicable law. The insured must be made financially whole before we can collect our subrogation interest.

LT.SG.OT.1X

SURVIVORS BENEFIT

If you die while LTD Benefits are payable, and on the date you die you have been continuously Disabled for at least 180 days, we will pay a Survivors Benefit according to 1 through 4 below.

1. The Survivors Benefit is a lump sum equal to 3 times your LTD Benefit without reduction by Deductible Income.
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 children, including adopted children, under age 26;
   c. Your surviving Spouse's children, including adopted children, under age 26; or
   d. Your Disabled child; or
   e. Any person providing the care and support of any person listed in a., b., c., or d. above.

   Your child is Disabled if your child is:

   1. Continuously incapable of self-sustaining employment because of mental retardation or physical handicap; and
   2. Chiefly dependent upon you for support and maintenance, or institutionalized because of mental retardation or physical handicap.
4. No Survivors Benefit will be paid if you are not survived by any person listed in a., b., c., or d. above.

(MULTPL_DOM) LT.SB.OT.1X

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

LT.BA.OT.1

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. The **Disabilities Excluded From Coverage, Disabilities Subject To Limited Pay Periods,** and **Limitations** sections will apply to the new cause of Disability.

LT.ND.OT.1

DISABILITIES EXCLUDED FROM COVERAGE

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

A separate Preexisting Condition exclusion applies to Basic Insurance and Supplemental Insurance. However, if you change your Plan selection from Basic Insurance to Supplemental Insurance and benefits are not payable under Supplemental Insurance because of the Preexisting Condition exclusion, your claim will be administered as if you had not changed your Plan selection.

1. Definition

Preexisting Condition means a mental or physical condition whether or not diagnosed or misdiagnosed:

a. For which you have done or for which a reasonably prudent person would have done any of the following:

i. Consulted a physician or other licensed medical professional;

ii. Received medical treatment, services or advice;

iii. Undergone diagnostic procedures, including self-administered procedures;

iv. Taken prescribed drugs or medications;

b. Which, as a result of any medical examination, including routine examination, was discovered or suspected;

With respect to Basic Insurance, at any time during the 90-day period just before your insurance becomes effective under the Group Policy;

With respect to Supplemental Insurance, at any time during the 90-day period just before your Supplemental Insurance becomes effective.

2. Exclusion

With respect to Basic Insurance: 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 12 months; and

b. Have been Actively At Work for at least one full day after the end of that 12 months.

With respect to Supplemental Insurance: 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 Supplemental Insurance for 12 months; and

b. Have been Actively At Work for at least one full day after the end of that 12 months.

D. Loss Of License Or Certification

You are not covered for a Disability caused or contributed to by the loss of your professional license, occupational license or certification.

E. Violent Or Criminal Conduct

You are not covered for a Disability caused or contributed to by your committing or attempting to commit an assault or felony, or actively participating in a violent disorder or riot. Actively participating does not include being at the scene of a violent disorder or riot while performing your official duties.

(WITH PRUDNT) LT.XD.OT.1

DISABILITIES SUBJECT TO LIMITED PAY PERIODS

A. Mental Disorders

Payment of LTD Benefits is limited to 24 months for each period of continuous Disability caused or contributed to by Mental Disorders, or medical or surgical treatment of Mental Disorders. However, if you are confined in a Hospital solely because of a Mental Disorder at the end of the 24 months, 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) or the presence of physical symptoms. Mental Disorder includes, but is not limited to, bipolar affective disorder, organic brain syndrome, schizophrenia, psychotic illness, manic depressive illness, depression and depressive disorders, 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.

B. Rules For Disabilities Subject To Limited Pay Periods

1. If you are Disabled as a result of a Mental Disorder or any Physical Disease or Injury for which payment of LTD Benefits is subject to a limited pay period, and at the same time are Disabled

as a result of a Physical Disease, Injury, or Pregnancy that is not subject to such limitation, LTD Benefits will be payable first for conditions that are subject to the limitation.

2. No LTD Benefits will be payable after the end of the limited pay period, unless on that date you continue to be Disabled as a result of a Physical Disease, Injury, or Pregnancy for which payment of LTD Benefits is not limited.

LT2.LP.16X

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. Return To Work Responsibility

During the Own Occupation Period no LTD Benefits will be paid for any period of Disability when you are able to work in your Own Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but you elect not to work.

During the Any Occupation Period, no LTD Benefits will be paid for any period of Disability when you are able to work in Any Occupation and able to earn at least 20% of your Indexed Predisability Earnings, but elect not to work.

C. Rehabilitation Program

No LTD Benefits will be paid for any period of Disability when you are not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by us unless your Disability prevents you from participating.

D. Foreign Residency

Payment of LTD Benefits is limited to 12 months for each period of continuous Disability while you reside outside of the United States or Canada.

E. Imprisonment

No LTD Benefits will be paid for any period of Disability when you are confined for any reason in a penal or correctional institution.

LT.LM.OT.1

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.

For claims of Disability due to conditions other than Mental Disorders, we may require proof of physical impairment that results from anatomical or physiological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

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 judgment, 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 judgment 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.

LT.CL.OT.2

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 time within which Proof Of Loss is required to be given.

LT.TL.OT.1

INCONTESTABILITY PROVISIONS

A. Incontestability Of Insurance

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

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

1. The insurance would not have been approved if we had known the truth; and

2. We have given you or any other person claiming benefits a copy of the signed written instrument which contains the misrepresentation.

After insurance has been in effect for two years during the lifetime of the insured, we will not use a misrepresentation to reduce or deny the claim, unless it was a fraudulent misrepresentation.

B. Incontestability Of The 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 your 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.

LT.IN.OT.1

CLERICAL ERROR, AGENCY, 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.

3. Continue insurance under the Group Policy otherwise validly terminated.

Notwithstanding the foregoing, if LTD Benefits are paid to an individual who did not meet the eligibility requirements, but was enrolled for coverage due to clerical error, premiums will be refunded by the Employer and LTD Benefits will continue to be paid until the last day of the month in which the error was discovered. If the individual's ineligibility for coverage is determined prior to the payment of any LTD Benefits, premiums will be refunded by the Employer and coverage terminated prospective to the last day of the month in which the error was discovered.

If there is an enrollment error in your insurance your Basic Insurance will be retroactive to the first day of the calendar month following the day you became newly eligible, or the first day of the month you regained eligibility. Supplemental Insurance enrollment is retroactive to the first day of the calendar month following the day you became newly eligible if you elect to enroll in this coverage (or if previously elected, the first of the month following the signature date on your application for Supplemental Insurance), unless you are subject to the Evidence of Insurability requirements. Enrollment error corrections are determined by the Washington State Health Care Authority and are subject to and defined by applicable law or rules.

B. Agency

The Policyholder and your Employer act on their own behalf as your agent, and not as our agent. The Policyholder and your Employer have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy.

C. 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.

LT.CE.OT.1X

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. If the terms or conditions of coverage are changed by an amendment or endorsement to the Group Policy, we will provide the Policyholder with a revised Certificate, or Certificate amendment or endorsement, to be given to you. If the terms of the certificate differ from the Group Policy, the terms stated in the certificate will govern. 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 or clarification 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.

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DEFINITIONS

Active Work, please see the **Actively At Work** section for a full definition

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**.

Basic Insurance means Noncontributory insurance.

Contributory means insurance is elective and Members pay all or part of the premium for 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 is defined in the Schedule Of Insurance portion of the **Coverage Features**.

Employer means a Washington State School District or Educational Service District (ESD), or a charter school established under Revised Code of Washington Chapter 28A.710 that is required to participate in benefit plans provided by the School Employees' Benefits Board (SEBB).

Evidence Of Insurability is defined in **When Your Insurance Becomes Effective**.

First Day Of School means the first day of an academic year as determined by your Employer.

First Working Day means the date you begin or return to **Active Work** at the beginning of a new School Year

Group Policy means the group LTD 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 the body.

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 (a) insurance is nonelective and the Policyholder or Employer pay the entire premium for insurance; or (b) the Policyholder or Employer require all eligible Members to have insurance and to pay all or part of the premium for insurance.

PEBB Policy means our group long term disability insurance policy covering employees eligible for Public Employee Benefits Board (PEBB) benefits and issued to Washington State Health Care Authority as policyholder.

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

Physician means a licensed M.D. or D.O., acting within the scope of the license. Physician does not include you or your Spouse, or the brother, sister, parent, or child of either you or your Spouse.

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

Prior Plan means:

1. Your Employer's group long term disability insurance plan in effect on the day before the effective date of your Employer's participation under the Group Policy and which is replaced by coverage under the Group Policy;
2. The PEBB Policy.

School Year means September 1st through August 31st of each year.

Spouse means:

1. A person to whom you are legally married; or
2. Your Domestic Partner. Your Domestic Partner means an individual who is your state registered domestic partner.

Supplemental Insurance means Contributory insurance.

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