



GRATIOT-ISABELLA RESD
ITHACA, MICHIGAN

ADMINISTRATORS

*Certificate of
Insurance*

**GROUP LONG TERM
DISABILITY
INSURANCE**

Administered by: National Insurance Services of WI, Inc.

NIC1001EC.0296




**CERTIFICATE OF INSURANCE
LONG TERM INCOME PROTECTION
NATIONAL INSURANCE COMPANY OF WISCONSIN, INC.
250 South Executive Drive
Brookfield, WI 53005**

Certifies that it has issued the Group Policy shown and that, subject to the terms of that Policy, all Employees in an Eligible Class, who are Employees of the Participating Employer, and for whom premiums are paid, are insured for the benefits described in this Certificate. The Eligible Classes and the Participating Employer are names on the Schedule of Benefits. The initial coverage shown in the Schedule of Benefits is the coverage in effect on the Certificate Date if the Employee is Actively at Work on that date; otherwise, upon his return to Active Work.

National Insurance Company of Wisconsin, Inc. will also be called “we”, “our(s)”, “us” or “the Company”.

Policyholder: TRUSTEE OF THE SCHOOLS INSURANCE FUND

This Certificate will in no way void any of the terms contained in the Group Insurance Policy. It replaces any and all Certificates and Certificate riders previously issued to Insured Employees of the Participating Employer under the Policy referred to herein.


President

NIC1001EC.0296

SCHEDULE OF BENEFITS

FOR

ADMINISTRATORS

GRATIOT-ISABELLA RESD
ITHACA, MICHIGAN

Carrier Number: 0359

Group Effective Date: November 1, 1998
Benefits Revised Date: June 1, 2009

Plan Monthly Benefit	Maximum Benefit Period		Elimination Period
70% of Monthly Earnings	<u>Age at Disablement</u>	<u>Duration of Benefits</u>	45 Consecutive Working Days
	59 or younger	To Age 65	
	60 – 65	5 years	
	66	4 years	
	67	3 years	
	68	2 years	
69 and over	1 year		

Maximum Annual Covered Salary: \$145,000.00

Maximum Monthly Benefit: \$8,458.00

Minimum Monthly Benefit: See Special Provisions

First Stage: 24 Consecutive Months

SPECIAL PROVISIONS FOR THE ADMINISTRATORS OF GRATIOT-ISABELLA RESD:

Employment Waiting Period:

None

Minimum Hour Requirement For Active Service:

600 hours per year

Minimum Monthly Benefit:

Greater of \$50 or 5% of the Gross Monthly Benefit

Eligible Employees:

Eligible Employees are those full-time Employees in Active Status who are members of an Eligible Class described in the Employer's Joinder Agreement. "Full-time" means working at least the minimum number of hours shown in the Schedule of Benefits. Part-time and temporary employees are excluded.

The effective date of coverage for an Eligible Employee who is accepted for insurance in accordance with PART II shall be the day following expiration of the Employment Waiting Period, if any, for that Employee's Class. The Employment Waiting Period for each Eligible Class is shown in the Employer's Joinder Agreement.

Individual Termination:

Under 'PART V INDIVIDUAL TERMINATIONS', part 'I.' is deleted in its entirety and is replaced with the following:

- I. The date he or she ceases to be Actively at Work on a regular workday because of a layoff or a general work stoppage resulting from a labor dispute,
- J. The date he or she is retired or pensioned.
- K. The date he or she ceases to be Actively at Work for any other reason. However, an Employee's Insurance may be continued (unless it ends under items A. through J. above) during the following periods while he or she is absent from Active Work:
 1. During the Elimination Period by payment of any required premium;
 2. While Monthly Benefits are payable.

Other Specified Income:

Full Family Integration:

Paragraph 'h.' under the benefit entitled 'MONTHLY BENEFIT PROVISION' is hereby deleted in its entirety and replaced with: 'h. Any amount the Insured Employee, his or her dependents, or any other persons receives, or is eligible to receive, because of the Insured Employee's disability or retirement under Social Security, the Canada Pension Plan, the Quebec Pension Plan or any similar plan or act;'

Medical Premium Expense Benefit:

If Total Disability benefits are payable to an Insured Employee under the Policy, the Company will pay the Medical Premium Expense Benefit, subject to the following provisions:

QUALIFICATIONS FOR COVERAGE

1. The Insured Employee is insured under the Policy and has met the following requirements under its Disability provisions:
 - a. He or she has become, and continues to be, Totally Disabled;

Medical Premium Expense Benefit (Continued):

- b. Such Total Disability has extended for the longer of (i) 60 calendar days or (ii) the applicable Elimination Period; and
 - c. He or she has been, and continues to be, under Regular Medical Care during the period of Total Disability.
2. The Insured Employee has also been insured under a group medical benefit plan, carried by the Participating Employer, until at least the day the Total Disability, described above, began.

AMOUNT OF BENEFIT

The amount of the Medical Premium Expense Benefit shall be equal to the actual premium for the last full month of coverage, whether for individual or family coverage, held by the Insured Employee under the group medical benefit plan, before his or her Total Disability began. The amounts of coverage under the group medical benefit plan which the Company shall recognize shall not exceed those in force on the day before the start of Total Disability. The amount shall be as shown on the monthly billing for the Insured Employee and shall include both the Participating Employer's and the Employee's contributions toward the premium. The Maximum Monthly Amount payable for an Insured Employee under this Medical Premium Expense Benefit is \$700. This Benefit shall not be payable for any increase in premium cost or amounts of coverage occurring after the start of Total Disability.

PAYMENT OF BENEFIT

For an Employee who meets the Qualification for Coverage, payment shall be made as follows:

1. To establish proof of the premium amount incurred and paid, the Participating Employer must submit a copy of the group medical benefit plan's monthly billing as of the month the Total Disability began and evidence of the Insured Employee's coverage under the plan. Such submissions must be made in a timely fashion, as required by the Company.
2. The Medical Premium Expense Benefit shall first become payable no sooner than the day the Elimination Period ends and Total Disability benefits become payable to the Employee under the Policy.
3. The Medical Premium Expense Benefit shall then be paid retroactively to the 31st day of Total Disability. This may result in payment of the benefit for a part of the Elimination Period.

TERMINATION OF BENEFIT

The Medical Premium Expense Benefit shall terminate and payment under it shall stop on the earliest of the following dates:

1. The day the Insured Employee's Total Disability benefits under the Policy end;
2. The day the Insured Employee's insurance under the Policy ends, as described in PART V INDIVIDUAL TERMINATIONS;
3. The day the 24th monthly Medical Premium Expense Benefit payment has become payable.

PART I GENERAL DEFINITIONS

“Active Work” and **“Actively at Work”** mean performance of an Eligible Employee’s usual duties of his or her job at his or her Employer’s place of business, or any other place of business to which his or her Employer requires him or her to travel.

The Insurance will become effective as described in Part II only if the Eligible Employee is Actively at Work on the day his or her Insurance is due to be effective. If the Employee was not at work because of Sickness or Bodily Injury, his or her insurance will not become effective until he or she returns to Active Work for one full day. Insurance will become effective on such non-working days as a regular day off, a holiday or a paid vacation day if the effective date would have fallen on that day and the Eligible Employee was Actively at Work on his or her last regular work day before that date.

This Actively at Work requirement also applies on the effective date of any change of benefits or Policy provisions.

“Contract Day Employee” means an Employee who agrees to work and is paid on the basis of a specified number of contract working days per school year. The number of such days is as set forth in the employing district’s school calendar or as otherwise agreed to between the Employer and the Employee. Contract working days include, for example, school attendance days, in-service days, and certain paid legal holidays.

“Non-Contract Day Employee” means an Insured Employee who is not a Contract Day Employee. A Non-contract Day Employee includes, for example, an Employee who is paid on an hourly, weekly, monthly, annual, or other periodic basis. He or she is not paid on the basis of contract working days as set forth in the employing district’s school calendar or as otherwise agreed to between the Employer and the Employee.

“Elimination Period” means the length of time an Insured Employee must be continuously Totally Disabled before Monthly Benefits become payable. Each Insured Employee’s Elimination Period begins on the date he or she becomes Totally Disabled. The Elimination Period is shown in the Schedule of Benefits. No Monthly Benefits are ever payable for the Elimination Period. The Insured Employee must be under Regular Medical Care during the Elimination Period.

“Employee” means a person who is currently working for the Participating Employer for wages.

“Insured Employee” means an Employee in an Eligible Class who is covered by the Insurance described in this Certificate.

“Employer” means the Participating Employer named in the Schedule of Benefits.

“Bodily Injury” means an injury to an Insured Employee’s body caused, directly and independently of all other causes, by an accident.

“Sickness” means illness or disease causing Total Disability to the Insured Employee. Exclusions or limitations for certain classes of Sickness, if any, are described in the additional provisions to which they pertain.

“Regular Medical Care” means a planned program of observation and treatment by a Licensed Physician, as required by applicable medical standards.

“Licensed Physician” means any legally qualified practitioner, other than the Insured or a member of his or her immediate family, who is licensed by law to treat the Sickness or Bodily Injury causing the Total Disability.

“Insurance” means an Insured Employee’s Long Term Disability Insurance under the Policy provided by the Participating Employer.

“Benefit Period” means the span of time for which Monthly Benefits are payable for any one continuous period of Total Disability, whether from one or more causes.

PART II BECOMING ELIGIBLE AND INSURED

BECOMING ELIGIBLE

Only an Employee may become Eligible under this Policy. Also, the Employee must:

1. Be Actively at Work for the Employment Waiting Period specified for his or her Eligible Class. The Eligible Classes and Employment Waiting Periods are stated in this Policy;
2. Be working for the number of hours stated in the Schedule of Benefits for his or her Eligible Class; and
3. Be a citizen or resident of the United States or Canada.

“Employment Waiting Period” means the span of time the Employee must be Actively at Work for his or her employer before his or her Insurance can become effective.

The company may waive the Actively at Work requirement, at its own discretion and subject to submission of satisfactory Evidence of Insurability.

BECOMING INSURED

Only an Eligible Employee may become an Insured Employee under this Policy, and must apply for Insurance and agree to make the required contributions to his or her Employer, if any, by signing a completed enrollment card within 31 days from the time his or her Employment Waiting Period ends. If the Employee is required to make contributions to his or her Employer and if he or she applies for Insurance more than 31 days AFTER his or her Employment Waiting Period ends, certain other requirements pertain before the Employee becomes insured under the Policy. These are:

1. The Employee must provide us with Evidence of Insurability; and
2. We must find that the Evidence of Insurability is satisfactory and notify the Employee that he or she is approved for Insurance under the Policy.

Providing Evidence of Insurability means an Employee must:

1. Complete and sign a health and medical history form provided by us;
2. Sign our form authorizing us to obtain information about his or her health; or
3. Provide any additional information about his or her insurability that we may reasonably require.

All required information must be provided to us at the Employee's expense.

PART III CONTINUATION OF COVERAGE FROM PRIOR PLAN

In order to prevent loss of coverage for an Employee because of a change of insurance carriers, the Policy will provide coverage for certain employees as follows:

FAILURE TO BE ACTIVELY AT WORK DUE TO INJURY OR SICKNESS.

The Policy will cover, subject to premium payments, Employees:

1. insured with the prior carrier at the time of transfer; and
2. who are not Actively at Work due to injury or sickness.

The Benefit payable will be that which would have been paid by the prior carrier had coverage remained in force, less any benefit for which the prior carrier is liable.

DISABILITY DUE TO A PRE-EXISTING CONDITION

Benefits may be payable for Total Disability due to a pre-existing condition for an Employee who:

1. was insured with the prior carrier at the time of transfer; and
2. was Actively at Work and insured under this Policy on its effective date.

The benefit will be determined according to the Schedule of Benefits if the employee satisfies the pre-existing condition limitation under:

1. this policy; or
 2. the prior carrier's policy, giving consideration towards continuous time insured under both policies.
- No benefit will be paid if the Employee cannot satisfy the pre-existing condition limitation of 1. and 2. above.

PART IV MONTHLY TOTAL DISABILITY BENEFIT

SUBJECT TO ALL THE TERMS OF THE POLICY, we will pay the Monthly Benefit described in the Earnings Calculations and Monthly Benefit Provisions upon receipt of written proof, satisfactory to us, that an Employee has become Totally Disabled while insured under the Policy, and is under Regular Medical Care. The Insured Employee must continue to be under Regular Medical Care during any period of Total Disability, including the Elimination Period.

TOTAL DISABILITY DURING THE FIRST STAGE (His or Her Own Occupation)

The First Stage is a number of consecutive months and is shown in the Participating Employer's Schedule of Benefits. The First Stage begins on the day after the Elimination Period expires, for each period of Total Disability.

During the First Stage of each period of continuous disability, "**Total Disability**" means an Insured Employee's inability, as a result of Sickness or Bodily Injury, to perform with reasonable continuity the material and substantial duties of His or Her Own Occupation.

"**His or Her Own Occupation**" means the regular job held by the Insured Employee just before His or Her Total disability began.

The Second Stage is a continuing period of Total Disability that has the same cause(s) of Total Disability as the First Stage. The Second Stage starts as soon as the First Stage expires. During the Second Stage, "**Total Disability**" means an Insured Employee's inability, as a result of Sickness or Bodily Injury, to perform with reasonable continuity the material and substantial duties of His or Her Own Occupation and any other occupation for which he or she is or becomes reasonably fitted by education, training, experience, age, and physical and mental capacity.

If the Insured's duties as an Employee require him or her to hold a license, the loss of that license due to health condition does not in itself constitute Total Disability.

Maximum Benefit Period is the longest Benefit Period allowable under the Policy, as shown in the Schedule of Benefits. An Insured Employee's Benefit Period begins at the end of the Elimination Period. During the Benefit Period, Monthly Benefits are paid at the end of each monthly period for which he or she qualifies for Monthly Benefits. Monthly Benefits will stop at the Insured Employee's death or at any time during the Benefit Period when he or she no longer qualifies for Monthly Benefits. Monthly Benefits will stop at the end of the Maximum Benefit Period EVEN if the Insured Employee is still Totally Disabled.

PART V INDIVIDUAL TERMINATIONS

Each Employee's Insurance will end automatically on the earliest of the following dates:

- A. The date this Policy terminates;
- B. The date he or she ceases to be an Employee;

- C. The date he or she ceases to be a member of an Eligible Class;
- D. The date the Policy is amended so as to exclude his or her Eligible Class;
- E. The last day of the last period for which he or she made any required contribution for his or her Insurance;
- F. The date he or she becomes a full-time member of the Armed Forces of any country;
- G. The date his or her Employer is no longer a Participating Employer;
- H. The date he or she reaches the Employee Termination Age stated in the Schedule of Benefits;
- I. The date he or she ceases to be Actively at Work for any other reason. However, an Employee's Insurance may be continued (unless it ends under items A through H above) during the following periods while he or she is absent from Active Work:
 - 1. During the Elimination Period by payment of any required premium;
 - 2. While Monthly Benefits are payable.

PART VI WAIVER OF PREMIUM

While Monthly Benefits are payable to an Insured Employee we will continue his or her Insurance without payment of premiums while his or her Employer continues to be included under the Policy.

PART VII BECOMING INSURED AGAIN AFTER INSURANCE ENDS

For the purpose of an Employee becoming an Insured Employee again under the Policy after his or her Insurance ends, the following changes to the requirements stated in Part II will apply:

- A. If an Employee's Insurance ends through his or her own individual actions, including his or her failure to make any required premium contribution, he or she must submit Evidence of Insurability satisfactory to us before becoming an Insured Employee again.
- B. If, other than as described in A above, an employee's Insurance ends (a) because he or she ceases to be an Employee in an Eligible Class, or because of a layoff or a general work stoppage resulting from a labor dispute; and (b) than he or she again becomes an Employee in the Eligible Class more than 90 days from the time his or her Insurance ended, he or she must reapply for Insurance on the same basis as a new Employee.

If an Employee's return to work within the 90 day period, the Pre-existing Condition exclusion will only apply to any condition to which it applied at the start of his or her prior period of Insurance. If an Employee's return to work is after the 90 day period, the Pre-existing Condition exclusion will apply to any condition which is a Pre-existing Condition on the date he or she became insured again.

An Insured Employee's rights to receive Monthly Benefits for a period of CONTINUOUS Total Disability which begins while he or she is Insured under the Policy will not be affected by:

- 1. The termination of the Employee's Employer as a Participating Employer under the Policy after the date the Employee becomes Totally Disabled unless he or she returns to Active Work after the date of such termination;
- 2. The termination of the Employee's own Insurance while his or her Participating Employer continues to be included under Policy; or
- 3. Any amendment to the Policy that applies to the Employee's Employer that is effective after the date he or she becomes Totally Disabled.

A Contract Day Employee whose Insurance does not terminate before the expiration of the required working days in his or her contract for the current contract year shall be deemed to be Actively at Work until the first required working day of the next contract year.

**PART VIII
EXCLUSIONS AND EXCEPTIONS TO INSURANCE**

1. War: Disability caused or contributed to by war or an act of war is not covered. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.
2. Military Service: Military service in the armed forces of any state, province, country or international authority, except for the first 15 days of National Guard or Military Reserve duty, is not covered.
3. Self-Inflicted Injury: Disability caused or contributed to by an intentionally self-inflicted Bodily Injury or by a self-inflicted Bodily Injury occurring while the Insured Employee is unable to form the intent to harm himself or herself is not covered.
4. Criminal Conduct: Disability caused or contributed by: (a) committing or attempting to commit a felony; (b) being engaged in an illegal occupation; or (c) active participation in a violent disorder or riot is not covered. Active participation does NOT include being at the scene of a violent disorder or riot in the performance of an Insured Employee's official duties.
5. Bodily Injury or Sickness when the Insured Employee is not under Regular Medical Care.
6. Disability caused or contributed to by mental or emotional disorder, alcoholism, drug abuse or addiction or use of any hallucinogen is covered only if, and to the extent, provided by the Provision attached for such conditions.
7. Imprisonment: No Monthly Benefits are payable for any period for which an Insured Employee is lawfully confined in a penal or correctional institution.

**PART IX
CLAIM PROVISIONS**

A. Payment of Benefits

Monthly Benefits will be paid to the Insured Employee. Any Monthly Benefit remaining unpaid at the Insured Employee's death will be paid to the person or persons receiving the Survivor Benefit, if any. If no Survivor Benefit is paid, the unpaid Monthly Benefit will be paid to the Employee's estate or, at our discretion, we can pay benefits up to \$1,000.00 to someone else related to the Employee by blood or marriage whom we can consider to be entitled to the benefits. We will be discharged to the extent of any such payment made in good faith.

B. Time Limits for Filing a Claim

The Insured Employee must claim Monthly Benefits within 120 days after the end of the Elimination Period or as soon after that as reasonably possible and, in any case, within one year after the end of that 120 day period. Claims not filed within these time limits will be denied and no Monthly Benefit will be paid. These limits will not apply during any period when the Insured employee lacked the legal capacity to file a claim.

C. Filing a Claim

All claims for Monthly Benefits should be submitted on the Company's forms. The Insured employee should obtain claim forms from his or her Employer. The employee may also request claim forms from us. If the Employee is not provided with claim forms within 15 days of his or her request, he or she may submit his or her claim in a letter stating the occurrence, character, and extent of the event for which the claim is made.

D. Proof of Loss

Proof of each of the following elements of proof of loss must be provided to us at the Insured Employee's expense. No Monthly Benefits will be paid until we receive satisfactory written proof:

1. That Total Disability began while the Employee was insured under the Policy;
2. That the employee was Totally Disabled throughout the Elimination Period and the period for which Monthly Benefits are claimed;
3. That the Employee's Total Disability results from a cause not excluded by the Policy;
4. That the Employee is under Regular Medical Care;
5. Of such additional information as we may reasonably require in connection with the Employee's claim for Monthly Benefits.

If the Insured Employee's claim is approved, no Monthly Benefits will be continued beyond the end of the period for which we have been provided with satisfactory written proof of loss.

E. Documentation of claim

The Insured Employee must submit the following documents at his or her expense:

1. A completed claim statement signed by the Insured Employee;
2. A completed claim statement signed by his or her Employer;
3. A completed claim statement signed by the Licensed Physician treating him or her;
4. The employee's written authorization for us to obtain the records and information needed to determine his or her eligibility for Monthly Benefits; and
5. Any other documents that we may reasonably require.

We may require the employee to submit additional documentation of the claim at his or her expense at reasonable intervals while receiving Monthly Benefits.

F. Investigation and Examination During the Claim

We have the right at any time to conduct an investigation of an Insured Employee's claim.

We have the right to have an Insured Employee examined at our expense at reasonable intervals while he or she is claiming Monthly Benefits. Any such examination will be conducted by one or more physicians or vocational specialists of our choice.

We have the right to defer or suspend payment of an Insured Employee's Monthly Benefits if he or she fails to attend an examination or fails to cooperate with the person conducting the examination. In such a case Monthly Benefits may be resumed, provided that the required examination occurs within a reasonable time and Monthly Benefits are otherwise payable.

G. Notice of Decision on Claim

The Insured Employee will receive a written decision on his or her claim within a reasonable period of time after we receive the claim.

If we deny all or part of the claim, the Employee will receive a written notice of denial containing:

1. The reasons for the denial.
2. Reference to the provisions of the Policy on which the denial is based;
3. A description of any additional information or documentation the Employee must submit to obtain benefits and an explanation of why such information and documentation is required;
4. A statement of the Employee's right to a review of the denial; and
5. A description of the review procedure.

H. Review Procedure

The Insured Employee has a right to a review of any denial by us of all or any part of his or her claim.

To obtain a review, he or she should send a written request for review to us within 60 days after receiving notice of the denial. No special form is required.

As a part of the request for review, the Employee may submit issues and comments in writing and provide additional documentation in support of his or her claim.

We will review the Employee's claim promptly after receiving his or her request for review. He or she will receive written notice of our decision within 60 days after his or her request for review is received, or within 120 days if special circumstances require an extension. The written decision he or she receives will include the reasons for the decision and reference to the provisions of the Policy on which the decision is based.

The Insured Employee's duly authorized representative may act for him or her under this review procedure.

PART X GENERAL PROVISIONS

ENTIRE CONTRACT: CHANGES

The Policy, the application of the Policyholder, the Joinder Agreements of the Participating Employers, the Enrollment form and Evidence of Insurability form, if any, of the Insured Employees constitute the entire contract between parties. No change in this Policy is valid unless it is evidenced by an amendment signed by the Policyholder and by an executive officer of the Company or by an endorsement approved by an executive officer of the Company. No agent has authority to change this Policy or to waive any of its provisions.

TIME LIMITS ON LEGAL ACTIONS AND CERTAIN DEFENSES

No action at law or in equity may be brought to recover under the Policy until 60 days after written proof of loss has been provided to us. No such action may be brought more than three years after the time within which proof of loss is required to be furnished.

Any statement the Employee makes to obtain Insurance will be a representation and not a warranty. No misstatement by an Employee will be used to reduce or deny claim or to deny the validity of his or her Insurance unless:

- A. The Employee's Insurance would not have been approved except for his or her misstatement;
- B. The Employee's misstatement is contained in a written Enrollment form or Evidence of Insurability form signed by him or her; and
- C. The Employee had been given a copy of the written document containing his or her misstatement.

After the Employee's Insurance has been in effect for two years:

- A. No misstatement by the employee, except a fraudulent misstatement, will be used to reduce or deny his or her claim or to deny the validity of his or her Insurance and
- B. No claim for a Total Disability then starting will be denied solely because it was based on a Pre-existing Condition.

MISSTATEMENT OF AGE

If an Insured Employee's age has been misstated, we will make an equitable adjustment of the benefits. The adjustment will be based on the amount of the Insured Employee's Insurance based on his or her correct age.

PARTICIPATING EMPLOYER CONTRIBUTION

The Participating Employer must contribute toward the cost of each Insured Employee's Insurance.

ASSIGNMENT NOT PERMITTED

Neither this Certificate, the Insurance provided, nor the benefits payable are assignable.

For service and claim information, contact:

NATIONAL INSURANCE COMPANY OF WISCONSIN, INC
(262) 785-9995
TOLL FREE 1-800-627-3660

INSERT PAGES

**DOCUMENTATION OF OTHER SPECIFIED INCOME
RIGHT TO DEDUCT ESTIMATED OFFSETS**

If we reasonably believe that the Insured Employee is receiving, or is eligible to receive, Other Specified Income we have the right to require written documentation, satisfactory to us:

1. That the Employee has made timely claim for the Other Specified Income;
2. That the Employee has properly pursued each claim; and
3. Of the amount of the Other Specified Income.

We will send the Insured Employee a written request for any required documentation. The employee must provide such documentation within 60 days after the written request is mailed to him or her.

OTHERWISE, we may elect to reduce the Insured Employee's Monthly Benefits by the amount we reasonably believe he or she would be entitled to receive upon timely and proper pursuit of a claim for the Other Specified Income. This reduction may be made even though he or she has not actually received such Other Specified Income. We will make such reduction with respect to applicable Social Security benefits until (a) actually awarded, or; (b) if denied, until the Insured Employee receives notice of denial from the Administrative Law Judge.

When we receive the required documentation, we will refigure the amount of Monthly Benefits which were payable. If the Employee has been underpaid, we will pay the amount of the underpayment with interest at the current rate which would be paid if that amount had been left on deposit with us. If the employee has been overpaid, we will notify him or her of the amount of the overpayment. He or she must pay us back the amount of any overpayment on a timely basis.

We shall deem each Insured Employee: (1) covered under Social Security and a state teachers retirement fund or a state retirement fund; (2) required to apply for those benefits and/or any income benefit to which he or she may be entitled; (3) receives periodic cash payments under such programs in an amount equal to the amount the Insured Employee or his or her dependents would receive were they receiving such payments. If for any reason such Insured Employee is not eligible for Social Security, state teachers or state retirement benefits at time of notice of claim, he or she must give notice with evidence of ineligibility satisfactory to us.

We shall also deem each Insured Employee to be covered under a State disability plan to which his or her Employer makes contributions. If an Insured Employee has been Totally Disabled for 12 continuous months and has not applied for disability benefits under the State plan, we have the right to deduct from future Policy benefits the amount we estimate to be payable under the State plan. Should the Insured apply to the State for such plan benefits and be denied, we will repay the Insured Employee the amount due under the Policy on the basis of no State plan benefits being payable.

NIC1001EC.0389.13

**TEMPORARY RECOVERY DURING THE ELIMINATION PERIOD
WHILE THE GROUP POLICY IS IN FORCE (BREAK FEATURE)**

If an Insured Employee has been Totally Disabled for at least 30 calendar days in a row, then returns to Active Work and again becomes Totally Disabled from the same or a related cause while the Policy is in force, the Elimination Period will be affected as follows:

If the Employee's return to Active Work is for a total of at least 7 work days or less, we will count the Elimination Period from the first day of the original period of Total Disability. The Elimination Period will NOT be increased by the number of days of return to Active Work.

If the Employee's return to Active Work is for a total of at least 8 work days but not more than a total of 30 calendar days, we will count the Elimination Period from the first day of the original period of Total Disability. The Elimination Period WILL be increased by the number of days of return to Active Work.

If the Employee's return to Active Work is for a total of 31 or more calendar days, the Elimination Period will start over and apply to the new period of Total Disability.

Any part of a calendar day on which there has been a return to Active Work shall count as a whole day. Fractions of days shall not be added together for credit under this provision.

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YEARLY SALARY/MONTHLY EARNINGS CALCULATIONS

Before Monthly Earnings can be figured for an Insured Employee, his or her Yearly Salary must be calculated.

“Yearly Salary” means the base wage or earnings of the Insured Employee received from the Participating Employer. This is counted on an annual basis. It does not include overtime, bonuses or any plan of deferred or extra income. For Insured Employees paid on an hourly basis, no more than 40 hours in a week shall be counted.

(1) For Contract Day Employees:

A Contract Day Employee’s Monthly Earnings shall be calculated as follows:

The Yearly Salary shall be divided by the number of Contract working days, per the district’s school calendar. The daily earnings figure shall be multiplied by the number of Contract working days in the month being computed. The resulting product shall be the Monthly Earnings for that month.

(2) For Non-Contract Day Employees:

A Non-Contract Day Employee’s Monthly Earnings shall be the result of dividing his or her Yearly Salary by the number of whole months which is closest to his or her actual work year, as follows:

- (a) By 9 for a 9 month work year; with benefits payable for each month of the calendar year but June, July and August.
- (b) By 10 for a 10 month work year; with benefits payable for each month of the calendar year but July and August.
- (c) By 12 for a 12 month work year; with benefits payable for each month of the calendar year.

(3) After Twelve Months

If after twelve months in a row, either class of Employee (described in (1) and (2) above) is still Totally Disabled, the Monthly Earnings shall be calculated as follows: the employee’s Yearly Salary shall be divided by 12. The new amount shall be the basis for further payments.

MONTHLY BENEFIT PROVISION DIRECT OFFSET

Each Insured Employee's Monthly Benefit equals his or her Plan Monthly Benefit minus Other Specified Income, if any. Sources of Other Specified Income are as follows:

- a. Any earnings, including salary, wages, commissions or similar pay, the Insured Employee receives or is entitled to receive from work including earnings from his or her Employer, any other employer, or self-employment. NOTE: If we give written approval of the Insured Employee's work as Rehabilitative Employment then only part of his or her earnings from that work will be used to reduce his or her Monthly Benefit. See the Rehabilitation Provision.
- b. Any amount the Insured Employee receives or is eligible to receive under a Worker's Compensation Act or similar law, including amounts for partial or total disability whether permanent or temporary, except for medical benefits or attorney's fees awarded by the Worker's Compensation appeals board.
- c. Any amount the Insured Employee receives or is eligible to receive under a temporary disability or other statutory non-occupational disability law;
- d. Any amount the Insured Employee, his or her dependents or any other persons receives, or is eligible to receive, because of the Employee's disability, under a group insurance contract arranged, maintained, paid for (wholly or partly) or sponsored by his or her Employer;
- e. Any amount the Insured Employee, his or her dependents or any other persons receives, or is eligible to receive, because of the Employee's disability, under a group, franchise, association or wholesale policy. (This does not include credit or mortgage disability insurance);
- f. Any disability benefits the Insured Employee, his or her dependents or any other persons receives or is eligible to receive, because of the Employee's disability under any union or Employer sponsored health and welfare plan;
- g. Any disability benefits the Insured Employee, his or her or any other persons receives or is eligible to receive, because of the employee's disability under any No-Fault Motor Vehicle Coverage. However, we will not count No-Fault Coverage as Other Specified Income if the No-Fault Motor Vehicle Coverage, because of its rules, figures its benefits after the benefits under the policy are payable;
- h. Any amount the Insured Employee receives or is eligible to receive because of the employee's disability or retirement under Social Security, the Canada Pension Plan, the Quebec Pension Plan or any similar plan or act;
- i. Any sick pay or any other salary continuation paid or payable to Insured Employee's because of his or her disability by his or her Employer, but not vacation pay;
- j. Any disability or retirement benefits the Insured Employee, his or her dependents or other person receives or is eligible to receive because of Employee's disability or retirement from any government plan not otherwise specified under this Part; and,
- k. The following amounts from any disability or retirement program sponsored by the Insured Employee's Employer:

Any disability or retirement benefits the Insured Employee, his or her dependents or any other persons receives or is eligible to receive because of the Employee's disability or retirement, respectively, except for any amount which the program sponsor states in writing the employee could have received without either being or remaining disabled (as applicable) or retiring under the program.

For Other Specified Income received by compromise settlement, lump sum settlement or other method as a result of a claim for any of the sources listed in this Part, we will (a) divide the amount by the number of months in the span of time which was used in figuring the payment, and (b) deem the result as the monthly amount to be deducted in any month for which benefits are payable under the Policy.

NIC1001EC.0389.06

GENERAL FREEZE PROVISION

The Company will **not** count as Other Specified Income any automatic or other general cost-of-living increases in the amounts of benefits payable by any sources described within the section entitled "Monthly Benefit Provision" which occur after Monthly Benefits begin.

NIC1001EC.0389.09

SICK LEAVE UTILIZATION

The following benefit plan is available to Insured Employees as an alternative to receiving the standard Total Disability benefit under the Policy:

The Insured Employee may elect to receive either: (a) full Total Disability benefits under the Policy; or (b) sick-leave benefits from the Participating Employer. If (b) is elected, then each full day of remaining sick-leave must be taken for each working day of Total Disability. Payment at the rate of the Minimum Benefit for Total Disability will also be made while sick-leave benefits are payable.

NIC1001EC.0389.15

RECURRENT DISABILITY

Once Monthly Benefits become payable and while the Insured Employee's Employer continues to be a Participating Employer his or her temporary return to Active Work will have the following effect: For purposes of resuming Monthly Benefits, any two periods of Total Disability from the same cause or causes will be combined as one Benefit Period if they are separated by a recovery period of less than 180 days. Thus, a new Elimination Period will **NOT** be required, the Monthly Earnings used to figure his or her Monthly Benefit will **NOT** change, and the Maximum Benefit Period will be the balance of the Maximum Benefit Period remaining unused before his or her return to Active Work.

If the Insured Employee has received a monthly Benefit under the Policy and returns to any Active Work for at least one full day, a new period of Total Disability shall be deemed to start if:

- a. there is a recurrence of Total Disability due to the same or related cause(s), and
- b. the recurrence starts more than six months from the end of the prior period, or
- c. there is occurrence of Total Disability due to a new cause, and
- d. the Insured Employee's Insurance is still in force.

A new period of Total Disability shall be subject to a new Elimination Period and a new Maximum Benefit Period.

REHABILITATION PROVISION

Rehabilitative Employment means work done under a program of medically supervised rehabilitation that we approve in writing, as follows:

If an Insured Employee works for earnings during a period of Total Disability for which at least one Monthly Benefit was payable, we may approve, in writing, his or her work as Rehabilitative Employment, subject to our ongoing review.

Unless we have approved the employee's work as Rehabilitative Employment, his or her entire earnings from such work will count as Other Specified Income. For work that we have approved as Rehabilitative Employment, we will count 50% of the earnings as Other Specified Income. This will apply whether the Insured Employee's taking the job was at his or her initiative or ours.

COST – OF - LIVING ADJUSTMENT

The monthly disability income benefit paid to an Insured person will be adjusted annually according to changes in the U.S. Bureau of Labor Statistics Consumer's Price Index (CPI). This adjustment will be based upon the national average figures as published by the United States Department of Labor.

The Cost-of-Living Adjustment takes effect: (1) on the March 1st following the January in which the accumulated percentage changes are greater than or equal to 3%. (This 3% may be reached in one year or in more than one year); and (2) only after the Total Disability benefit has been paid to the employee for at least twelve consecutive months prior to the March 1 effective date of the adjustment.

The Cost-of-Living Adjustment will be calculated as follows:

1. The first calculation will take place as of the first January 1 following at least 10 months of benefit payments.
 - a. As of that date, the adjustment will be applied to the net applicable benefit (original gross benefit minus the current value of all available Other Specified Income). The amount of Other Specified Income will be the amount in effect as of that date. It may or may not be the originally awarded Other Specified Income has been awarded, the adjustment will be applied to the full original benefit. If the net applicable benefit is the minimum, the adjustment will be applied to the minimum benefit.
 - b. The actual CPI adjustment will be used, as defined above.
 - c. The adjusted benefit will begin March 1. This benefit will continue to be subject to other fluctuations in Other Specified Income which may occur due to other provisions in the Policy.
2. In subsequent years, the calculation will again take place as of January 1.
 - a. As of this new date, the adjustment will be applied to the net applicable benefit (original gross benefit minus the current value of all available Other Specified Income).
 - b. The actual CPI adjustment for the second and each successive calculation year will equal the first adjustment amount plus or minus the adjustment amount for each year thereafter. The total adjustment will then be applied to the net benefit as calculated in 2 (a) above. If no Other Specified Income has been awarded, the adjustment(s) will be applied to the full original benefit. If the net applicable benefit is the Minimum Benefit, the adjustment will be applied to the Minimum Benefit.
 - c. The adjusted benefit will begin March 1. This benefit amount will continue to be subject to other fluctuations in Other Specified Income which may occur due to other provisions of the Policy.

A total maximum increase of 20% is allowable under this provision. Should the CPI decrease, the Cost-of-Living Adjustment for successive one year periods may reduce the Total Disability benefits; however, such adjustments will never reduce the Total Disability benefit below the amount of the first disability payment for that period of disability.

FULL MATERNITY COVERAGE

Normal Pregnancy and childbirth is covered as a Sickness and subject to the Elimination Period specified in the Schedule of Benefits. However, the company will not consider the Pregnancy to be a Total Disability if the only reason for the Employee being unable to work at her regular job or in any occupation is due to lack of presentability or childrearing.

NIC1001EC.0389.28

LIMITATIONS FOR MENTAL, EMOTIONAL, ALCOHOL AND DRUG-RELATED CONDITIONS-F

Benefit Payments for mental or emotional disorder, alcoholism or drug abuse or addition or use of any hallucinogen shall be made on the same basis as for any other Sickness covered by this Policy.

NIC1001EC.0389.37

