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Disability 1000

PRODUCT REFERENCE PAGES [ PRP ]

The information contained in these product reference pages is confidential and intended for the training and education of Colonial Life & Accident Insurance Company employees and benefit counselors (insurance producers in WA) only. Colonial Life has not authorized any other use of this information. Do not give or show it to prospective insureds, employers of prospective insureds, other insurance carrier representatives, worksite marketing competitors, or anyone else not employed by or contracted with Colonial Life or other Unum Group business units. This guide contains highlights of the actual product benefits. Please see the sample policy and/or sample certificate for your state variations and complete details.

### ***About this PRP...***

These Disability 1000 Product Reference Pages provide product and sales-related information for benefit counselors selling Colonial Life's Disability 1000 coverage.

We strongly recommend that you review the Disability 1000 sample policy and sample certificates for your state, along with the appropriate marketing and training support materials. For a copy of the sample policy, call the Producer Support Line at 800-438-6423. Select the option for Customer Service and then the option for Service Operations (Account Services). Provide the producer name, producer number, state and plan code. Sample policies are not intended to be shared with potential insureds/employees.

## Disability 1000 PRP

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## Product Positioning

### Key Characteristics of Colonial Life Disability Insurance

Disability 1000 is an individual disability insurance product that helps protect employees' most valuable asset – their incomes. Disability coverage replaces a portion of income to help offset the financial losses that result when employees are unable to work due to injury or illness. Benefits can be used to help cover everyday living expenses such as mortgage payments or utility bills not covered by other benefits.

Colonial Life offers several plans with a short-term disability benefit:

- **Disability 1000** – an individual worksite short-term disability plan with published rates.
- **Group Disability** -- an individual worksite short-term disability plan with published rates.
- **Educator Disability** -- an individual worksite short-term disability plan with published rates for educator accounts
- **Accident Care or Accident 1.0 Disability Rider** – an individual worksite accident plan that has an accident only or accident/sickness disability rider option. Public Sector Disability riders are also available.

### Target Markets

Disability 1000, also referred to as DI 1000, is available to any account listed in the New Account Manual that meets the account eligibility requirements. With multiple plan levels for the employer to choose from, DI 1000 is appealing to a wide array of accounts, especially accounts that include:

- People who rely on their paycheck for daily living expenses, such as mortgage payments, car payments, etc.
- Employers that want to make coverage available to all employees via Guaranteed Issue based on participation requirements
- Employers that want to offer valuable optional benefits such as Health Screening Rider
- Employers concerned about controlling costs, because DI 1000 is a voluntary product that does not add any expense to the employer's bottom line.
- Providing level premium rates for employees that do not change as the employee ages. This eases the employer's administrative burden.

### Competitive Advantages

Disability 1000 offers the following competitive advantages within the marketplace.

#### Positioning Disability 1000 with Employers

<b>Guaranteed Issue (GI) or Post Enrollment Guaranteed Issue (PEGI) or Simplified Issue (SI) or Simplified Issue Level 1 (SIL1)</b>	GI: 100+ lives, 60% to \$4,000 with the greater of 5 lives, expected 15% participation PEGI: 10+ lives, 60% to \$4,000 with the greater of 5 lives, expected 10% participation SI: 10+ lives, 60% to \$4,000 SIL1: Use when offering \$4,100 - \$6,500
<b>Total disability</b>	Based on the employee's job/occupation and remains the same throughout the benefit period.

<b>Partial disability</b>	Available for insureds to allow them to more easily transition back into the work environment after total disability has been paid for one month. The insured may work less than 20 hours per week and still receive a disability benefit. Partial disability benefits may be paid for up to 3 months and is 50% of the total disability benefit.
<b>On-job and off-job or off-job only coverage</b>	DI 1000 allows employers to offer on-job and off-job or off-job only coverage.
<b>Risk Rating</b>	One risk rating for the account.
<b>Broad Coverage for All Eligible Employees</b>	Provides income replacement up to \$6,500 per month. Can issue coverage to age 69. Issue age bands are 17 – 49, 50 – 69. Premiums are level; they do not increase as the insured ages.
<b>Guaranteed renewability to age 70</b>	Renewable to the premium due date on or immediately following the insured’s 70th birthday.
<b>Worldwide coverage</b>	Disability 1000 covers the insured as he/she travels around the world to Europe, Africa, Asia... See the “Worldwide Coverage” (Geographical Limitations) section of this pamphlet for specifics.
<b>Benefits paid regardless of any other insurance the insured may have with another company</b>	Colonial Life pays the benefits regardless of any other insurance the insured may have, including Workers’ Compensation, group hospitalization, and Social Security.
<b>Portable coverage</b>	Coverage continues with no increase in premium if the insured changes jobs or retires.
<b>HSA-compliant</b>	Employers are interested in providing benefit choices for their employees. One solution is to provide a Health Savings Account (HSA) that encourages employees to budget for and manage health care expenses, while gaining from the tax advantages. Disability 1000 is a type of permitted insurance under HSA rules, which means that a person who has or wishes to have an HSA could also purchase Disability 1000.

**Positioning Disability 1000 with Employees**

<b>Security</b>	Helps the insured concentrate on getting better while easing concerns about daily living expenses.
<b>Protect Your Salary</b>	Allows the insured to cover up to 60% of salary.
<b>Financial Protection</b>	When the insured files a claim, Colonial Life does not reduce the benefit amount because of other benefits or sources of income, such as salary continuation, vacation pay or social security. Any reduction on monthly benefit amount occurs at point of enrollment, so the insured will receive the benefit amount approved.



<b>Portability</b>	Allows employees to maintain insurance if they change jobs or retire, with no evidence of insurability required.
<b>Rates</b>	Issue age rates 17-49, 50-69. Level premium rates that do not increase because an insured ages.
<b>Choose Elimination Period and Benefit Period</b>	Employee's choose their own elimination period and benefit period, based on variety of plan options
<b>Guaranteed renewability to age 70</b>	Renewable to the premium due date on or immediately following the insured's 70th birthday.
<b>Worldwide coverage</b>	Disability 1000 covers the insured as he/she travels around the world to Europe, Africa, Asia... See the "Worldwide Coverage" (Geographical Limitations) section of this pamphlet for specifics.
<b>Benefits paid regardless of any other insurance the insured may have with another company</b>	Colonial Life pays the benefits regardless of any other insurance the insured may have, including Workers' Compensation, group hospitalization, and Social Security.
<b>Portable coverage</b>	Coverage continues with no increase in premium if the insured changes jobs or retires.

### **Market Conduct Issues**

To avoid potential market conduct issues, and understand how to appropriately position yourself and your product, refer to the Colonial Life Market Conduct, Ethics, Privacy and Security Training Manual, your Colonial Life contract, and the Sales Organization General Policies and Guidelines Manual.

For additional information on general market conduct issues, refer to the *Market Conduct, Ethics, Privacy and Security Training Manual*, available online at the Colonial Life College link on My Colonial Life Propr at *Docs & Forms > Forms > Support Materials > Tutorials & Manuals > Policies and Guidelines Manual — Colonial Life*.

Remember to consider the following market conduct issues when you sell Disability 1000 coverage.

- To prevent over-insurance:
  - *We do not allow stacking of this product with another Colonial Life Disability product.*
- Be sure to use the Internal Replacement Form for your state if an applicant transfers coverage from one Colonial Life policy to another Colonial Life policy. This disclosure informs the applicant of the potential risks involved in transferring from one Colonial Life policy to another Colonial Life policy.
- Use only current advertising material provided by Colonial Life. Do not create your own advertising materials, and do not change any advertising materials provided to you.
- Always disclose the full name of the carrier(s) represented on any printed materials and/or any presentations associated with a sale.
- Do not directly or indirectly use a method to market without disclosing that the purpose is to solicit insurance and that contact will be made by the benefits counselor or the insurance company.
- Avoid using any method of marketing to recommend the purchase of insurance through force, fright, threat, or other undue pressure.

- Misrepresentation or incomplete or fraudulent comparisons of any insurance coverage or carrier should not be used to influence or attempt to influence a customer.
- Accurately communicate the coverage according to terms of the policy. Avoid using synonymous terms to refer to any disease, disability, or condition that may imply broader coverage.
- Do not comment on the legal or tax implications of coverage.
- Do not respond to hypothetical (or perhaps real) claims situations that applicants may bring up—only a benefits person with the actual facts surrounding the particular condition can provide answers for these situations. Simply limit all comments to what the contract says.
- Ask all the questions on the application and carefully record the applicant’s answers.
- Discuss your state’s policy exclusions and limitations in detail with all applicants, especially the pre-existing condition limitation. When discussing the pre-existing condition limitation (if applicable), emphasize that this limitation applies to all individuals insured under the policy.
- Inform applicants that any provision of this policy that, on the effective date, does not agree with state laws where the policy was issued will be amended to conform to the minimum requirements of those laws.
- Be sure to provide any other underwriting or disclosure forms required during the enrollment.
- If you are a California licensee:
  - *You must adhere to an advertising requirement that became effective January 1, 2005. According to the requirement, all print advertising must have the word “insurance” displayed in a type size no smaller than the largest telephone number, address or fax number. “Print advertisements” include business cards, written price quotations for insurance products, stationery, product brochures, and any other printed sales piece. Anything that you distribute to applicants must comply with this requirement. Any person in violation of this regulation will be subject to a fine levied by the commissioner in the amount of \$200 for the first offense, \$500 for the second offense, and \$1,000 for any subsequent offense. A separate penalty will not be imposed for each piece of printed material that fails to conform to the requirements of this section.*
  - *Remember to sign your name on the application exactly as it appears on your California insurance license. In addition, include your California license number.*

### **Product Testing Procedures**

Colonial Life provides the training you need to feel confident and secure when marketing our products, programs, and services to customers. We make a tremendous investment in providing an excellent sales education and training program that offers many learning opportunities to help you become a high performer. A strong, competent, and professional sales organization gives us a competitive advantage—a wonderful story to tell decision makers, brokers, and employees. Ultimately, a well-informed sales organization benefits our customers.

To help make sure all benefits counselors and their sales managers are grounded in product knowledge, you must follow these procedures for passing appropriate product tests and ordering marketing material.

### **Passing Appropriate Product Training Tests**

Our Company policy has always stated that you must pass product mastery tests before you can sign and submit applications during enrollments. If, through audits, we discover that you have signed and submitted applications and have not passed the mastery tests for the products you sold, we will refer you to the Sales Contract Compliance department. If you do not pass the required tests, the following consequences will apply, in progressive order:

- *You will lose access to the Harmony® enrollment system.*
- *You will move from advanced commissions to as-earned commissions. (Any advances lost during the period in which advances are turned off will not be retroactively applied to your compensation. There are no exceptions.)*
- *You will have your contract terminated if you fail to take the tests in the timeframe specified by the home office.*

- For group products, you must take the group product test if you are signing the group master app and/or selling group products to employees.

Please avoid these consequences by making sure you have passed the necessary product tests before soliciting, signing, or submitting applications. You may check your own mastery test records by accessing the Transcript Report tool on My Colonial Life Propr by going to Training > Transcript Report. Call Field Supply at 800.438.6423 if you have questions regarding the mastery tests you have passed to date.

### Ordering Marketing Material

Benefits counselors and sales managers may order marketing material online or by phone. We will not send these materials to you unless you have passed the mastery tests for the applicable products.

In addition, if you log in to the online ordering system on My Colonial Life Propr, you will not be able to view or order marketing materials unless you have already passed the training tests.

## Disability 1000 Quick Product Summary

*NOTE: THIS CONTENT IS NOT STATE-SPECIFIC. REFER TO YOUR STATE'S CERTIFICATE FOR EXACT PRODUCT DETAILS. YOU MAY PRINT A SAMPLE CERTIFICATE FOR YOUR STATE BY LOGGING IN TO MY COLONIAL LIFE PROPR > PRODUCTS > DISABILITY 1000 > THEN NAVIGATE TO SAMPLE CERTIFICATES*

<b>Coverage Type</b>	Voluntary individual Accident/Sickness Short-Term Disability insurance with two base plan options and an optional rider.
<b>Base Plans</b>	<ul style="list-style-type: none"> <li>• Plan 1—On/Off-job accident/sickness (On-job amount is 50% of Off-job)</li> <li>• Plan 2—Off-job accident/Off-job sickness</li> </ul>
<b>Optional Rider</b>	<p>Health Screening Rider</p> <ul style="list-style-type: none"> <li>• Available in all states except KS and MA. Use the Employee Only Health Screening Rider for Accident Care, AEHN. In California, use plan code CHSR</li> <li>• In KS and MA, use the Employee Only Wellness Rider for Accident ChoiceSM, DISW</li> </ul>
<b>Features</b>	<ul style="list-style-type: none"> <li>• Total disability</li> <li>• Partial disability</li> <li>• “Own Occupation” definition of disability</li> <li>• Worldwide coverage</li> <li>• Waiver of premium</li> </ul>

<b>Elimination/ Benefit Periods</b>	<table border="0"> <thead> <tr> <th style="text-align: left;"><b>Benefit Periods</b></th> <th style="text-align: left;"><b>Elimination Periods</b></th> </tr> </thead> <tbody> <tr> <td>3 month</td> <td>0/7, 7/7, 0/14, 14/14</td> </tr> <tr> <td>6 month</td> <td>0/7, 7/7, 0/14, 14/14, 0/30, 30/30</td> </tr> <tr> <td>12 month</td> <td>0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90</td> </tr> <tr> <td>24 month</td> <td>0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90, 180/180</td> </tr> </tbody> </table> <p>For benefits of \$3,100 to \$6,500, use a 14/14 or 30/30 elimination period or higher with a 3, 6, 12, or 24 month benefit period.</p> <p><b>Partial disability pays up to 3 months regardless of the benefit period selected and pays 50% of the total disability benefit. See “Partial Disability” topic later in the chart. (Varies by state)</b></p>	<b>Benefit Periods</b>	<b>Elimination Periods</b>	3 month	0/7, 7/7, 0/14, 14/14	6 month	0/7, 7/7, 0/14, 14/14, 0/30, 30/30	12 month	0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90	24 month	0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90, 180/180
<b>Benefit Periods</b>	<b>Elimination Periods</b>										
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24 month	0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90, 180/180										
<b>Monthly Benefit Amounts</b>	<ul style="list-style-type: none"> <li>• Employee selects a flat monthly benefit up to the maximum limit of percent of income. Benefits will not change based on salary increase, unless the employee applies for additional monthly benefits</li> <li>• Up to 60% of income up to \$6,500 in monthly benefits</li> </ul>										
<b>Units of Disability Benefits</b>	<p><b>One unit is:</b></p> <ul style="list-style-type: none"> <li>• Plan 1 (On/Off-job) - \$50 on-job/\$100 off-job</li> <li>• Plan 2 (Off-job) - \$0 on-job/\$100 off-job</li> </ul>										
<b>Risk Rating</b>	<p>Disability 1000 is industry rated. All employees within a Billing Control Number will have the same risk rating. Available risk ratings are:</p> <ul style="list-style-type: none"> <li>• AAA</li> <li>• AA</li> <li>• A</li> <li>• B</li> </ul>										
<b>Issue Age Rates</b>	<p><b>Most states:</b></p> <ul style="list-style-type: none"> <li>• 17-49</li> <li>• 50-69</li> </ul> <p>(In New Jersey and California, age bands are 17-49 and 50-64).</p>										
<b>Eligibility &amp; Underwriting Guidelines</b>	<p><b>Employees are eligible for coverage if they:</b></p> <ul style="list-style-type: none"> <li>• Meet the issue-age requirements: 17 through 69 (most states).</li> <li>• Are permanent, benefit eligible employees (20 hours per week minimum) actively at work. Seasonal and temporary employees are not eligible. (In Vermont only, 17.5 hours per week maximum.)</li> <li>• Meet the income requirements outlined under the Income Requirements topic.</li> <li>• Meet the application, underwriting requirements.</li> </ul> <p><b>We strongly suggest that you recommend to the employer that employees complete the 90-day date of employment guideline.</b></p>										

<b>Spouse/Dependent Eligibility</b>	Spouses and dependents <b>are not eligible</b> for Disability 1000 coverage.
<b>Minimum Account Size</b>	<p><u>Payroll-deduction Group</u> Minimum of three employee applications and \$3,500 in new account premium required.</p> <p><u>Individual Pay Group (IPG)</u> 10 initial applicants and a signed short-form Master Application are required.</p>
<b>Underwriting Levels</b>	<p>Three underwriting levels are available: Levels of Underwriting:</p> <ul style="list-style-type: none"> <li>• Guaranteed Issue (GI) <ul style="list-style-type: none"> <li>- 100+ lives</li> <li>- 5 Enrolled Lives, expected 15% participation</li> <li>- Up to 60% to \$4,000</li> </ul> </li> <li>• Post-Enrollment Guaranteed Issue (PEGI) <ul style="list-style-type: none"> <li>- 5+ lives, 10% participation</li> <li>- Up to 60% to \$4,000</li> </ul> </li> <li>• Standard Issue (Evidence of Insurability) <ul style="list-style-type: none"> <li>- 3+ lives</li> <li>- SI (Simplified Issue) up to \$4,000</li> <li>- SIL1 (Simplified Issue Level 1) \$4,100 to \$6,500</li> </ul> </li> </ul>
<b>Payment Method</b>	<ul style="list-style-type: none"> <li>• Available to both payroll-deduction and individual-pay group (IPG) accounts, following normal payment method guidelines.</li> <li>• Individual sales are not allowed.</li> </ul>
<b>Taxability</b>	<p>Employer chooses at the account level:</p> <ul style="list-style-type: none"> <li>• Pretax</li> <li>• Post tax</li> <li>• Or Employee choice</li> </ul>
<b>Credit for Time Insured Rider for Account Takeovers</b>	<p><b>This requires home office approval from a Risk Manager and all requirements must be met.</b></p> <p>A Credit for Time Insured Rider (CFTI) will be granted to an insured for time satisfied under the pre-existing condition clause of a prior disability policy through another carrier, up to a 12-month benefit period. This means that we will waive the pre-existing conditions provision.</p> <p>Underwriting Risk Manager approval required at least 7 days prior to enrollment.</p> <p>Certain requirements apply, such as information on the prior carriers disability plan must be provided.</p>
<b>Application Process</b>	Use the AcCHlth App.
<b>Transfers/ Stacking</b>	Transfers are allowed and stacking is permitted (each under certain circumstances).

<b>Pre-existing Conditions</b>	<ul style="list-style-type: none"> <li>• 12/12 in most states. (Refer to State Variations on My Colonial Life Propr for additional information.)</li> <li>• If “Credit for Time Insured” has been approved by an Underwriting Risk Manager, refer to the Revised Standard Underwriting Guidelines Supplement, form 69645, -3 or above, for appropriate guidelines.</li> </ul>
<b>Total Disability Definition</b>	<p><b>OWN</b> occupation, not working any job, under doctor’s care. (Refer to the “Important Policy Definitions” section for more details.)</p> <p><i>*See policy for your state.</i></p>
<b>Partial Disability Definition (not available in IA and MA)</b>	<p><b>OWN</b> occupation, able to work less than 20 hours per week, employer allows return to work, and under doctor’s care. Must have been paid for total disability benefit for at least one month before qualifying for partial disability benefits. (Refer to the “Important Policy Definitions” section for more details.)</p> <p><b>Note:</b> The insured must have received the total disability benefit for one month (30 days) to qualify for the partial disability benefit.</p> <p><i>*See policy for your state.</i></p>
<b>Recurrent Disability</b>	<p>If returned to work less than 6 months, and disabled again by the same/related condition.</p> <p>(Varies by state) <i>*See policy for your state.</i></p>
<b>Exclusions</b>	<p>Alcoholism/drug addiction, flying, giving birth within 9 months of the effective date, hazardous avocations, illegal activities, pre-existing conditions, psychiatric or psychological conditions, racing, semi-professional or professional sports, suicide or self-inflicted injuries, war or armed conflict. (Varies by state)</p> <p><b>Note:</b> Refer to the “What is not covered by this Policy” section of the policy for your state’s exclusions.</p>
<b>Portability</b>	Coverage is portable.
<b>Renewability</b>	Guaranteed renewable to age 70.

## Disability 1000 Plan Design

Due to state regulations, certain product benefits vary. For exact details on product provisions, refer to the policy, outline of coverage, and product brochures for your state.

Disability 1000 offers two plans that provide employers and/or employees with a variety of on- and off-job coverage from which to choose.

### Plan 1: On/Off-Job Accident and On/Off-Job Sickness

*Disability benefits for on-job and off-job covered accidents and any covered sicknesses. The on-job accident/sickness benefit amount is 50% of the off-job accident/sickness benefit amount.*

This plan is generally offered to employees not adequately covered by Workers’ Compensation maximums.

### Plan 2: Off-Job Accident and Off-Job Sickness

*Disability benefits for off-job covered accidents and off-job covered sicknesses (up to the maximum benefit amount specified by product guidelines and/or state).*

With this plan, no on-job accident benefits are offered because most of our targeted market employees are eligible to receive Workers' Compensation. You may choose to offer On/Off-Job Plan or Off-Job in an account or you may offer both plans in an account.

**Monthly Total Disability Benefits**

Benefit amounts are how much insureds receive if they are disabled. Colonial Life sells benefit amounts in \$100 increments, known as units, or as a percentage of income. For example, \$1,000 in monthly benefits is equal to 10 units. Benefit amounts for Plan 1, on-job coverage is 50% of the Plan 1 off-job amount regardless of percentage of income covered.

	Minimum-Maximum Range for Monthly Disability Benefits	Maximum Percent of (Up To) Salary Covered	Example: If 10 units of disability are purchased
<b>Plan 1</b> (On & Off-job Accident/Sickness)			
<b>Off-job</b>	\$400 - \$6,500	Up to 60%*	\$1,000
<b>On-job</b>	50 % of off-job benefits	30%	\$ 500
<b>Plan 2</b> (Off-job only Accident/Sickness)			
<b>Off-job</b>	\$400 - \$6,500	Up to 60%*	\$1,000
<b>On-job</b>	<b>No benefit</b>	<b>N/A</b>	0

For on/off-job plans, benefit amounts are in \$50/\$100 increments. There is a fixed ratio for on to off-job amounts. For each \$100 in off-job benefits, the on-job benefit is \$50. For example, a plan providing \$500/\$1,000 is equal to 10 units.

Off-job Coverage		On/Off-job Coverage	
Amount	Units	Amount On/Off	Units
\$400	4	\$200/\$400	4
\$500	5	\$250/\$500	5
\$600	6	\$300/\$600	6
.	.	.	.
.	.	.	.
.	.	.	.
\$6,500	65	\$3,250/\$6,500	65

**Percent of income**

While the applicant is able to purchase up to 60% of income, the applicant chooses a specific monthly benefit amount. The monthly benefit amount will not automatically change because the insured receives a salary increase.

### **Total and Partial Disability Benefits**

Disability 1000 pays benefits for total and partial disabilities. There are two separate benefit periods and they are shown separately on the insured's policy.

For definitions, refer to the Standard Provisions section or Important Definitions section of this PRP.

If an insured is partially disabled, the following guidelines apply:

- The insured must have been totally disabled for at least one month before partial disability benefits apply.
- Partial disability pays 50 percent of the total disability benefits.
  - For example, an insured purchasing an off-job only \$1,000 plan would be eligible for \$500 if he is partially disabled (after receiving \$1,000 per month for at least one month).
  - If he purchased a plan for \$500 on-job and \$1,000 off-job, the partial disability benefit for on-job would be \$250 and for off-job would be \$500.
- Partial disability has a three-month maximum on disability coverage.

**Note: We will pay either total or partial disability benefits, but not both at the same time. Actual Total Disability definition and Partial Disability definition are available in this PRP. The information above varies by state. For state specific, refer to Propr.**

### **Benefit Periods**

Benefit period refers to the maximum length of time that benefits may be payable for a specific disability. Shorter benefit periods should be used if there is an existing long-term disability plan in place.

With Disability 1000, you can offer up to four benefit periods per account. The most popular benefit periods have traditionally been 3 and 6 months. When selecting which benefit periods to offer, consider which benefit period will align with the employer's long-term disability plan.

Four benefit periods available:

- 3 months\*
- 6 months
- 12 months
- 24 months

\* If offering \$3,100-\$6,500, use a 3, 6, 12, or 24 month benefit period with a 14/14 or 30/30 elimination period or higher.

Dovetail the Disability 1000 benefit period with the LTD elimination period:





### ***Elimination Periods***

Elimination period refers to the length of time that must elapse after the disability begins until the insured is eligible to receive the monthly disability benefits. The first number indicates the elimination period days that must elapse for an accident and the second number represents the elimination period days that must elapse for a sickness.

Shorter elimination periods, 0/7 – 14/14, are used in accounts with little or no sickleave. Longer elimination periods can be used in accounts with generous sickleave or with applicants who have more discretionary income and can wait longer for their benefits to begin.

<b>Benefit Periods</b>	<b>Elimination Periods (Accident/Sickness)</b>
3 Months	0/7, 7/7, 0/14, 14/14
6 Months	0/7, 7/7, 0/14, 14/14, 0/30, 30/30
12 Months	0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90
24 Months	0/7, 7/7, 0/14, 14/14, 0/30, 30/30, 60/60, 90/90, 180/180

\*If offering \$3,100-\$6,500, use a 3, 6, 12 or 24 month benefit period with a 14/14 or 30/30 elimination period or higher.

Limit elimination period choices in an account. While there is no restriction to the number of elimination periods selected for a particular benefit period, we would strongly suggest that you limit the number of elimination periods offered, based on need and for ease of employee decision-making during the enrollment

### ***Age Bands***

The two age-bands for Disability 1000 premiums (most states) are:

- 17-49
- 50-69

In New Jersey and California, the age bands are 17-49 and 50-64.

Premiums are level on existing coverage. Unlike step-rated plans, premiums **do not** increase as the insured gets older and moves into another age band.

**EMPLOYER SELECTIONS**

Choice	Options
Disability Type	The employer will choose whether to offer on/off-job disability plan, or off-job disability only plan.
Benefit Periods	The employer may select up to four benefit periods for his account.
Elimination Periods	While there is no limit on the elimination periods, we suggest limiting the number of choices based on need and for ease of enrollment.
Maximum Benefit Amount	The maximum benefit available is \$6,500. The employer may use this level or offer a lower maximum.
Percent of Salary	The employer can allow an employee to choose up to 60% of salary. If desired, the employer can select a lower percent.
Optional Health Screening Rider	The employer will choose if employees are eligible to purchase the optional health screening rider. If so, this is a point-of-sale feature.
Credit for Time Insured Rider	This employer option is available for takeover situations. Underwriting approval is required and additional information on the other carrier is required prior to enrollment.

**EMPLOYEE SELECTIONS**

Choice	Options
Coverage Type	Only employees can be covered.
Plan, Benefit Period and Elimination Period	Employee may select a plan design, based on the variety of choices available in the account.
Optional Health Screening Rider	The employee will choose to purchase the optional health screening rider.
Monthly Benefit Amount	Employees can choose monthly benefit amount, based on income and the maximum amounts selected by the employer for percent of income and monthly benefit amount.

**Standard Provisions**

**Total Disability Benefit**

Total disability means you are:

- Unable to perform the material and substantial duties of your job;
- Not, in fact, working at any job;
- Under the regular and appropriate care of a doctor.

Colonial Life uses an “own job/not working” definition of total disability. This means we evaluate paying a total disability if the insured is unable to do his job and is not working for pay or benefit. The provision is as follows:

- Colonial Life will pay this benefit if the insured becomes totally disabled by a covered accident or by a covered sickness.
- If the insured is totally disabled longer than the elimination period shown in the Policy schedule we will pay the total disability benefit for as long as this coverage is in force and the insured remains totally disabled up to the benefit period and in the amount shown in the Policy schedule, except as described in the Geographical Limitations provision. If benefits are payable for less than a full month, we will pay benefits in a daily amount. A month is 30 days. The daily amount is 1/30th of the monthly amount.
- If the insured becomes disabled because of a pre-existing condition, we will not pay for any disability period if it begins during the pre-existing condition limitation period during the first 12 months the policy is in force.

### **Total Disability – Not Working at Time of Loss**

This provision is only applicable to insureds that have exercised the portability provision and are no longer working for the employer.

If the insured does not have a job when he become totally disabled, we will pay the total disability benefit only as long as the insured is kept at home and cannot perform two of five Activities of Daily Living and is under the regular and appropriate care of a doctor. *At home* means in your house or yard. However, the insured can follow doctor's orders even if it means leaving home.

For the definition of Activities of Daily Living, refer to the Important Definitions section of this PRP.

### **Partial Disability**

Partially disabled means the following:

*Partially disabled* means:

- you are unable to perform the material and substantial duties of your job for 20 hours or more per week;
- you are able to work at your job or any other job for less than 20 hours per week;
- your employer will allow you to work for less than 20 hours per week; and
- you are under the regular and appropriate care of a doctor.

This provision allows Colonial Life to pay a disability benefit if the insured returns to work, after being paid benefits for total disability for at least one full month (30 days) immediately prior to being partially disabled.

- Note: The partial disability benefit period is always up to 3 months regardless of the plan selected. Partial disability pays 50% of the total disability benefit.

The provision is as follows:

If the insured becomes partially disabled as a result of a covered accident or a covered sickness, Colonial Life will pay up to the benefit period and in the amount shown for a partial disability in the Policy Schedule except as described in the Geographical Limitations provision for as long as this coverage is in force and you remain partially disabled, subject to the following conditions:

- the total disability benefit must have been paid for at least one full month immediately prior to your being partially disabled; and
- for a given period of disability, you may receive either a partial disability benefit or a total disability benefit, but not both.

### Example #1: Eligible for Partial Disability

- The insured normally works 30 hours per week. He is totally disabled and receives benefits from January 1, 2014 to March 15, 2014. He returns to his job, partially disabled and is working 15 hours per week for the period March 16, 2014 to March 31, 2014.
  - **Question:** Would we pay partial disability?
  - **Answer:** Yes, the insured was unable to return to the material and substantial duties of his job for 20 hours or more per week. He met the requirement to receive total disability benefits for at least one full month (in this case 2 ½ months) immediately prior to becoming partially disabled.

### Example #2: Not Eligible for Partial Disability

- The insured is totally disabled from January 1, 2014 to January 12, 2014 and then returns to his job working 15 hours per week from January 13, 2014 to January 21, 2014.
  - **Question:** Would we pay partial disability?
  - **Answer:** No, we would only pay total disability for the period from January 1, 2014 to January 12, 2014. The insured was totally disabled, but did not receive total disability benefits for at least one full month prior to becoming partially disabled.

### Concurrent or Subsequent Disability Provision

This provision is used when an insured is disabled by two different conditions during the same or overlapping time frame.

During any period in which an insured is disabled due to more than one condition, whether the conditions are related or unrelated, benefits will be paid as if the insured is disabled due to only one condition. In no event will their being disabled due to more than one condition extend the benefit period beyond the benefit period shown in the Policy Schedule. Separate periods of disability resulting from unrelated conditions are considered a continuation of the previous disability, not a new disability, unless:

- They are separated by a minimum of 10 calendar days;
- During such time the insured returned to work performing the material and substantial duties of their job; and
- During such time, the insured is no longer qualified to receive total or partial disability benefits.

**Example #1 – Subsequent Disability:** The insured is totally disabled from 1/1/14-5/1/14 for back sprain. He goes out on total disability again on 5/8/14-1/1/15 due to cancer.

- **Question:** Would we handle as two claims or one?
- **Answer:** We would handle as one claim because the 2nd disability period began within 10 days of the end of the first disability period.

**Note:** This is a “subsequent” disability as there are *different* disabling conditions that cause the two disabilities to end then start less than 10 days apart.

**Example #2 – Handle as two separate claims:** The insured is totally disabled from 1/1/14-5/1/14 for back sprain. He goes out on total disability again on 7/1/14 due to cancer.

- **Question:** Would we handle as one claim or two?
- **Answer:** We would open a second claim with date of loss 7/1/14 because:
  - The second period of disability began more than 10 days from the end of the first disability period, and;
  - There is a different disabling condition.

**Note:** This is not a recurrent, subsequent or concurrent disability.

**Example #3 – Concurrent and Recurrent Disability:** The insured is totally disabled from 1/1/14-7/1/14 for back sprain. As of 4/10/14, she also is disabled due to pregnancy complications. She returns to work on 7/1/14. She delivers via c-section on 11/1/14.

- **Question:** Would the claim for pregnancy be handled as a separate claim?
- **Answer:** Yes, The second period of total disability is paid as a continuation of the first claim because:
  - Since the pregnancy complications occurred concurrently with the back sprain, disability benefits continue with the date of loss 1/1/14.
  - When the insured delivers, the disability for her delivery is recurrent i.e. occurred within 7 months of her return to work from her previous claim.

**Note: This shows both concurrent and recurrent disabilities.**

### **Recurrent Provision**

This provision allows us to not require the insured to meet another elimination period if he is disabled, returns to work and then becomes disabled again within 6 months due to the same disability. Recurrent disability occurs if the insured becomes disabled, ceases to be disabled, and then become disabled again for the same or related condition. The latter disability will be considered a recurrent disability.

A recurrent disability will be treated as:

- A continuation of the previous disability, not a new disability, if the insured returned to work for less than 6 months.
- A new disability, if the insured returned to work for 6 months or more, working at least the same number of hours as before the previous disability began.
- A continuation of the previous disability, not a new disability, if the insured does not have a job and has ceased to be disabled for less than 6 months.
- A new disability, if the insured does not have a job and has ceased to be disabled for 6 months or more.
- A continuation of the previous disability for any circumstances not specifically listed above.

A new disability is subject to a new elimination period, and a new benefit period applies. A disability that is considered a continuation of a previous disability is not subject to a new elimination period, and a new benefit period does not apply. Any recurrent disability caused by a pre-existing condition will not be covered if it is treated as a continuation of the previous disability.

### **Example #1: Continuation of Previous Disability**

- A back injury left Glenn totally disabled on March 16, 2014.
- On July 7, 2014, Glenn was no longer considered totally disabled and returned to work.
- On August 23, he became disabled again because of the original back injury.

We consider this disability a **continuation of the previous disability** because it occurred **within 6 months of Glenn's returning to work**.

### **Example #2: Separate Period of Disability**

- A knee injury left Lynne totally disabled on March 21, 2014.
- On April 27, 2014, she was no longer considered totally disabled and returned to work.
- On December 15, 2014, Lynne became disabled again because of the **original** knee injury.

This disability is a **separate period of disability** because it occurred **more than 6 months** after Lynne returned to work. Colonial Life would view this subsequent period of disability as a new disability and require the insured to satisfy the elimination period.

### **Subsequent Disability Provision**

Subsequent disability is a separate period of disability resulting from a condition unrelated to the previous period of disability. A subsequent disability may not be covered unless certain requirements are met. This provision is as follows:

For any period of subsequent disability, the second period will be considered a continuation of the previous disability, not a new disability, unless the following requirements are met:

- If employed when the first period of disability ended:
- The disability periods are separated by a minimum 10 calendar days;
- During such time, the insured returned to work performing the material and substantial duties of his job; and
- During such time, the insured was no longer qualified to receive total or partial disability benefits.
- If not employed, and did not return to work, when the previous period of disability ended:
- The disability periods are separated by a minimum of 6 months;
- During such time, the insured was released from the care of a doctor with no medical restrictions or limitations; and
- During such time, the insured was no longer qualified to receive total or partial disability benefits.

#### **Example #1: Handle as One Claim**

- The insured is totally disabled from January 1, 2014 – May 1, 2014 for back sprain.
- He returns to work and goes out on total disability again on May 8, 2014 to January 5, 2015 due to cancer.

**Question:** Would we handle as two claims or one?

**Answer:** We would handle as one claim because the 2nd disability period occurred before the insured had returned to work for at least 10 days after the end of the first disability period.

**Note:** This is a “subsequent” disability because the two periods of disability were caused by *different* disabling conditions that occurred less than 10 days apart.

#### **Example #2: Treat as Separate Disability**

- The insured is totally disabled from January 1, 2014 – May 1, 2014 for back sprain.
- He returns to work and goes out on total disability again on July 1, 2014 due to cancer.

**Question:** Would we handle as one claim or two?

**Answer:** We would handle as two separate claims because:

- The second period of disability began more than 10 days after the insured returned to work, and;
- There is a different disabling condition.

**Note:** This is not a recurrent, subsequent or concurrent disability.

### **On-job Disability Information and Examples**

The Disability 1000 Plan 1 is an on/off-job plan that provides a lower on-job accident and on-job sickness benefit than off-job benefit. The on-job portion provides 50% of the off-job benefit. With Disability 1000 Plan 2, is an off-job only plan so no on-job accident or on- job sickness benefits are provided. As shared previously in this pamphlet, providing these choices avoids overinsurance with Workers’ Compensation. It also provides a choice for employers who do not want to provide on-job benefits in their accounts.

In order for the Claims department to determine whether a disabling event is due to an on-job accident or on-job sickness, they will refer to the claim form and review the employee’s, employer’s and doctor’s information. If the information indicates that Workers’ Comp is being filed, the employer and/or doctor must indicate that the disabling event is related to their job. The key words in the definition for an “on-job accident” or an “on-job sickness” is that it was caused by or contributed to by working at any job for pay or benefits. If Workers’ Comp ultimately rejects the claim, Colonial Life’s Claims department may reevaluate if that information is provided.

The following are some examples of on-job accidents or on-job sickness:

If an employee ...	This appears to be ...
Slips on the wet floor while working for his employer.	An on-job accident.
Gets Carpal Tunnel from a repetitive motion he uses when performing his job.	An on-job sickness.
Is a fireman and suffers from smoke inhalation when putting out a fire.	An on-job sickness.
Has a heart attack while sitting at his desk at work.	This is not necessarily a job-related sickness. If the claim form indicates that the employee is filing a Workers' Comp claim, then this may be considered an on-job sickness claim. If Workers' Comp is not filed and information is provided on underlying health causes, then this is not considered an on-job sickness claim.

## Features

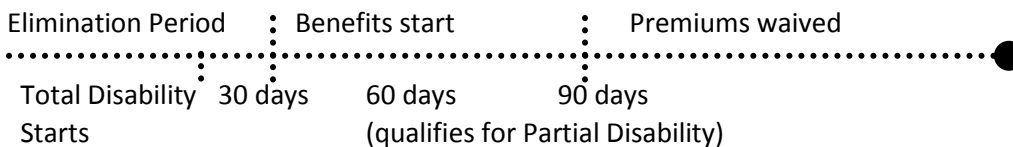
### *Waiver of Premium*

A competitive feature of the Disability 1000 policy is Waiver of Premium. This refers to a period of time that the insureds are not required to pay their premiums.

With Disability 1000 insurance plans, we waive insureds' premium payments after they have been totally disabled or qualify for partial disability benefits for more than 90 consecutive days, or after the elimination period (whichever is greater). We waive premiums for the policy and any attached riders while insureds are disabled and receiving benefits.

**Waiver of premium does not apply during the elimination period. It may apply after a set number of days, and only to the time during which benefits are payable.**

**Example for a plan with a 30/30 elimination period:**



There is no limit to the number of times an insured can receive the Waiver of Premium benefit.

## **Geographical Limitations (Worldwide Coverage)**

The Geographical Limitations provision is a value-added feature of the Disability 1000 policy. This provision is part of the Total Disability Benefit provision in Disability 1000 that allows us to provide disability coverage as an insured travels around the world. However, the insured must work in the United States to be eligible to purchase Disability 1000 coverage.

- Insureds who become totally disabled by a covered accident or a covered sickness and the disability (*total and partial combined*) extends beyond the elimination period, while outside the **covered geographical areas** (defined below), may be eligible for up to 60 days in total disability benefits.
- The insured will be eligible for the balance of his benefit period, if he is still totally (or *partially*) disabled, when he returns to the covered geographical areas.

*Covered Geographical Areas* are less than forty miles outside the territorial limits of the United States, Canada, Mexico, Puerto Rico, the Bahamas Islands, the Virgin Islands, Bermuda, or Jamaica.

## **Renewability**

As an individual product, Disability 1000 is guaranteed renewable to the policy anniversary date on or next following the insured's 70th birthday. This means the insured may keep the coverage up to age 70 without any additional underwriting or proof of insurability, as long as the premiums are paid when due and the coverage remains in force.

Premiums can only be changed if they are changed for all policies of this kind in force in the state where the policy was issued.

## **Portability**

Disability 1000 is portable; meaning insureds can keep their individual disability coverage if they change jobs or retire. Disability 1000 is guaranteed renewable to age 70.

When insureds exercise the portability option, paying premiums by payroll deduction is no longer possible. Instead, Colonial Life can customize the premium payment method such as bank draft, or a direct bill.

## **Optional Rider**

### **Health Screening Rider**

In states with Accident Care, use the Accident Care Health Screening Rider for the "employee only" plan code AEHN. If the Accident Care Health Screening Rider is not available in your state (KS, MA), offer the AccidentChoice<sub>SM</sub> Wellness Rider using the DISW plan code. In California, use plan code CHSR.

Special Accident Care Health Screening Rider brochures are available for use with Disability 1000. They are purple, address multiple states, and are for employee sales only, or the optional rider may be included on your Disability 1000 brochure.

**Note: The covered tests listed below are for the Accident Care Health Screening Rider. Covered tests for the AccidentChoice<sub>SM</sub> Wellness Rider differ from those provided below. See the AccidentChoice<sub>SM</sub> product literature for specifics.**



This optional rider pays a benefit if a covered insured has one of 18 health screening tests performed:

- While the rider and the policy to which it is attached are in force; and
- After the 30-day waiting period requirement has been satisfied.

The benefit is payable once per calendar year for the covered employee.

The covered health screening tests for the Accident Care Health Screening Rider are:

- Blood test for triglycerides
- Bone marrow testing
- Breast ultrasound
- CA 15-3 (blood test for breast cancer)
- CA125 (blood test for ovarian cancer)
- CEA (blood test for colon cancer)
- Chest X-ray
- Colonoscopy
- Fasting blood glucose test
- Flexible sigmoidoscopy
- Hemocult stool analysis
- Mammography
- PSA (blood test for prostate cancer)
- Pap smear
- Serum cholesterol test to determine level of HDL and LDL
- Serum Protein Electrophoresis (blood test for myeloma)
- Stress test on a bicycle or treadmill
- Thermography

This benefit is payable once per calendar year, per rider, as long as the rider and the policy to which the rider is attached are in force.

**MARKET CONDUCT REMINDER:**

**You can sell only ONE optional health screening rider per covered individual. Do not sell an optional health screening rider to an insured who is already covered by a health screening rider. An insured may have embedded wellness benefits, such as those available with a cancer plan, in addition to one optional health screening rider.**

## **Underwriting for Health Screening Rider for Disability 1000**

No additional health questions should be asked when selling the Accident Care Health Screening Rider. In KS and MA, no additional health questions should be asked when selling the Accident Choice<sub>SM</sub> Wellness Rider.

If the Health Screening Rider is added at a later date, no health questions are required.

In addition, no specific exclusions apply to this rider.

**Note: An insured may purchase ONE optional Health Screening Rider for himself. This limitation only applies to our optional Health Screening Riders. It does not apply to insureds who have health screening/wellness benefits imbedded in a Colonial Life policy, such as cancer, critical illness or hospital confinement.**

### **Sales examples:**

#### **Example #1**

- Employee has an optional health screening/wellness rider on his Disability 1000 plan.
- Employee would like to purchase an Employee Only Accident Care plan with an optional health screening rider.

**RESULT?** No, the employee **may not add** the optional health screening rider to his Accident Care plan because he is already covered by an optional health screening rider on his Disability 1000 plan.

#### **Example #2**

- Employee has a Cancer 1000 plan with an embedded health screening/wellness rider benefit.
- Employee would like to purchase a Two-Parent Family Accident Care plan with an optional health screening rider.

**RESULT?** Yes, the employee **may add** the optional health screening rider to his Accident Care plan because the cancer plan's wellness benefit is embedded in the cancer policy.

## **Exclusions**

(Exclusions vary by state.)

"*Exclusion*" is defined as a condition or loss that the policy specifically states it does not cover.

### **Disability Exclusions**

Colonial Life will not pay benefits for losses that are caused by or are the result of the insured's:

**Alcoholism or Drug Addiction:** Addiction to alcohol or drugs, except for drugs taken as prescribed by your doctor

**Flying:** Operating, learning to operate, serving as a crew member of or jumping or falling from any aircraft or hot air balloon, including those which are not motor-driven. This does not include flying as a fare paying passenger

**Giving Birth:** Giving birth within the first nine months after the effective date of this policy as the result of a normal pregnancy, including Cesarean. Complications of pregnancy will be covered to the same extent as any other covered sickness.

**Hazardous Avocations:** Engaging in hang gliding, bungee jumping, parachuting, sailgliding, parasailing or parakiting or any similar activities.

**Illegal Activities:** Participating or attempting to participate in an illegal activity and/or being incarcerated in a penal institution.

**Pre-Existing Conditions:** Having a pre-existing condition as described and limited by this policy

**Psychiatric or Psychological Conditions:** Having a psychiatric or psychological condition including but not limited to affective disorders, neuroses, anxiety, stress and adjustment reactions. However, Alzheimer's Disease and other organic senile dementias are covered under this policy.

**Racing:** Riding in or driving any motor-driven vehicle in a race, stunt show or speed test.

**Semi-professional or Professional Sports:** Practicing for or participating in any semi-professional or professional competitive athletic contest for which you receive any type of compensation or remuneration.

**Suicide or Self-inflicted Injuries:** Committing or trying to commit suicide or your injuring yourself intentionally, whether you are sane or not.

**War or Armed Conflict:** Being exposed to war or any act of war, declared or undeclared, or serving in the armed forces of any country or authority.

### **Pre-existing Conditions**

**Definition:** Sickness or physical condition for which an insured was treated, received medical advice or had taken medication within 12 months before the policy effective date.

In most states, Disability 1000 has a 12/12 pre-existing conditions exclusion clause. That means that Colonial Life does not pay benefits for a disability caused by a pre-existing condition if the disability begins during the first 12 months the coverage is in force.

#### *Additional details:*

Once the coverage has been in force for 12 months after the policy effective date, Colonial Life pays benefits for a disability caused by a pre-existing condition if:

- The condition isn't excluded by name or specific definition in the policy; and
- The covered disability began 12 months after the coverage effective date; and
- At least 6 months or more have elapsed since the end of any pre-existing disability that began in the first 12 months of the policy;

#### **AND**

- The elimination period (if applicable) has elapsed.

**Disability 1000 does not cover any recurrent disability caused by a pre-existing condition if it is treated as a continuation of the previous disability.**

**This pre-existing condition guideline may vary by state.**

Note: Pre-existing conditions are **never** waived, even when Post Enrollment Guaranteed Issue (PEGI) or Guaranteed Issue (GI) is in effect. If the insured in an account has the Credit for Time Insured Rider, read that section of the manual for procedures and guidelines.

*If the applicant says “I haven’t been to the doctor for two years, but I still take the prescribed medication ‘X,’” then that medication falls under the “taken medication” portion of the pre-existing conditions definition.*

### **Case Study #1: Claim Denied due to pre-existing condition**

Sam’s profile:

- Pre-existing condition: Yes
- Effective date of policy: January 1, 2013

The situation:

- Sam becomes disabled because of his pre-existing condition: February 2 to March 1, 2013.
- Sam returns to work: March 2 to October 31, 2013 (8 months).
- Sam is disabled again by the same pre-existing condition: November 1 to December 1, 2013.

Colonial Life’s action:

- Colonial Life processes the two periods of disability separately because the second isn’t a recurrent disability (more than 6 months passed between the periods of disability).
- Colonial Life denies both claims for both periods of disability because they **began during the first year of coverage and were the result of a pre-existing condition.**

### **Case Study #2: Claim denied due to recurrent disability related to same pre-existing condition**

Janet’s profile:

- Pre-existing condition: Yes
- Effective date of her short-term disability coverage: January 1, 2014.

The situation:

- Janet becomes disabled because of the pre-existing condition: February 2 to October 1, 2014.
- Janet returns to work: October 2, 2014, to January 31, 2015 (4 months).
- Janet is disabled again by the same pre-existing condition: February 1 to March 1, 2015.

Colonial Life’s action:

- Colonial Life processes the two periods of disability as 1 claim because the second period of disability is a recurrent disability (less than 6 months passed between the periods of disability).
- Even though the second period of disability begins after coverage has been in force for 1 year, Colonial Life denies the claim in full because the first period of disability was the result of a pre-existing condition and the second period of disability was **a recurrent disability related to the same pre-existing condition.**

## Pregnancy

### Pre-existing

- Pregnancy is treated like any other sickness and is subject to the policy's pre-existing condition exclusion (12/12 in most states).
- The pre-existing exclusion applies to both a normal pregnancy **and** a pregnancy with complications. A pre-existing pregnancy does not meet the definition of a **covered sickness** and is not covered regardless of when birth occurs. Complications resulting from a pre-existing pregnancy are **NOT** covered.

## Giving Birth Exclusion

*(The Giving Birth exclusion does not apply in all states. Check the "State Variations" section on Propr for more information.)*

- Colonial Life does **NOT** pay for disability resulting from giving birth in the first nine months after the policy effective date as a result of a normal pregnancy, including Cesarean. Complications of pregnancy will be covered to the same extent as any other **covered sickness**.
- When the delivery date for a **normal** pregnancy is known or is expected within the first nine months, it is not necessary to determine whether the pregnancy was diagnosed or treated prior to the policy effective date. Based solely on the giving birth exclusion, the claim would be denied.
- When pregnancy related **complications** occur and the known or expected delivery date is within the first nine months, the Claims Department will need to determine if the complications resulted from a **pre-existing pregnancy**. If complications result from a pregnancy that was diagnosed or treated prior to the policy effective date, we will **NOT** pay benefits for these complications. Examples of **pregnancy complications** include, but are not limited to preterm labor, gestational diabetes, pre-eclampsia, and other such conditions.

**Remember:** The Claims Department is responsible for determining if benefits are payable under the provisions of the policy **after** the claim is filed. You should never tell an applicant or an insured that a claim will be paid.

### Claims Examples for Birth Exclusion

Review the following claims examples for more information. Please note "CED" stands for Coverage Effective Date.

#### Example #1: - Claim Paid (Giving birth after the 9 month birth exclusion)

App sign date March 15, 2013  
CED: April 1, 2013  
Nine months from CED: January 1, 2014  
First treated April 1, 2013  
Estimated due date per Dr: January 10, 2014  
No complications prior to pregnancy Patient delivers January 12, 2014 (full term)  
Dr. recommends 6-week post-partum recovery

**Question #1:** Would Colonial Life provide benefits for the delivery?

**Answer #1:** Colonial Life would pay for the delivery since it occurred after the 9-month exclusionary period.

#### Example #2: Claim Denied (Giving birth within the 9 month birth exclusion)

App sign date March 15, 2013  
CED: April 1, 2013

Nine months from CED: January 1, 2014  
First treated April 10, 2013  
Estimated due date per Dr: January 10, 2014  
Patient delivers Dec 31, 2013 (9 months pregnant)  
Dr. recommends 6-week post-partum recovery

**Question #2:** Would Colonial Life provide benefits since delivery occurred during the first 9 months?

**Answer # 2:** No. The delivery occurred within 9 months of the effective date of the policy.

**Example #3: Claim Paid (Pregnancy with Complications within the 9 month birth exclusion)**

App sign date March 15, 2013  
CED: April 1, 2013  
Nine months from CED: January 1, 2014  
First treated April 10, 2013  
Estimated due date per Dr: January 10, 2014  
Patient has medical complications and stops working Patient delivers January 5, 2014 (full term)  
Dr. recommends 6-week post-partum recovery

**Question #3:** Would Colonial Life provide benefits since the complication started prior to 9 months even though delivery was later?

**Answer #3:** Colonial Life would pay benefits for the complication and pregnancy since the pregnancy was not pre-existing and the delivery occurred after 9 months from the policy's effective date.

## Overinsurance — How to Avoid It

You may think that 100 percent of an employee's salary should be replaced in times of disability. However, the target income replacement amount is lower because an employee does not receive 100 percent of his salary. After Federal, State and local taxes are taken out; a target for replacement is 60% of income.

**Overinsurance** occurs when an individual receives as much or more income while on disability as they would receive from working.

Most employers feel that employees have no incentive to return to work if they are receiving the same level of income while out on disability as they do while working.

To avoid overinsurance, be sure to offset the disability income the applicant receives from all sources (work, state, private disability plans, employer provided, etc.).

The maximum benefit that Colonial Life will allow an applicant to purchase, in most states, is 70% of income from all disability sources combined.

To prevent overinsurance, you must consider all other sources of disability benefits:

- Workers' Compensation (On-job coverage only)
- State disability income
- Social Security Disability
- Group disability income – STD or LTD

- Individual disability income
- Sickleave or Paid Time Off
- Employee Savings

### **Ask the Employer**

During your discovery and discussion with the decision maker or plan administrator, ask if any disability benefits are being offered in the account, such as:

<b>Workers' Comp</b>	Does the account qualify based on state guidelines?
<b>Group STD</b>	Is this already in the account? If so, will Disability 1000 be offered instead of the current plan?
<b>Group LTD</b>	If this is available, offer Disability 1000 benefit period choices that will fill the gap during the LTD elimination period.
<b>Sickleave</b>	Ask about the sickleave policy. How do days accrue? What are the maximum days provided per year? Can employees carry over unused days year to year?
<b>State Disability</b>	Does the account qualify based on state guidelines?

More information on these benefits and avoiding overinsurance is provided in the following sections.

### **Coordination of Benefits and Integration**

Coordination of benefits, and/or integration, are the terms used to describe the reduction in the amount of a claim payment based on disability coverages that the insured may have. These coverages may include Workers' Compensation, State Disability Income, Social Security Disability Income payments, or other Federal programs providing disability income, or group disability insurance.

Disability 1000 does NOT coordinate benefits or integrate at the point of claim. Disability 1000 **offsets** at the point of sale.

### **Offsetting**

Offsetting means evaluating any in force short-term disability coverage an applicant has at the point of sale then determining how much coverage Colonial Life can offer.

Disability 1000 does NOT coordinate with other disability coverage at claim. "Point of sale" offsetting assures customers of the benefits they are eligible for at claim.

**Note:** When offering Disability 1000 to an applicant with existing disability coverage that the applicant pays the premiums for, the combined coverage amount CANNOT exceed 70 percent of income. (See question # 5 on the AcCHth App).

When offering up to \$4,000 in monthly benefits:

- For SI, PEGI and GI levels of underwriting, please ask the applicant to provide information on existing disability coverage, group or individual that is **employee-paid**, so you can help determine the appropriate benefit amount to offer.

When offering \$4,100 or higher in monthly benefits:

- You will use SI and SIL1 underwriting. Please ask the applicant to provide information on existing disability coverage, group or individual, **whether employer-paid or employee-paid**, so you can help determine the appropriate benefit amount to offer.

### Offsetting Tools

Use the AccHlth App to list existing coverage that will be used to offset.

### Sources of Offsetting Disability Benefits

#### Workers' Compensation

Workers' Compensation provides benefits to employees who have disabilities due to job-related injuries or job-related sicknesses. The benefits vary widely from state to state. Because Disability 1000 offers a limited on-job benefit with the on-/off-job plan, you do not have to reduce the amount of coverage you offer due to Workers' Compensation.

There is a "Workers' Comp" button on your laptop enrollment screen which allows you to view or show a customer the Workers' Compensation benefit amount, if any, they may qualify for.

#### Long-Term Disability

- Long-term disability usually begins after a short-term disability (STD) benefit period ends. Once STD benefits expire, the long-term disability policy pays a percentage of salary, usually 50 to 60 percent and benefits can range from two to five years or to age 65.
- Unlike Colonial Life's Group Disability, which does not coordinate coverage at claim, most LTD plans will coordinate coverage at claim. This means that if an insured has a Colonial Life Group Disability benefit period that overlaps with a LTD benefit period, the LTD claim payment may be reduced to prevent overinsurance.

To avoid overinsurance, offer a Disability 1000 plan with a benefit period that dovetails with the LTD elimination period:

Disability Starts



#### Individual Disability

Individual disability can include short-term and long-term disability plans. Plans may be offered at the worksite, like Colonial Life plans, or traditional individual plans may be offered through a local sales representative at an applicant's home. Traditional individual products do not offer the convenience of payroll deductions, may require considerable underwriting and may have rates that vary based on the applicant's gender. The following Colonial Life plans provide individual disability benefits:



- Disability 1000
- Enhanced LPSD (limited availability)
- Accident 1.0 disability riders
- Accident Care disability riders
- Public Sector Accident Care disability riders
- California Care Disability Riders

If there is a separate population of employees in the account that may only purchase an employee disability rider on an accident plan, you may not offer Group Disability and an employee disability rider from an accident plan to the same employee.

### **Sickleave or Paid Time Off**

Many employers provide a set number of days for sickleave and/or paid time off for their employees. These days may accrue on a monthly basis (i.e. one day of sickleave per month) or may vary based on the years of service with an employer. Some employers may provide a “carryover” of unused sickleave from year to year and some may combine sickleave and vacation days as “paid time off.”

While you may not be required to list sickleave as a “disability benefit” on the AcCHlth App, you should ask the applicant about his sickleave. Consider adjusting the elimination period for employees with sickleave. You will help avoid overinsurance and may offer a more cost effective plan to the applicant.

### **State Disability Income**

This state-provided benefit is available in California, Hawaii, New Jersey, New York and Rhode Island. Benefits vary by location, but generally are for sicknesses and off-job accidents.

As a Colonial Life producer, you should offset (reduce benefits offered at the point of sale) for a state-provided disability plan as follows:

CA, HI, NJ, RI – Include state-provided disability benefits if you are offering \$4,100 - \$6,500 in monthly disability benefits. Use the “Disability Simplified Issue – Level 1” section to list these benefits.

NY – Note that Disability 1000 (NY) is offered through the Colonial Voluntary Benefits Portfolio of The Paul Revere Life Insurance Company. Refer to the *Disability 1000 (NY) Product Reference Pamphlet*, form 97398, for more information.

Specifics for each states plan are included in the Disability 1000 Underwriting Overview section on Propr.

### **Social Security Disability**

You do not need to offset at the point of sale, nor will Colonial Life integrate at claim, for Social Security. But, you should understand that this benefit exists. Social Security disability usually comes into play after an elimination period of several months.

It is important for you to know, under Social Security Disability, disability is defined as the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

Further, a person must not only be unable to do his previous work, or work commensurate with the previous work in amount of earnings and utilization of capacities, but also be unable, considering age, education, and work experience, to engage in any other kind of substantial work that exists in the national economy.

It's immaterial whether such work exists in the immediate area, or whether a specific job vacancy exists, or whether the worker would be hired if he applied for work.

### **When to Offset (AcHlth App)**

	<b>Disability Simplified Issue section</b>	<b>Disability Simplified Issue Level 1 section</b>
	Up to 60% of income; up to \$4,000	\$4,100 - \$6,500, regardless of % of income
Workers' Compensation	No	No
State disability	No	Yes
Group disability (any)	No	Yes
Individual disability (any)	Yes	Yes
Social Security Disability	No	No
Stacking Disability 1000 (age band change only)	Yes	Yes

Based on the percentage of income applied for, you should consider all other disability coverage the insured may already have. You must include this information on the application if the insured is applying for \$4,100 - \$6,500 in monthly benefits, regardless of the percentage of income being covered.

Because we offset at the point of sale, the customer can be assured that the benefit amount that was applied for, underwritten and issued in his policy is the amount that he is eligible for at claim.

**See the "Major State Variations" on Propr for additional offsetting information that may apply in your state.**

### **Offsetting Examples**

#### **Case Study**

Consider Shirley:

33 years old.

Annual salary of \$60,000 (monthly salary of \$5,000).

\$3,000 monthly benefit amount requested (60 percent of her salary).

#### **Shirley's Existing coverage:**

Workers' Compensation — \$1,000/month.

- Due to the Disability 1000 plan design, there is no need to offset for Workers' Compensation.

ABC Insurance Co.—\$500/month.

- Since this policy is with a different insurance carrier, Shirley may elect to keep or drop this policy. If he chooses to keep this policy, you will reduce the amount he is eligible to purchase by \$500.

Here's how to offset Disability 1000 benefits for Shirley.

**Plan 1 (on-/off -job coverage)**

Offset all existing coverage, and then determine the total amount of Disability 1000 monthly benefits she's eligible to purchase.

	60 percent salary replacement goal:	<b>\$3,000</b>
<b>minus total of...</b>	Workers' Compensation:	<b>N/A</b>
	<u>ABC Insurance Co.:</u>	<b>(\$500)</b>
		\$1,250 on-job/\$2,500 off-job

**Offsetting Results**

Shirley is eligible to purchase \$1,250 on-job and \$2,500 off-job in Disability 1000 Plan 1 coverage.

**Plan 2 (off -job coverage)**

Offset all existing coverage, excluding Workers' Compensation, and then determine the total amount of Disability 1000 monthly benefits she's eligible to purchase. This time, assume she does NOT have ABC insurance.

	60 percent coverage:	<b>\$3,000</b>
<b>minus total of...</b>	<u>Workers' Compensation:</u>	<b>N/A</b>
		\$0 on-job/\$3,000 off-job

**Offsetting Results**

Shirley is eligible to purchase \$3,000 off-job in Disability 1000 Plan 2 coverage.

**Note:** Due to the Disability 1000 plan design, there is no need to offset for Workers' Comp.

## Eligibility Guidelines

### Account

The account eligibility guidelines are as follows:

- Coverage is marketable to accounts with three or more benefit-eligible applicants (\$3,500 in new account premium is required), as listed in the ***New Account Manual (form 8690-40 version or higher)***.
- Coverage is available to both payroll-deduction and individual-pay group (IPG) accounts, following normal new account guidelines. IPG requires 10 applicants.
- Individual sales (outside of the group account setting) are not allowed.
- Plan 1 and Plan 2 may be enrolled in a new account at the same time.

### Employee

**We strongly suggest that you recommend to the employer that employees complete the 90-day date of employment requirement.**

Employees are eligible for coverage if they:

- Meet the issue-age requirements: 17 through 69 in most states (17-64 in CA and NJ).
- Are permanent, benefit eligible employees (20 hours per week minimum) actively at work.

Seasonal and temporary employees are not eligible. (In Vermont, 17.5 hours per week)

- Meet the income requirements outlined under the Income Requirements topic.
- Meet the application, underwriting requirements.

**Sales to individuals NOT working in a payroll deduction or individual pay group are NOT allowed.** Refer to the New Account Manual for additional guidelines for Special Market accounts.

### ***Date of Employment Guideline***

Date of Employment refers to the time period an employee must wait before they are eligible to purchase Disability 1000.

For persistency purposes, we suggest new employees work for their employer at least 90 days to be eligible to apply for coverage.

Date of Employment should not be confused with an elimination period. Elimination period refers to the time period an insured must wait between the start of a disability and when the benefit period begins.

### ***Spouse/Dependents***

Spouses and dependent children are **not eligible** for Disability 1000, and no spouse riders are available for this product. However, there are stand-alone Accident Care policies or family plans (spouse and dependent) that can be sold in conjunction with Disability 1000.

#### **Spouse**

Stand-alone spouse coverage, including an optional accident or accident/ sickness disability rider, can be purchased through Accident Care plans. In Public Sector accounts, choices are available with Public Sector Accident Care's disability riders.

#### **Dependents**

We do not have any products that offer disability coverage for a child. However, stand-alone coverage for dependent children can be purchased through Accident Care plans.

### ***Optional Health Screening Rider***

To purchase coverage under the Health Screening Rider, the insured must be covered under the base policy. **The insured may only be covered by one optional Health Screening Rider for new sales (as of February 29, 2008.) This limitation only applies to our optional Health Screening Riders. It does not apply to insureds who have health screening/wellness benefits imbedded in a Colonial Life policy, such as cancer, critical illness or hospital confinement.**

#### ***Quoting***

Disability 1000 proposals are located on My Colonial Life Propr, and quotes can be acquired through the QuickQuote system. If you have questions regarding a prospect or would like to request a plan option that requires home office approval, call Group Underwriting at 1.800.845.7330, extension 83803.

#### ***New Account Set-up***

For new Colonial Life accounts, contact the New Account Service Center to assist you with setting up your account and establishing your Billing Control Number. Colonial Life's Account Information Form is required for the new account set-up.

For new or existing accounts, fax the application to Underwriting at 1.800.438.6423.

## Underwriting Guidelines

### **Rate Structure**

Disability 1000 rates are:

- For employees only.
- Industry risk rated (AAA, AA, A, B).
- Age-banded (17-49, 50-69—varies by state).
- Based on the following:
  - Selected plan (On/Off-job or Off-job).
  - Benefit period.
  - Elimination period.

### **Risk Ratings**

- AAA represents the lowest most competitive rates and each successive risk rate provides higher level of rate.
- Accounts are risk-rated based on their SIC (Standard Industrial Classification) code. The risk rate is automatically assigned based on the SIC provided.
- Each account receives one risk rate, so all employees in the account should be sold the same risk.
- The *New Account Manual* (form 8690-40 version or higher) shows the rate that should be sold in specific industries.
- Credit for Time Insured requires home office approval and reflects the same risk rating based on SIC of the account.

If you have questions about what risks to offer in your account, contact Underwriting. You may also refer to the New Account Manual.

### **Premium**

Disability 1000 rates are quoted in \$100 units. One unit of coverage is equal to:

- Plan 1 (On/Off-job) - \$50 on-job/\$100 off-job disability benefit.
- Plan 2 (Off-job) - \$0 on-job/\$100 off-job disability benefit.

To calculate monthly disability premium, multiply the unit rate amount by the number of units purchased.

For example: An applicant earning \$30,000 in annual income may qualify for up to \$1,000 in monthly disability benefits. The \$1,000 benefit represents 10 units as follows.

- Plan 1 – \$500 on-job and \$1,000 off-job benefits
- Plan 2 – \$0 on-job and \$1,000 off-job benefits

Both of the above examples represent 10 units.

Premiums are age-banded, but once purchased, premiums remain level. They do not increase on existing coverage as insureds get older and move into another age band.

Premium rates can change contractually under specific circumstances:

- Across the board for all plans in the state.

Policies are guaranteed renewable to the policy anniversary date on or next following the insured’s 70th birthday.

**Sample Premium Calculations**

The laptop automatically calculates premium based on the benefits and options selected. For manual calculation of premium, use the Disability 1000 Plan/Rate Card (form 59046).

<u>Sample Premium Calculation</u> For Plan 1	<u>Sample Premium Calculation</u> For Plan 2
<p>Premium Calculation:</p> <ul style="list-style-type: none"> <li>• One unit is equal to \$50 (on-job)/\$100 (off-job) of disability benefit.</li> <li>• To calculate the monthly premium, multiply the unit rate amount by the off-job number of units purchased.</li> </ul> <p><b>Example:</b> Individual Plan Design</p> <ul style="list-style-type: none"> <li>• On/Off-job only (Plan 1)</li> <li>• Industry risk “A”</li> <li>• 12-month benefit period</li> <li>• 30/30 elimination period</li> <li>• Age 17-49</li> <li>• \$500 on-job and \$1,000 off-job monthly disability benefit; this is equal to 10 premium units (one unit = \$100. Round down. Use whole units only.)</li> <li>• Rate for this plan: \$3.40 per unit</li> <li>• Always use the off-job number of units to calculate premium</li> </ul> <p>Calculate: \$3.40 each unit X 10 = \$34.00 monthly premium</p>	<p>Premium Calculation:</p> <ul style="list-style-type: none"> <li>• One unit is equal to \$100 (off-job) of disability benefit.</li> <li>• To calculate the monthly premium, multiply the unit rate amount by the number of units purchased.</li> </ul> <p><b>Example:</b> Individual Plan Design</p> <ul style="list-style-type: none"> <li>• Off-job only (Plan 2)</li> <li>• Industry risk “A”</li> <li>• 12-month benefit period</li> <li>• 30/30 elimination period</li> <li>• Age 17-49</li> <li>• \$1,000 off-job monthly disability benefit for base plan. This is equal to 10 premium units.</li> <li>• Rate for this plan: \$2.70 per unit</li> </ul> <p><b>Calculate:</b> <b>\$2.70 each unit X 10 = \$27.00 monthly premium</b></p>

**Note:** In a competitive situation, be aware that disability premiums may be quoted in a variety of formats. Premiums may be viewed as high or low, when perhaps the unit of calculation is different. For example:

- Disability 1000 and Group Disability are quoted in \$100 of monthly benefit.
- Some group carriers quote in very different format, such as in terms of \$10 of weekly benefits. Please be cautious when trying to compare rates from competitors to Colonial Life rates

### ***CREDIT for TIME INSURED (CFTI)***

#### **Guidelines**

- Home office approval is always required for Credit for Time Insured (CFTI). Underwriting Risk Manager approval is required *at least seven days prior to enrollment*.
- Additional information on the other carrier is required prior to enrollment, such as the other carrier's bill identifying existing disability policyholders and a written description of the other carrier's current plan design. Information may include items such as Name, Social Security Number, Benefit Amount, Benefit Period, Elimination Period and Original Effective Date.
- Your account must have existing short term disability insurance with at least 10% participation with the current carrier and a benefit duration of 12 months or less.
- Favorable 1-1 working conditions with a minimum of 75% eligible employees.
- CFTI Rider will be added to the individual's policy.
- Must have a defined enrollment period not to exceed 25 days
- There is compensation reduction for producers when this is used in an account..
- Available for accounts with 100+ lives.
- Available during the initial enrollment period only for employees that had previous disability coverage from another disability carrier.
- There must be a defined enrollment period.
- 20% participation with Disability 1000 is expected during the initial enrollment.
- CFTI is available for up to \$6,500 in monthly benefits matching the benefit amount currently in force for benefit periods of 12 months or less.
  - Up to 60% of income for \$400 - \$6,500

#### **Additional Guidelines**

- Employee will be issued on a Credit for Time Insured basis during the initial enrollment if participation is met. If participation is met and an applicant applies for an option that is above the GI Limits and does not qualify based on the health underwriting; the applicant will automatically be "knocked back" to the GI limit.
- Credit for Time Insured will waive the pre-existing conditions limitation only for the applicant that had prior coverage. Be sure all applicants understand they are eligible to purchase the coverage regardless of health history; however, all other policy provisions will be applicable when a claim occurs.

### **Underwriting Options**

<b>Underwriting Type</b>	<b>Health Questions</b>	<b>Coverage Amounts</b>	<b>Case Size</b>	<b>Minimum Enrolled Lives and Participation Percent</b>
GI: Guaranteed Issue	No health questions.	Up to 60% to \$4,000.	100+ Lives	5 lives with expected 15% participation.
PEGI: Post Enrollment Guaranteed Issue	Answer health questions, ignored if participation is met.	Up to 60% to \$4,000.	5+ Lives	The greater of 5 lives or 10% participation.
SI: Simplified Issue	Answer 12-month health questions.	Up to 60% to \$4,000.	3+ Lives	Use when standard issue is needed for late entrants.
SIL1: Simplified Issue Level 1	Answer 5-year health questions for amounts above \$4,000.	Up to 60% for \$4,100 to \$6,500.	3+ Lives	Use in all SI, PEGI, and GI accounts if offering an applicant a benefit amount of \$4,100 or higher.

### **Guaranteed Issue (GI)**

#### **Guidelines**

- Guaranteed Issue is available during initial enrollments for all applicants up to 60% of income up to \$4,000 in monthly benefits
  - For benefits amounts above the Guaranteed Issue level, Simplified Issue Level 1 is available as follows:
    - Up to 60% of income for \$4,100 - \$6,500.
- For new regular accounts. Special markets and prohibited industries are not eligible.
- Available for accounts with 100+ lives.
- For accounts with 250+ lives, Underwriting Risk Manager approval applies.
- Participation is the greater of 5 lives with 15% participation.
- Available during initial enrollments for all applicants.
- Available for new hires if participation is met and maintained.
- Use the AcCHltH for all plans.
- Must have a defined enrollment period.
- Disability must be the lead product.
- No more than 3 products offered during the enrollment.

#### **Additional Guidelines**

- Employee will be issued on a Guaranteed Issue basis during the initial enrollment if participation is met and for new hires. If participation is not met, initial enrollment applications can be issued, but GI will not be available for new hires.
- If participation is met and an applicant applies for an option that is above the GI Limits and does not qualify based on the health underwriting; the applicant will automatically be “knocked back” to the GI limit.
- Guaranteed Issue does not waive certificate provisions, including the pre-existing conditions limitation. Be sure all applicants understand they are eligible to purchase the coverage regardless of health history; however, all certificate provisions will be applicable when a claim occurs.



## ***Post Enrollment Guaranteed Issue (PEGI)***

### **Guidelines**

- Available for accounts with 5+ lives.
- Participation is the greater of 5 lives or 10% participation.
- Simplified Issue available for up to 60% of income up to \$4,000. If participation is met, questions are waived.
  - For benefit amounts above the Post Enrollment Guaranteed Issue level, Simplified Issue Level 1 available as follows:
    - Up to 60% of income for \$4,100 - \$6,500.
- Available during initial enrollments for all applicants.
- Available for new hires during the new hire enrollment period.
- Use the AccHlth Form for all levels of benefits.
- Home office approval is always required for Credit for Time Insured (CFTI).

### **Additional Details**

- Employee coverage will be issued on a Guaranteed Issue basis provided participation is met. If participation is met, policies will be issued regardless of answers to health questions up to the maximum percent of income and maximum monthly benefit. If participation is not met, certificates will be issued or declined based on answers to the health questions. The questions referenced under Simplified Issue, above, will be asked of each applicant.
- If participation is met and an applicant applies for an option that is above the PEGI Limits and does not qualify based on the health underwriting, the applicant will automatically be “knocked back” to PEGI.
- Guaranteed Issue does not waive any certificate provisions, including the pre-existing conditions limitation. Be sure all applicants understand they are eligible to purchase the coverage regardless of health history; however, all certificate provision will be applicable when a claim occurs.

## ***Standard Issue (SI and SI Level 1)***

### **Guidelines**

- Available for accounts with 3+ lives.
- Participation is 3 lives.
- Simplified Issue available for up to 60% of income up to \$4,000.
- Simplified Issue Level 1 available as follows:
  - Up to 60% of income for \$4,100 - \$6,500.
- Available during initial enrollments for all applicants.
- Available for new hires during the new hire enrollment period.
- Use the Acc Hlth App for all levels of benefits.

### **Additional Guidelines**

- If a simplified issue health question is answered as “yes” by the proposed insured, he is not eligible for coverage. If the application is submitted, it will be declined and the proposed insured will receive a letter explaining the application has been denied based on the information provided on the application. We will not pursue additional information on these enrollment forms.
- For Simplified Issue Level 1, the simplified issue health questions must be completed as well as the additional Simplified Issue Level 1 health questions.

## Income Requirements

### Annual Income or Salary

Annual income or salary is the basic annual earnings and does not include income received from commissions, bonuses, overtime pay, any other extra compensation, or include income received from sources other than the current employer.

- Only include annual income from the employer through which payroll deduction is being offered. Income from a second job cannot be included even if it is the employee's primary job.
- Commissioned employee's income is the income actually received from commissions and does not include renewal commissions, bonuses, overtime pay, any other extra compensation, or income received from sources other than the current employer. Commission should be averaged over the 12-month period prior to the date of the application for coverage or based on the prior year's W-2 income.

The writing producer should verify the annual income at the point of sale to ensure its accuracy when that annual income has been provided through an employer census. The correct annual income should always be accurately reflected on the application.

### Annual Income Requirement

Colonial Life sells both Disability 1000 plans based on income requirements that determine maximum monthly benefits. The charts available on Propr and in the Disability 1000 Rate Book depicts the monthly disability amount available for the Plan 1 and Plan 2 benefit based on an applicant's annual income requirement. Income requirements are listed on Propr and in the Rate Book.

## Application Guidelines

Coverage will be applied for using the AcCHth Application, when selling Disability 1000 coverage.

**NOTE: Eligibility guidelines differ from the employee's guidelines.**

	<b>Actively at work? Eligibility Question</b>	<b>Are you disabled? Eligibility Question Questions</b>	<b>Health Underwriting</b>
Disability 1000 Base Plan:	Employee required. 20 hours/week required.	If "yes", applicant is not eligible.	Not required.
Health Screening Rider:	Employee required. 20 hours/week required.	If "yes", applicant is not eligible.	Not required.

An employee must first be covered under a base disability plan before he or she can have coverage under a rider. In addition to health questions, eligibility guidelines may apply based on the individual being covered and the plans/ riders that are chosen.

The number of units of coverage applied for, the annual income and health questions must be provided on the application.

## Height and Weight Chart

Height (Ft. In.)	Weight (Lbs.)
4' 0"	110
4' 1"	117
4' 2"	124
4' 3"	131
4' 4"	138
4' 5"	145
4' 6"	152
4' 7"	159
4' 8"	166
4' 9"	173
4' 10"	180
4' 11"	185
5' 0"	195
5' 1"	202
5' 2"	209
5' 3"	216
5' 4"	223

Height (Ft. In.)	Weight (Lbs.)
5' 5"	230
5' 6"	237
5' 7"	243
5' 8"	250
5' 9"	257
5' 10"	264
5' 11"	271
6' 0"	278
6' 1"	285
6' 2"	292
6' 3"	300
6' 4"	308
6' 5"	316
6' 6"	324
6' 7"	332
6' 8"	340
6' 9"	348

### Underwriting Authorization

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA). A portion of HIPAA, known as the Privacy Rule, requires a covered entity to have written authorization from an individual before it can use or disclose the individual's protected health information.

As part of doing business, we obtain protected health information to underwrite policies and we get protected health information from other covered entities, such as health care providers. Because of this, we must make our authorizations compliant with the HIPAA Privacy Rule.

Colonial Life has a HIPAA-compliant underwriting authorization which is a separate document from our applications. You must submit one of these authorizations with each completed application, and the authorization must be completed in addition to the signature on the application.

An authorization is required with each application, regardless of whether or not the product is covered under the Privacy Rule. (Applications will still have the former authorization on them until we file and receive approval for HIPAA-compliant applications.)

### Underwriting Forms

Underwriting forms vary by state. Use the correct forms for the situs state in which you are writing business. All underwriting forms are available through the online ordering system. State specific forms are listed on Propr in the Underwriting Forms and Notes section of Disability 1000.

### Account-level Forms

#### Account Information Form

- Must be completed by you (the agent) and sent to the New Account Service Center prior to the welcome call by fax to 1.800.543.8573 or by email to [newaccountservicecenter@coloniallife.com](mailto:newaccountservicecenter@coloniallife.com). The account must be set up prior to submission of the Disability 1000 group application.

## Employee-level Forms

### Application – Form: AccHlth

- For all face amounts including from \$400 - \$6,500, and for all enrollment regardless if GI, PEGI, SI or SIL1.

### Underwriting Authorization (HIPAA) Form

- Required with each AccHlth Application.

### Internal Replacement Form (If required)

- Required when an applicant is replacing a similar Colonial Life policy with Disability 1000.

## **ENROLLMENT PLATFORM AND OPTIONS**

Harmony options:

- Agent Assisted: face-to-face
- Agent Assisted: call center
- Agent Assisted: co-browsing
- Self Enroll: requires home office approval
- Census Enroll: Minimum of 100 eligible lives, 0 to 100% employer paid
- Census Enroll Takeover: Minimum of 100 currently enrolled lives, requires home office approval
- Auto Enroll: Minimum of 100 eligible lives

Other options:

- Product Hosting on 3<sup>rd</sup> Party System: 1,000 or more eligible lives, requires home office approval
- Paper Enrollment Forms

### ***Situs State (not available with Disability 1000)***

Situs state is not available for Disability 1000. If situs state is required for your account, the Group Disability product may be an option. Discuss with your Underwriting Risk Manager.

### ***Initial Enrollment***

Post-Enrollment Guaranteed Issue or Guaranteed Issue will only be offered to all eligible employees during the initial enrollment, based on the underwriting guidelines available for their account. For benefit amounts of \$4,100 - \$6,500, SI and SIL1 questions must be answered in all enrollments. After the initial enrollment, all employees will be required to enroll as new hires or late entrants.

### ***New Hires***

New hires are eligible to enroll as Post Enrollment Guaranteed Issue or Guaranteed Issue, based on the underwriting guidelines available for their account. The product may be offered to new hires during the new hire eligibility period. For benefit amounts of \$4,100 - \$6,500, SI and SIL1 questions must be answered in all enrollments. After the New Hire Eligibility Period, they will be considered late entrants.

### ***Late Entrants***

A late entrant is any employee that did not elect Disability 1000 coverage during the initial enrollment or did not sign up for coverage within the 31-day New Hire Eligibility Period. Late entrants can enroll after the initial enrollment period in a subsequent enrollment period on the AccHlth app with the Simplified Issue question, and if required, the Simplified issue Level 1 questions.

## Service Guidelines

### Service for Individual Policies

#### Premium Payment Methods

Payroll deduction is the most common method of payment for Disability 1000 premiums. Individual sales are not allowed.

- For individual-pay accounts (if approved for Disability 1000 sales), we allow premium payment through monthly bank drafts or direct billing (quarterly, semiannual, annual).
- For insureds who leave an account and exercise the portability option, we customize the payment method for Disability 1000 premiums:
  - Direct quarterly, semiannual, or annual billing.
  - Monthly bank drafts.

#### Stacking Coverage

Stacking means selling a new Disability 1000 plan to an applicant who already has an existing Disability 1000 plan.

Stacking of Disability 1000 is NOT permitted with an Accident Care disability rider, Accident 1.0 disability rider or AccidentChoice<sub>SM</sub> disability rider. Also, stacking of Disability 1000 is NOT permitted with other Colonial Life policies that have a short-term disability benefit such as LPSD, ELPSD, DisabilitySelect® or Banner VSTD. Stacking Disability 1000 on Disability 1000 is only allowed as follows:

**Age Band Change.** Stacking Disability 1000 is **ONLY** allowed if the insured has existing Disability 1000 coverage and has aged into a new age-band.

**Example:**

The insured has an existing policy, purchased at age 47 (age-band 17-49).

The insured, now at age 51, qualifies for additional coverage (age-band 50-69) and would like to apply to increase coverage.

- *The insured would pay the current premium for the existing Disability 1000 coverage and a higher premium for the new Disability 1000 amount.*
- *The stacked coverages must have the same plan (Plan 1 or 2), same benefit period and the same elimination period.*
- *Because of market conduct issues, you must communicate the following critical information regarding stacked policies to insureds:*
  - *All exclusions and limitations, including pre-existing conditions.*

Colonial Life will not pay benefits on the increase in coverage for any disability caused by a pre-existing condition that begins during the first 12 months the insured's increase is in force.

When stacking Disability 1000 coverage with existing Disability 1000 coverage, the total amount of the existing coverage combined with the new Disability 1000 coverage cannot exceed:

\$5,000 in monthly disability benefits **or** Disability 1000 income requirements based on the applicant's salary.

You can stack the \$400 Disability 1000 coverage, which has no minimum income requirement, on top of existing \$400 disability coverage that has no minimum income requirement. **However**, the combined total income provided by the existing Disability 1000 plan and the new Disability 1000 plan **must** meet the Disability 1000 income requirement for the combined \$800 amount.

- Selling two Colonial Life coverages that have short-term disability benefits during the same enrollment is not permitted. For example: You may not offer Group Disability and a Disability 1000 plan to the same person at the same enrollment.

### **Stacking Procedures for Disability 1000**

#### **AccHlth App**

Follow these guidelines when you stack Disability 1000 coverage onto existing Disability 1000 coverage (for age-band change situations):

- If all of the combined Colonial Life Disability coverage insures 60% or less of income, up to \$4,000, use the AccHlth App. Indicate “New” in the Plan Section. Submit the coverage on a manual application.
- If all the combined Colonial Life disability coverage insures \$4,100 - \$6,500 monthly disability benefit, use the AccHlth. Include all existing disability coverage, such as Workers’ Compensation, if applicable. Submit the coverage on a manual application.
- Applicants may purchase Accident Care base plans or Accident 1.0 (no disability rider) in addition to a Disability 1000 policy.

### **Increasing Coverage**

After the initial enrollment opportunity, insureds may increase Disability 1000 coverage if they meet the income and underwriting requirements. This is accomplished by means of a Transfer.

Generally, if an insured wants to increase the monthly benefit amount of Disability 1000 coverage, you should:

- Complete a new application.
- Mark it as a “Transfer” in the appropriate section.

**Colonial Life will not pay benefits on the increase in coverage for any disability caused by a pre-existing condition that begins during the first 12 months the insured’s increase is in force.**

### **Handling Transfers**

To transfer coverage from an in-force Colonial Life Disability 1000, LPSD, ELPSD, LPS, Accident 1.0, Accident Care (or AccidentChoice<sub>SM</sub>), or a Public Sector Accident Care policy with disability coverage to Disability 1000 and because of market conduct issues, you must communicate the following points:

- Disability 1000 has different elimination periods, benefit periods, and different limitations and exclusions, including pre-existing conditions and disability definitions. Insureds must satisfy the Disability 1000 elimination period and pre-existing conditions limitation before any benefits are payable under the new coverage, even if the insured has already satisfied the pre-existing conditions limitation under previous Colonial Life disability policy.
- Transfers to Disability 1000 from an existing LPSD or ELPSD policy will only be permitted if an insured requests (and is eligible for) increased coverage.
- If an insured becomes disabled because of a pre-existing condition within the first year after transferring to Disability 1000, benefits are not payable under Disability 1000. Colonial Life will consider if any applicable benefits are payable under the previously transferred LPSD, ELPSD, LPS, AccidentChoice<sub>SM</sub> disability rider or Accident Care disability rider.
- The insured gives up specific loss, medical fee, hospital confinement, and AD&D benefits when transferring from LPS or AccidentChoice<sub>SM</sub> to Disability 1000.

- The insured loses any riders purchased with the accident/sickness plan, such as the Extended Protection Rider, Spouse Rider, and Intensive Care Rider (which can be attached to cancer policies, but not to Disability 1000 policies).
- The transfer from an ELPSD Plan 1 (on/off-job) to a Disability 1000 Plan 1 (on/off-job) may result in a lower on-job benefit amount since Disability 1000 on-job benefit is 50 percent of the off-job benefit.

If you are transferring from an existing Colonial Life short-term disability policy to Disability 1000, there is no need to offset for that Colonial Life coverage. Be sure the applicant to signs the transfer section on the application.

You may start the sale assuming the coverage will be more than 40 percent of income, requiring additional health questions. Because of offsetting, however, you may not be able to sell the full amount of coverage the applicant requests and, therefore, you may not need to capture as much health information.

### ***Commissions on Internal Replacements (Transfers)***

Commissions for internal replacements of a Colonial Life insurance policy by another Colonial Life insurance policy will be paid as follows:

- First-year commissions **will not** be paid on the full sales premium of the new policy.
- Commissions will be paid to the writing agent **only** on the portion of premium that is in excess of the premium on the replaced policy/certificate.
- Sales premium credit will also be given **only** on any increase in premium amount.

### ***Transfer Procedures for Disability 1000***

#### **AccHlth App**

To be insured by the new Disability 1000 policy:

- Complete an AccHlth, asking all appropriate health questions based on the total amount of coverage being applied for.
- Check the “Transfer” box in the Plan Section.

### ***Reinstating Lapsed Coverage***

Disability 1000 coverage can be reinstated following normal account service guidelines. Contact your underwriter if you need additional information regarding reinstatements.

### ***Converting and Porting Coverage***

Disability 1000 is convertible from payroll deduction to an individual payment method. Coverage is also portable. To process either of these requests, policyowners must send a completed Request for Service Form (form 5897) to the Policyholder Services Department.

The insured can port coverage at the same rates he was paying when an employee of the account.

### ***Routine Service Requests***

Policyholders’ routine requests can be handled over the telephone by calling the toll-free customer service number 800.325.4368. These include:

- Address changes
- Request for duplicate or lost policy

### ***Request for Service Form***

Other service requests may require a completed Request for Service Form, application and/or additional form. A Request for Service Form is required when customers want to cancel existing coverage.

The majority of these changes are simple and instructions on the Request for Service Form are easy to follow. Policyholders simply complete the form and mail or fax it to the home office using the contact information indicated on the back of the form. The Request for Service Form can be obtained on the online ordering site.

### ***Service for Claims***

#### ***Filing Procedures***

Policyowners must complete and submit a claim form, either through the mail or by fax, with written proof of loss within 90 days after the covered loss begins. Claim submission times may vary by state. Check your state's policy for the exact wording.

- As long as an insured's date of loss occurs before his or her 70th birthday, and the disability is due to a covered accident or sickness, the insured is eligible for the length of the disability up to the entire benefit period of 12 months.
- Limited benefits are payable for covered disabilities that occur outside the territorial United States if adequate proof of loss is submitted. Geographical limitations provision will apply in these situations.
- Complete these sections of the claim form (form 8727):
  - For disability benefits, complete A, D, and E.
  - For all claims filed, complete page 3.

All claim forms are submitted to Colonial Life's home office. Insureds may choose to mail their forms to the home office or fax claims and medical bills to our toll-free fax number (1-800-880-9325).

#### ***Evidence of Continuing Disability***

Once we approve the claim, the insured will be asked to provide evidence of continuing disability at reasonable intervals based on his condition. Evidence of continuing disability means documentation of the condition that is sufficient to allow us to determine if the insured is still disabled. If the insured does not submit evidence of continuing disability when requested, payments will end.

The insured must give us proof of continuing disability no later than 90 days after the end of a period for which we may owe benefits.

Upon receipt of evidence of continuing disability, benefit payments will resume subject to the terms of this policy. If this policy provides benefits for up to 24 months, we will be responsible only for the 6-month period for which the insured gives us written proof of loss. We will send the insured a payment for any period for which we are liable.

*Also keep in mind:*

- Benefits are now payable for a covered disability that occurs outside the territorial United States if adequate proof of loss is submitted.
- All claim forms are submitted to our home office. Insureds may choose to mail their forms to the home office or fax claims and medical bills to our toll-free disability fax number (866.887.6644).



## ***Proof of Loss***

Insureds must send written proof of loss to Colonial Life's home office within 90 days after the covered loss begins. Written proof of loss, provided at the insured's expense and in English or Spanish must show:

- Covered individual's employer's statement verifying last day of work, job title, duties, and the number of hours working per week.
- Attending doctor's statement verifying dates of disability, dates of treatment, diagnosis, and restrictions and limitations preventing insured from performing job.

Colonial Life reserves the right to have covered persons interviewed by an authorized company representative.

If an insured is self-employed when he/she becomes totally disabled, Colonial Life will require the insured to provide a valid business license and/or filed federal income tax returns as proof of self-employment. Colonial Life also reserves the right to require verification of any such provided information.

Colonial Life can require written proof of loss at reasonable periods for a continuing disability covered by this policy. However, proof must be given no later than 90 days after the end of a period of loss for which we owe benefits.

For policies that provide benefits for up to two years for a period of loss, Colonial Life will be responsible only for the six-month period for which an insured gives us written proof of loss. This means that we will not pay benefits for a loss unless the insured continues to give us written proof of loss as required.

If we do not receive written proof of loss within 90 days, it will not have a bearing on a claim if proof is provided as soon as reasonably possible. In any event, proof must be provided no later than one year from the time stated unless a covered person is legally unable to do so.

## ***Taxability of Claim Payments***

Please be advised that the information in this section should not be construed as tax advice. If you receive questions from employers or employees on the taxability of this product, refer them to their tax advisor. You can also share the following taxability fliers with them for more information on our guidelines:

- Taxability of Benefits Flier Disability for Disability 1000 when Accident Care is offered (form 40255).
- Taxability of Benefits Flier Disability for Disability 1000 when Accident 1.0 is offered (form 100049).

Employees can purchase Disability 1000 for themselves with either pretax dollars or post tax dollars.

Insureds can see the tax savings through a flexible benefits plan in their paycheck. But while the Internal Revenue Service (IRS) allows the insured to receive these tax savings on premiums, the IRS also requires the insured to pay taxes on certain insurance claim payments received from policies purchased through a flexible benefits plan.

If the insured receives compensation such as disability, the IRS may require these benefits to be reported.

For example, if an insured enrolls in a Colonial Life disability plan under a flexible benefits plan, he could receive the following types of benefits. Each benefit has specific tax requirements.

### **FICA, W-2 Reporting and 1099 Reporting**

#### **Benefits for Disability Income (first six months)**

If the insured receives disability benefits for the first six months he is are disabled, the benefits will be subject to income and FICA taxes. Colonial Life will deduct FICA before the insured receives disability payment. The insured's employer will report these benefits on the W-2 form at the end of the year.

#### **Benefits for Disability Income (after six months)**

If the insured receives benefits after six months of disability, the benefits received after the first six months will be subject to income, but not FICA, taxes. The insured's employer will report these benefits on the W-2 form at the end of the year.

### **Premiums Paid with Post tax Dollars**

If an insured pays for Colonial Life products on a post tax basis, a Form 1099 will not be issued by Colonial Life.

### **Insureds Covered by Medicare or Medicaid**

Disability payments can be made directly to the insured, as benefits are not affected by either of these programs.

## **Definitions**

Before you proceed, review the following important contract definitions. These definitions vary by state. For exact details on product definitions, refer to the certificate, Outline of Coverage, and product brochure for your state.

*These definitions are taken directly from the policy.*

### **Activities of Daily Living**

Activities of Daily Living mean the following:

- 1) *Dressing – the ability to put on and take off all garments and medically necessary braces or artificial limbs usually worn*
- 2) *Transferring – the ability to move in or out of a chair or bed*
- 3) *Eating – the ability to get nourishment into the body once it has been prepared*
- 4) *Preparing meals*
- 5) *Toileting – the ability to get on and off the toilet, to maintain a reasonable level of personal hygiene and to care for clothing*

### **Covered Accident**

A *covered accident* is an accident which:

- occurs after the effective date of this policy;
- is of a type listed on the Policy Schedule;
- occurs while this policy is in force; and
- is not excluded by name or specific description in this policy.

### **Covered Sickness**

A *covered sickness* means an illness, infection, disease or any other abnormal physical condition, not caused by an injury, which:

- occurs after the effective date of this policy;
- is of a type listed on the Policy Schedule;

- occurs while this policy is in force; and
- is not excluded by specific name or specific description in this policy.

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**Doctor**

A *doctor* means a person, other than you or a family member, who is licensed by the state to practice a healing art, and performs services for you which are allowed by his license. For the purposes of this definition, *family member* means your spouse, son, daughter, mother, father, sister or brother.

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**Elimination Period**

*Elimination period* means the period of time during which no benefits are payable, as shown in the Policy Schedule.

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**Material and Substantial Duties**

Material and substantial duties of your job are defined as those job duties which:

- are normally required to perform your regular job; and
- cannot be reasonably modified or omitted.

Performing your job at a particular work site or in a particular building is not a material and substantial duty of your job, provided that your employer will allow you to perform your job at a different work site or in a different building.

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**Off-Job Accident**

*Off-job accident* means an accident that occurs while you are not working at any job for pay or benefits.

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**Off-Job Sickness**

*Off-job sickness* means a sickness that was not caused by or contributed to by your working at any job for pay or benefits.

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**On-Job Accident**

*On-job accident* means an accident that occurs while you are working at any job for pay or benefits.

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**On-Job Sickness**

*On-job sickness* means a sickness that was caused by or contributed to by your working at any job for pay or benefits.

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**Partially Disabled**

Partially disabled means:

- you are unable to perform the material and substantial duties of your job for 20 hours or more per week;
- you are able to work at your job or any other job for less than 20 hours per week;
- your employer will allow you to work for less than 20 hours per week;
- and you are under the regular and appropriate care of a doctor.

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**Pre-Existing Condition**

*Pre-existing condition* means your having a sickness or physical condition for which you were treated, received medical advice or had taken medication within 12 months before the effective date of this policy.

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**Recurrent Disability**

*Recurrent disability* means your becoming disabled, ceasing to be disabled, then becoming disabled again for the same or related condition. The latter disability will be considered a recurrent disability.

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**Totally Disabled**

Totally disabled means you are:

- unable to perform the material and substantial duties of your job;

- not, in fact, working at any job; and
- under the regular and appropriate care of a doctor.

***Under the Regular and Appropriate Care of a Doctor***

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*Under the regular and appropriate care of a doctor* means you are being cared for on a regular basis by a doctor, and the care you are receiving is appropriate for the condition(s) which disable(s) you.



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09/2014



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58896-16