

Section: Employee/Labor
Relations

Section Number: 4.3.5

Subject: Fringe Benefits: Long-
Term Disability
Insurance

Date of Present Issue: 09/01/91

Date of Previous Issues:
08/79, 11/81, 03/87

POLICY:

The University provides a non-contributory group long-term disability insurance (LTD) program to all full-time employees, and qualified regular part-time faculty, subject to terms and conditions of the underwriter.

After six (6) months of disability, LTD provides an insured employee with monthly payments to partially replace income at the rate of sixty-six and two-thirds per cent (66 2/3%) of the employee's monthly salary at the date the disability occurs, up to a maximum monthly benefit of \$4,000, which payment continues until death, age 70 (subject to policy restrictions), or recovery.

Effective January 1, 1992, the benefit percentage will increase to 70% for faculty bargaining unit members and eligible administrative professional (A/P) employees.

Accident or Sickness: LTD provides a monthly benefit for insured employees who become totally disabled by either accidental bodily injury, sickness or pregnancy.

Qualifying Period: A period of six (6) months of continuous total disability must elapse before the insured is entitled to receive benefit payments. No portion of a period of disability which is excluded from coverage may be used wholly or partially to satisfy the qualifying period.

Definition of Total Disability: An insured person is considered totally disabled if:

- a. During the first 36 months of total disability he/she is completely unable to engage in his/her regular occupation or employment and he/she is under the regular care of a licensed physician other than his/herself.
- b. After the first 36 months of total disability he/she is unable to engage in any and every gainful occupation or employment for which he/she is or may become reasonably trained, educated, or experienced.

Successive Periods of Disability: Due to the same or related causes:

- a. If not separated by three months or more of active, full-time work shall be treated as one period of disability.
- b. If separated by three months or more of active, full-time work shall be treated as separate disabilities and the insured person must satisfy a new qualifying period before benefit payments resume for a new benefit period.

Due to entirely unrelated causes:

- a. If not separated by a return to active, full-time work for at least one day shall be treated as one period of disability.
- b. If separated by at least one day of active, full-time work shall be treated as separate disabilities and the insured person must satisfy a new qualifying period before benefit payments resume for a new benefit period.

Amount of Benefit: The amount of monthly benefit payable is determined by the following factors:

- a. Monthly scheduled amount.
- b. Offset amount.
- c. Monthly payment limit.

Monthly Scheduled Amount

The insured's monthly scheduled amount is determined by applying the scheduled rate of benefit to the disabled person's monthly earnings without exceeding the monthly benefit maximum (66 2/3% of monthly earnings, maximum \$4,000, or 70% for faculty and A/P employees after January 1, 1992).

Offset Amount

The offset amount is determined by adding employer sponsored loss of time benefits to those from other sources, such as benefits received under Worker's Compensation, the Social Security Act, or Veterans benefits. The offset amount so determined is subtracted directly from the monthly scheduled amount.

Monthly Payment Limit

The monthly payment limit is the monthly scheduled rate of benefit less the offset amount plus any other benefits received from wages, retirement or lost time payments, not to exceed 70% of monthly earnings. The minimum payable benefit, after application of the offsets, is \$50.00.

Limitation:

Payment of benefits under these plans is limited for any period of disability caused by nervous or mental diseases or disorders, except that benefits will be payable for the portion of a period of total disability caused by nervous or mental diseases or disorders while confined in a legally constituted mental hospital and for a maximum of two years of total disability during which an insured is not confined in a mental hospital.

Exclusions:

No benefits are payable for any total disability caused by:

- a. War, whether declared or undeclared, or any act of war; or
- b. Intentional self-inflicted injury of any kind, while sane or insane; or

- c. Participation in or in consequence of having participated in the commission of an assault or felony; or
- d. Alcoholism, drug addiction.

No benefits are payable for that portion of any period of disability when the disabled person is confined in a penal or correctional institution as a result of conviction for a criminal or other public offense.

Social Security Freeze:

Monthly payments to disabled insureds will not be reduced by any statutory or cost-of-living increases in Social Security benefits after monthly benefits have commenced.

Rehabilitation Benefit:

This provision allows the disabled insured to return to gainful employment with his/her regular employer on a limited basis under a plan of rehabilitation under the supervision of a licensed physician. This rehabilitative program must not commence before the completion of six months of total disability and has a maximum duration of 24 months, (provided the insured is not engaged in his/her own occupation after 36 months of continuous total disability).

Eighty percent (80%) of all wages or salary to which the insured becomes entitled under the rehabilitative program will be applied as a reduction of the monthly benefits under the Monthly Payment Limit.

Additional information and assistance in filing claims is available in the Employee Relations Office.