BOARD OF SUPERVISORS AGENDA ITEM REPORT
AWARDS / CONTRACTS / GRANTS

○ Award ◉ Contract ○ Grant

Requested Board Meeting Date: 05/21/2024

** = Mandatory, information must be provided*

or Procurement Director Award: ☐

***Contractor/Vendor Name/Grantor (DBA):**

The Lincoln National Life Insurance Company DBA Lincoln Financial Group (Headquarters: Fort Wayne, IN)

***Project Title/Description:**

Short Term Disability Insurance

***Purpose:**

Award: Master Agreement No. MA-PO-24-187. This Master Agreement is for an initial term from 05/21/2024 to 07/19/2025 in the annual award amount of $2,000,000.00, includes four (4) one-year renewal options and authorizes the Procurement Director to make, execute, acknowledge, and deliver such other instruments and documents, and take all such other actions as may be reasonably required in order to effectuate the purposes of this Contract.
Administering Department: Human Resources.

***Procurement Method:**

Pursuant to Pima County Procurement Code 11.24.010, Cooperative procurement authorized, for Requisition No. 24-215, the Procurement Director approved the use of Sourcewell Contract No. 051623-LNG, which was awarded through competitive procedures comparable to those set forth by Pima County Procurement Code.

PRCUID: 518327
Attachment: Cooperative Procurement Agreement.

***Program Goals/Predicted Outcomes:**

To provide employees with short term disability insurance to help assist in maintaining their income while they are unable to work.

***Public Benefit:**

To contribute to a comprehensive benefits package offered to be able to attract and retain the most qualified employees to serve the constituients.

***Metrics Available to Measure Performance:**

Review of weekly short term disability utilization.

***Retroactive:**

No.

TO: COB 5-8-24(1)
Ves: 1
pgs: 42

THE APPLICABLE SECTION(S) BELOW MUST BE COMPLETED
Click or tap the boxes to enter text. If not applicable, indicate "N/A". Make sure to complete mandatory (*) fields

Contract / Award Information

Document Type: MA Department Code: PO Contract Number (i.e., 15-123): 24-187

Commencement Date: 05/21/24 Termination Date: 07/19/25 Prior Contract Number (Synergen/CMS): _____

☒ Expense Amount $ 2,000,000.00 * ☐ Revenue Amount: $ _____

***Funding Source(s) required:** Health Benefit Self-Insurance Fund

Funding from General Fund? ○ Yes ◉ No If Yes $ _____ % _____

Contract is fully or partially funded with Federal Funds? ○ Yes ◉ No

If Yes, is the Contract to a vendor or subrecipient? _____

Were insurance or indemnity clauses modified? ○ Yes ◉ No
If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ○ Yes ◉ No
If Yes, attach the required form per Administrative Procedure 22-10.

Amendment / Revised Award Information

Document Type: _____ Department Code: _____ Contract Number (i.e., 15-123): _____

Amendment No.: _____ AMS Version No.: _____

Commencement Date: _____ New Termination Date: _____

Prior Contract No. (Synergen/CMS): _____

○ Expense ○ Revenue ○ Increase ○ Decrease Amount This Amendment: $ _____

Is there revenue included? ○ Yes ○ No If Yes $ _____

***Funding Source(s) required:** _____

Funding from General Fund? ○ Yes ○ No If Yes $ _____ % _____

Grant/Amendment Information (for grants acceptance and awards) ○ Award ○ Amendment

Document Type: _____ Department Code: _____ Grant Number (i.e., 15-123): _____

Commencement Date: _____ Termination Date: _____ Amendment Number: _____

☐ Match Amount: $ _____ ☐ Revenue Amount: $ _____

***All Funding Source(s) required:** _____

***Match funding from General Fund?** ○ Yes ○ No If Yes $ _____ % _____

***Match funding from other sources?** ○ Yes ○ No If Yes $ _____ % _____

***Funding Source:** _____

***If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?**

_____

Contact: Procurement Officer: Kelsey Braun-Shirley Digitally signed by Kelsey Braun-Shirley Date: 2024.05.01 11:25:34 -07'00' Division Manager: Ana Wilber Digitally signed by Ana Wilber Date: 2024.05.01 11:59:01 -07'00'

Department: Procurement Director: Terri Spencer Digitally signed by Terri Spencer Date: 2024.05.01 13:14:32 -07'00' Telephone: (520)724-7466

Department Director Signature: Cathy Bohland Digitally signed by Cathy Bohland DN: cn=Cathy Bohland, o=Pima County, ou=Human Resources Department, email=Cathy.Bohland@pima.gov, c=US Date: 2024.05.02 11:18:54 -07'00' Date: _____

Deputy County Administrator Signature: _____ Date: 5-2-2024

County Administrator Signature: _____ Date: 5-2-2024

Pima County Procurement Department	
Administering Department: Human Resources	
Project:	Short Term Disability Insurance
Contractor:	The Lincoln National Life Insurance Company
	DBA Lincoln Financial Group
	1300 S Clinton Street
	Fort Wayne, IN 46802
Amount:	$2,000,000.00
Contract No.:	MA-PO-24-187
Funding:	Health Benefit Self-Insurance Fund

COOPERATIVE PROCUREMENT AGREEMENT

1. Parties, Background and Purpose.

1.1. Parties. This Contract is between Pima County, a political subdivision of the State of Arizona ("County"), and The Lincoln National Life Insurance Company ("Contractor").

1.2. Purpose. The Pima County Human Resources Department requires short-term disability insurance to provide employees with assistance in maintaining their income while they are unable to work.

1.3. Authority. County is authorized by Pima County Code § 11.24.010 and A.R.S. § 41-2632 to enter into cooperative purchasing arrangements. The County has entered into such an agreement with Sourcewell (Pima County contract no. 10168).

1.4. Contract.

1.4.1. Sourcewell entered into a contract (contract no. 051623-LNG) for specified goods and services with Contractor, which is currently in effect (the "Sourcewell Contract"). The Contract is incorporated into this Contract by this reference.

1.4.2. Section 5. A. of the Sourcewell Contract provides that another governmental entity with which Sourcewell has a cooperative purchasing agreement may, with Contractor's approval, purchase products and services at the same prices and under the same terms as in the Sourcewell Contract.

2. Term.

2.1. Initial Term. This Contract commences on June 4, 2024 and will terminate on July 19, 2025 (the "Initial Term"). "Term," when used in this Contract, means the Initial Term plus any exercised extension options under Section 2.2. If the commencement date of the Initial Term is before the signature date of the last party to execute this Contract, the parties will, for all purposes, deem the Contract to have been in effect as of the commencement date.

2.2. Extension Options. County may renew this Contract for up to four (4) additional periods of up to one-year each (each an "Extension Option"). An Extension Option will be effective only upon execution by the Parties of a formal amendment pursuant to Section 31.

3. Scope of Services. Contractor will provide County with the services described in **Exhibit A: Scope of Services** (2 pages), at the rate of $0.315 per $10.00 of weekly benefit (weekly benefit is calculated by multiplying each eligible employees weekly salary by 66 2/3%), up to a maximum weekly benefit of $1,500.00. Contractor must comply with all requirements and specifications in the Sourcewell Contract, except where altered by this Contract.

   3.1. Order of Precedence. All services provided under this Contract are subject to the terms of the following documents. In the event of conflicting terms between the incorporated documents, the following order of precedence, superior to subordinate, dictates the order in which these conflicts will be resolved.

      3.1.1. Amendments to this Contract.

      3.1.2. This Cooperative Procurement Agreement No. MA-PO-24-187.

      3.1.3. To the extent applicable, the Sourcewell Contract.

      3.1.4. To the extent applicable, the Contractor's Terms and Conditions.

4. **Key Personnel.** Not applicable to this Agreement.

5. **Compensation and Payment.**

   5.1. Not-To-Exceed ("NTE") Amount. County's total payments to Contractor under this Contract, including any sales taxes, may not exceed $2,000,000.00 per year (the "NTE Amount"). The NTE Amount can only be changed by a formal amendment executed by the Parties pursuant to Section 31. Contractor is not required to provide any services, payment for which will cause the County's total payments under this Contract to exceed the NTE Amount; if Contractor does so, it is at the Contractor's own risk.

   5.2. Adjustments. County may, at any time during the Term and during the retention period set forth in Section 23 below, question any payment under this Contract. If County raises a question about the propriety of a past payment, Contractor will cooperate with County in reviewing the payment. County may set-off any overpayment against amounts due to Contractor under this or any other contract between County and Contractor. Contractor will promptly pay to County any overpayment that County cannot recover by set-off.

6. **Insurance.** The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. Contractor's insurance shall be placed with companies licensed in the State of Arizona and the insureds shall have an "A.M. Best" rating of not less than A- VII, unless otherwise approved by County. County in no way warrants that the minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

   6.1. Minimum Scope and Limits of Insurance. Contractor will procure and maintain at its own expense, until all contractual obligations have been discharged, the insurance coverage with limits of liability not less than stated below. County in no way warrants that the minimum insurance limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract. If necessary, Contractor may obtain commercial umbrella or excess insurance to satisfy the County's Insurance Requirements.

6.1.1. Commercial General Liability (CGL). Occurrence Form with limits of $2,000,000 Each Occurrence and $2,000,000 General Aggregate. Policy shall include cover for liability arising from premises, operations, independent contractors, personal injury, bodily injury, property damage, broad form contractual liability coverage, personal and advertising injury and products – completed operations.

6.1.2. Business Automobile Liability. Bodily Injury and Property Damage for any owned, leased, hired, and/or non-owned automobiles assigned to or used in the performance of this Contract with a Combined Single Limit (CSL) of $1,000,000 Each Accident.

6.1.3. Workers' Compensation (WC) and Employers' Liability. Statutory requirements and benefits for Workers' Compensation. In Arizona, WC coverage is compulsory for employers of one or more employees. Employers' Liability coverage with limits of $1,000,000 each accident and $1,000,000 each person - disease.

6.1.4. Professional Liability (E&O) Insurance. This insurance is required when the Professional Liability or any other coverage is excluded from the above CGL policy. The policy limits shall be not less than $2,000,000 Each Claim and $4,000,000 Annual Aggregate. The insurance policy shall cover professional misconduct or negligent acts of anyone performing any services under this Contract.

In the event that the Professional Liability insurance required by this Contract is written on a claims-made basis, Contractor shall warrant that continuous coverage will be maintained as outlined under "Additional Insurance Requirements – Claims-Made Coverage" section.

6.1.5. Network Security (Cyber)/Privacy Insurance. Coverage shall have minimum limits not less than $2,000,000 Each Claim with a $4,000,000 Annual Aggregate. Such insurance shall include, but not be limited to, coverage for third party claims and losses with respect to network risks (such as data breaches, unauthorized access or use, ID theft, theft of data) and invasion of privacy regardless of the type of media involved in the loss of private information, crisis management and identity theft response costs. This should also include breach notification costs, credit remediation and credit monitoring, defense and claims expenses, regulatory defense costs plus fines and penalties, cyber extortion, computer program and electronic data restoration expenses coverage (data asset protection), network business interruption, computer fraud coverage, and funds transfer loss. In the event that the Network Security and Privacy Liability insurance required by this contract is written on a claims-made basis, Contractor must warrant that either continuous coverage will be maintained as outlined under "Additional Insurance Requirements – Claims-Made Coverage" section, or an extended discovery period will be exercised for a period of two (2) years beginning at the time of work under this contract is completed.

6.2. Additional Insurance Requirements. The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions.

6.2.1. Claims Made Coverage. If any part of the Required Insurance is written on a claims-made basis, any policy retroactive date must precede the effective date of this Contract, and Contractor must maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

6.2.2. Additional Insured Endorsement. The General Liability and Business Automobile Liability policies must each be endorsed to include Pima County and all its related special districts, elected officials, officers, agents, employees and volunteers (collectively "County and its Agents") as additional insureds with respect to vicarious liability arising out of the activities performed by or on behalf of the Contractor. The full policy limits and scope of protection must apply to the County and its Agents as an additional insured, even if they exceed the Insurance Requirements.

6.2.3. Subrogation Endorsement. The General Liability, Business Automobile Liability, and Workers' Compensation Policies shall each contain a waiver of subrogation endorsement in favor of County and its departments, districts, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

6.2.4. Primary Insurance Endorsement. The Contractor's policies shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by Pima County, its agents, officials, or employees shall be excess and not contributory insurance. The Required Insurance policies may not obligate the County to pay any portion of a Contractor's deductible or Self Insurance Retention (SIR).

6.2.5. Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

6.2.6. Subcontractors. Contractor must either (a) include all subcontractors as additional insureds under its Required Insurance policies, or (b) require each subcontractor to separately meet all Insurance Requirements and verify that each subcontractor has done so, Contractor must furnish, if requested by County, appropriate insurance certificates for each subcontractor. Contractor must obtain County's approval of any subcontractor request to modify the Insurance Requirements as to that subcontractor.

6.3. Notice of Cancellation. Each Required Insurance policy must provide, and certificates specify, that County will receive not less than thirty (30) days advance written notice of any policy cancellation, except 10-days prior notice is sufficient when the cancellation is for non-payment of a premium. Notice must be mailed, emailed, hand-delivered or sent via facsimile transmission to the County Contracting Representative, and must include the County project or contract number and project description.

6.4. Verification of Coverage. Contractor shall furnish County with certificates of insurance (valid ACORD form or equivalent approved by County) as required by this Contract. An authorized representative of the insurer shall sign the certificates. Each certificate must include.

6.4.1. The Pima County tracking number for this Contract, which is shown on the first page of the Contract, and a project description, in the body of the Certificate.

6.4.2. A notation of policy deductibles or SIRs relating to the specific policy.

6.4.3. Certificates must specify that the appropriate policies are endorsed to include additional insured and subrogation waiver endorsements for the County and its Agents. Note: Contractors for larger projects must provide actual copies of the additional insured and subrogation endorsements.

6.5. All certificates and endorsements, as required by this written agreement, are to be received and approved by County before, and be in effect not less than 15 days prior to, commencement of work. A renewal certificate must be provided to County not less than 15 days prior to the policy's expiration date to include actual copies of the additional insured and waiver of subrogation endorsements. Failure to maintain the insurance coverages or policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

6.6. All certificates required by this Contract shall be sent directly to the appropriate County Department. The Certificate of Insurance shall include the County project or contract number and project description on the certificate. County reserves the right to require complete copies of all insurance policies required by this Contract at any time.

6.7. Approval and Modifications. County's Risk Manager may modify the Insurance Requirements at any point during the Term of this Contract. This can be done administratively, with written notice from the Risk Manager, and does not require a formal Contract amendment. Neither the County's failure to obtain a required insurance certificate or endorsement, the County's failure to object to a non-complying insurance certificate or endorsement, nor the County's receipt of any other information from the Contractor, its insurance broker(s) and/or insurer(s), constitutes a waiver of any of the Insurance Requirements.

7. **Indemnification.** To the fullest extent permitted by law, Contractor will defend, indemnify, and hold harmless County and any related taxing district, and the officials and employees of each of them (collectively, "Indemnitee") from and against any and all claims, actions, liabilities, losses, and expenses (including reasonable attorney fees) (collectively, "Claims") arising out of actual or alleged injury of any person (including death) or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by any act or omission of Contractor or any of Contractor's directors, officers, agents, employees, volunteers, or subcontractors. This indemnity includes any claim or amount arising or recovered under the Workers' Compensation Law or arising out of the failure of Contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Indemnitee will, in all instances, except for Claims arising solely from the acts or omissions of the Indemnitee, be indemnified by Contractor from and against any and all Claims. Contractor is responsible for primary loss investigation, defense and judgment costs for any Claim to which this indemnity applies. This indemnity will survive the expiration or termination of this Contract.

8. **Laws and Regulations.**

8.1. Compliance with Laws. Contractor will comply with all federal, state, and local laws, rules, regulations, standards and Executive Orders.

8.2. Licensing. Contractor warrants that it is appropriately licensed to provide the services under this Contract and that its subcontractors will be appropriately licensed.

8.3. Choice of Law; Venue. The laws and regulations of the State of Arizona govern the rights and obligations of the parties under this Contract. Any action relating to this Contract must be filed and maintained in the appropriate court of the State of Arizona in Pima County.

9. **Independent Contractor.** Contractor is an independent contractor. Neither Contractor, nor any of Contractor's officers, agents or employees will be considered an employee of County for any purpose or be entitled to receive any employment-related benefits, or assert any protections, under County's Merit System. Contractor is responsible for paying all federal, state and local taxes on the compensation received by Contractor under this Contract and will indemnify and hold County harmless from any and all liability that County may incur because of Contractor's failure to pay such taxes.

10. **Subcontractors.** Contractor is fully responsible for all acts and omissions of any subcontractor, and of persons directly or indirectly employed by any subcontractor, and of persons for whose acts any of them may be liable, to the same extent that the Contractor is responsible for the acts and omissions of its own employees. Nothing in this Contract creates any obligation on the part of County to pay or see to the payment of any money due any subcontractor, except as may be required by law.

11. **Assignment.** Contractor may not assign its rights or obligations under this Contract, in whole or in part, without the County prior written approval. County may withhold approval at its sole discretion.

12. **Non-Discrimination.** Contractor will comply with all provisions and requirements of Arizona Executive Order 2009-09, which is hereby incorporated into this Contract, including flow-down of all provisions and requirements to any subcontractors. During the performance of this Contract, Contractor will not discriminate against any employee, client or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin.

13. **Americans with Disabilities Act.** Contractor will comply with Title II of the Americans with Disabilities Act (Public Law 110-325, 42 U.S.C.§§ 12101-12213) and the federal regulations for Title II (28 CFR Part 35).

14. **Authority to Contract.** Contractor warrants its right and power to enter into this Contract. If any court or administrative agency determines that County does not have authority to enter into this Contract, County will not be liable to Contractor or any third party by reason of such determination or by reason of this Contract.

15. **Full and Complete Performance.** The failure of either party to insist, in one or more instances, upon the other party's complete and satisfactory performance under this Contract, or to take any action based on the other party's failure to completely and satisfactorily perform, is not a waiver of that party's right to insist upon complete and satisfactory performance, or compliance with any other covenant or condition in this Contract, either in the past or in the future. The acceptance by either party of sums less than may be due and owing it at any time is not an accord and satisfaction.

16. **Cancellation for Conflict of Interest.** This Contract is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated into this Contract by reference.

17. **Termination by County.**

17.1. Without Cause. County may terminate this Contract at any time, without cause, by serving a written notice upon Contractor at least 30 days before the effective date of the termination. In the event of such termination, County only obligation to Contractor will be payment for services rendered prior to the date of termination.

17.2. With Cause. County may terminate this Contract at any time without advance notice and without further obligation to County when County finds Contractor to be in default of any provision of this Contract.

17.3. Non-Appropriation. Notwithstanding any other provision in this Contract, County may terminate this Contract if for any reason there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Contract. In the event of such termination, County will have no further obligation to Contractor, other than to pay for services rendered prior to termination.

18. **Notice.** Any notice required or permitted to be given under this Contract must be in writing and be served by personal delivery or by certified mail upon the other party as follows:

County:
Terri Spencer, Procurement Director
Pima County Procurement
150 W Congress, 5th Floor
Tucson, AZ 85701
520.724.3722
terri.spencer@pima.gov

Contractor:
Mike Walsh, Senior Account Director
619.244.5044
Mike.Walsh@lfg.com

19. **Non-Exclusive Contract.** Contractor understands that this Contract is nonexclusive and is for the sole convenience of County. County reserves the right to obtain like services from other sources for any reason.

20. **Remedies.** Either party may pursue any remedies provided by law for the breach of this Contract. No right or remedy is intended to be exclusive of any other right or remedy and each is cumulative and in addition to any other right or remedy existing at law or at equity or by virtue of this Contract.

21. **Severability.** Each provision of this Contract stands alone, and any provision of this Contract found to be prohibited by law will be ineffective to the extent of such prohibition without invalidating the remainder of this Contract.

22. **Use of County Data.** Unless it receives County's prior written consent, Contractor: (a) shall not access, process, or otherwise use County Data other than as necessary to provide contracted services or products; and (b) shall not intentionally grant any third party access to County Data, including without limitation Contractor's other customers, except subcontractors that are subject to a reasonable nondisclosure agreement. Notwithstanding the foregoing, Contractor may disclose County Data as required by applicable law or by proper legal or governmental authority. Contractor shall give County prompt notice of any such legal or

governmental demand and reasonably cooperate with County in any effort to seek a protective order or otherwise to contest such required disclosure, at County's expense. Upon termination or completion of the Contract, Contractor will, within 60 calendar days, either return all County Data to County or will destroy County Data and confirm destruction to County in writing. As between the parties, County retains ownership of County Data. "County Data" means data in electronic or paper form provided to Contractor by County, including without limitation personal identifying information as defined in A.R.S. § 13-2001(10).

23. Books and Records. Contractor will keep and maintain proper and complete books, records and accounts, which will be open at all reasonable times for inspection and audit by duly authorized representatives of County. In addition, Contractor will retain all records relating to this Contract for at least five (5) years after its expiration or termination or, if later, until any related pending proceeding or litigation has concluded.

24. Public Records.

24.1. Disclosure. Pursuant to A.R.S. § 39-121 et seq., all documents related to this Contract, including, but not limited to, pricing schedules, product specifications, work plans, and any supporting documents, are public records. As such, those documents are subject to release and/or review by the general public upon request, including competitors.

24.2. Records Marked Confidential; Notice and Protective Order. If Contractor reasonably believes that some of its records contain proprietary, trade-secret or otherwise-confidential information, Contractor must prominently mark those records "CONFIDENTIAL" before submitting them to County. In the event a public-records request is submitted to County for records marked CONFIDENTIAL, County will notify Contractor of the request as soon as reasonably possible. County will release the records 10 business days after the date of that notice, unless Contractor has, within that period, secured an appropriate order from a court of competent jurisdiction in Arizona, enjoining the release of the records. County will not, under any circumstances, be responsible for securing such an order, nor will County be in any way financially responsible for any costs associated with securing such an order.

25. Legal Arizona Workers Act Compliance.

25.1. Compliance with Immigration Laws. Contractor hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to its employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). Contractor will further ensure that each subcontractor who performs any work for Contractor under this Contract likewise complies with the State and Federal Immigration Laws.

25.2. Books & Records. County has the right at any time to inspect the books and records of Contractor and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.

25.3. Remedies for Breach of Warranty. Any breach of Contractor's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, is a material breach of this Contract subjecting Contractor to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result,

Contractor will be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion. Any additional costs attributable directly or indirectly to such remedial action are the responsibility of Contractor.

25.4. Subcontractors. Contractor will advise each subcontractor of County's rights, and the subcontractor's obligations, under this Section 25 by including a provision in each subcontract substantially in the following form:

> "Subcontractor hereby warrants that it will at all times during the term of this contract comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor is a material breach of this contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

26. Grant Compliance. Not applicable to this Agreement.

27. Written Orders. County will order products or services under this Contract by issuing a Delivery Order (DO) document. Order documents will be furnished to Contractor via e-mail or telephone.

Contractor must not supply materials or services pursuant to the contract that are not documented or authorized by a Delivery Order (DO) at the time of provision. County accepts no responsibility for control of or payment for materials or services not documented by a County Delivery Order (DO).

Contractor will establish, monitor, and manage an effective contract administration process that assures compliance with all requirements of this Contract. In particular, Contractor will not provide goods or services other than those described in this Contract, in excess of the Maximum Payment Amount, or after the Term of the Contract has ended, without a Contract amendment properly executed and issued by County, as provided below. Any items provided in excess of that stated in this Contract are at Contractor's own risk.

28. Counterparts. The parties may execute the Contract that County awards in any number of counterparts, each counterpart is considered an original, and together such counterparts constitute one and the same instrument.

29. Israel Boycott Certification. Pursuant to A.R.S. § 35-393.01, if Contractor engages in for-profit activity and has 10 or more employees, and if this Contract has a value of $100,000.00 or more, Contractor certifies it is not currently engaged in, and agrees for the duration of this Contract to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

30. Forced Labor of Ethnic Uyghurs. Pursuant to A.R.S. § 35-394 if Contractor engages in for-profit activity and has 10 or more employees, Contractor certifies it is not currently using, and agrees for the duration of this Contract to not use (1) the forced labor of ethnic Uyghurs in the

People's Republic of China; (2) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China; and (3) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. If Contractor becomes aware during the term of the Contract that the Company is not in compliance with A.R.S. § 35-394, Contractor must notify the County within five business days and provide a written certification to County regarding compliance within one hundred eighty days.

31. **Amendment.** The County may extend or revise this Contract by notifying Contractor in writing of the change, which notice will be in the form of a revised "Master Agreement." If Contractor does not object in writing to the proposed changes within ten (10) calendar days after receipt of the notice, Contractor will be deemed to have accepted the changes, and the revision will be binding on the parties, effective as of the date the notice was issued. If Contractor objects to one or more of the changes, then the proposed changes will be deemed to be ineffective.

32. **Entire Agreement.** This document constitutes the entire agreement between the parties pertaining to the subject matter it addresses, and this Contract supersedes all prior or contemporaneous agreements and understandings, oral or written.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

This Contract will become effective when all parties have signed it. The effective date of the Contract will be the date this Contract is signed by the last party (as indicated by the date associated with that party's signature).

IN WITNESS WHEREOF, the parties have approved this Cooperative Procurement Agreement and agree to be bound by the terms and conditions of the Contract on the dates written below.

Pima County

_____
Chair, Board of Supervisors

_____
Date

The Lincoln National Life Insurance Company

MW
Authorized Officer Signature

Mike Walsh, Sr Account Director
Printed Name and Title

4.29.24
Date

ATTEST

_____
Clerk of the Board

_____
Date

APPROVED AS TO CONTENT

Cathy Bohland Digitally signed by Cathy Bohland DN: cn=Cathy Bohland, o=Pima County, ou=Human Resources Department, email=Cathy.Bohland@pima.gov, c=US Date: 2024.05.02 11:19:09 -07'00'
_____
Department Head

_____
Date

This contract template has been approved as to form by the Pima County Attorney's Office.

Exhibit A: Scope of Services

Short-Term Disability Insurance

To provide Short Term Disability Insurance to all benefits eligible Pima County employees.

Eligibility and Effective Date of Benefit

To be eligible for benefits, an employee must be a regular full-time, part-time, temporary, or variable-time employee hired to work twenty (20) or more hours per week, Coverage becomes effective after 90 days of eligibility.

Qualification for Disability

To be eligible for this benefit, employee must be under the care of a licensed physician and due to their own sickness or injury, unable to perform the duties and/or the regular schedule of the job held when the employee became disabled. Employees must comply with all requirements to be eligible for this benefit. This benefit excludes on-the-job injuries. Other Contractor exclusions may apply.

Employee Requirements

Employees must notify County of disability and complete all necessary paperwork.

Employee will receive additional paperwork from Contractor, which must be completed and returned. Employee must provide Proof of Claim showing date disability began and its cause and degree to Contractor. Proof of Claim may include, but is not limited to, statement by employee, statement by physician with descriptions of any restrictions, proof of any other income received, an authorization to obtain more information for claim and any other support of claim required.

Employees must provide proof of continued disability and physician's care to Contractor upon request.

County Requirements

Initial notice of a disability claim will be submitted to the Contractor by the County.

County will verify benefits eligibility and provide approval to Contractor.

County self-bills and will generate a monthly invoice based on all current benefits eligible employees. Salary information will be captured once per year for premium purposes only and claims will be based on current salary information.

County will send weekly electronic eligibility files to Contractor.

Contractor Requirements

Contractor will send required claim forms to the Employee and County for filing the required proof.

Once all requirements are met, Contractor is to provide a written Determination of Claim to County and Employee stating if claim is approved, denied, or suspended, as well as what further information may be necessary.

Reports will be provided to County from Contractor on all claims.

Contractor will be responsible for payment of short-term disability benefit to Employee after claim is approved to include any necessary retroactive payments. Claims determination to be made within 3-5 business days after receipt of all completed documentation. Payment is mailed out the next business day following approval. Subsequent payments will be made on a weekly basis.

Contractor will provide W-2s to all Employees who have received short-term disability benefits within the calendar year and pay the employer portion of the FICA match as required by law.

Benefit Calculation & Elimination Period

Benefits will begin 14 days after the date last worked and will not exceed 24 weeks of pay.

Weekly benefit will be based on 66.67% of weekly salary at time of disability or $1,500 per week, whichever is less.

Other individual income will be documented and may reduce benefit per the restrictions of the insurance policy.

*The Scope of Services is only a summary of the Lincoln Financial Short Term Disability Policy. It describes some, but not all, of the features of the Lincoln Financial Short Term Disability Policy. The actual provisions of the Lincoln Financial Short Term Disability Policy govern and control. See Attachment 1: Group Insurance Policy (29 pages).

AMENDMENT NO. 2

TO BE ATTACHED TO AND MADE PART OF GROUP POLICY NO.: 000010251022

ISSUED TO: Pima County

It is agreed that the above policy be replaced with the attached Policy, which is revised and dated March 1, 2024.

The effective date of this amendment is March 1, 2024; but only with respect to losses incurred on or after that date. Nothing contained in this amendment shall change any of the terms and conditions of this Policy; except as stated above.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

Officer of the Company

Accepted by the Group Policyholder this _____ day of _____ 20_____

By _____ Title _____

Lincoln Financial Group®

The Lincoln National Life Insurance Comp ny
A Stock Company Home Office Location: Fort W yne, Indi na
Group Insurance Service Office: 8801 Indian Hill D ive, Om h , NE 68114-4066
(800) 423-2765 Online: www.LincolnFinancial.com

ou Policyholder:

Pima County

In Con ide ation of the Group Policyholder's application for this Policy and payment of all p emium when due, The incoln National Life Insurance Company agrees to make the payments ovided in this Policy to the e son entitled to them.

The fir t emium for this Policy is due on its effective date. Subsequent premiums e due on May 1, 2019, nd on the ame day of each month after that. Policy anniversaries will be each July 1st; unless hown otherwi e on the Premium Rate Schedule inside.

The rovi ions and conditions set forth on the following pages are a part of this Policy, as fully a if recited ove the sign tu es below.

The incoln National Life Insurance Company has executed this Policy at its Grou Insu ance Service Office in Om ha, Nebraska. The issue date of this Policy is April 1, 2019.

SECRETARY PRESIDENT

GROUP INSURANCE POLICY
No. 000010251022
PROVIDING
WEEKLY DISABILITY INCOME INSURANCE

TABLE OF CONTENTS

Pima County
000010251022
SCHEDULE OF INSURANCE

ELIGIBLE CLASS

Class 1	All Regular, Full-Time and Regular Part-Time, Temporary and Variable-Time Employees

This Policy does not replace or provide benefits required by Workers' Compensation laws or any state disability insurance plan laws.

Pima County
000010251022
SCHEDULE OF INSURANCE
For
Class 1 - All Regular, Full-Time and Regular Part-Time, Temporary and Variable-Time Employees

MINIMUM HOURS: 20 hours per week

WAITING PERIOD: (For date insurance begins, refer to "Effective Date" section)
90 days of continuous Active Work

CONTRIBUTIONS: Insured Employees are not required to contribute to the cost of the Weekly Disability Income Insurance.

WEEKLY DISABILITY INCOME INSURANCE

BENEFIT PERCENTAGE: 66 2/3%

MAXIMUM WEEKLY BENEFIT: $1,500

MINIMUM WEEKLY BENEFIT: 10% of the Weekly Total Disability Benefit

DAY BENEFITS BEGIN: 15th consecutive day of Disability due to Accidental Injury; and
15th consecutive day of Disability due to Sickness.

The Day Benefits Begin may be reached by days of Total Disability, Partial Disability, or any combination thereof.

MAXIMUM BENEFIT PERIOD: 24 weeks

The Maximum Weekly Benefit will not exceed the Benefit Percentage times Basic Weekly Earnings.

Weekly Disability Income Insurance will terminate when an Insured Person retires.

ADDITIONAL FEATURES:

Family Income Benefit: 3 times the Insured Person's last Weekly Benefit payable immediately prior to death.

Rehabilitation Assistance Benefit:
- Rehabilitation Incentive Benefit of 5% of Basic Weekly Earnings
- Reasonable Accommodation Benefit
- Vocational Rehabilitation Benefit

DEFINITIONS

As used throughout this Policy, the following terms shall have the meanings indicated below. Other parts of this Policy contain definitions specific to those provisions.

ACTIVE WORK or **ACTIVELY AT WORK** means an Employee's performance of all Main Duties of his or her Own Occupation, for the regularly scheduled number of hours, at:

(1) the Employer's place of business; or
(2) any other business location where the Employer requires the Employee to travel.

Unless disabled on the prior workday or on the day of absence, an Employee will be considered Actively at Work on the following days:

(1) a Saturday, Sunday or holiday that is not a scheduled workday;
(2) a paid vacation day, or other scheduled or unscheduled non-workday; or
(3) a non-medical leave of absence of 12 weeks or less, whether taken with the Employer's prior approval or on an emergency basis.

This includes a Military Leave or an approved Family or Medical Leave that is not due to the Employee's own health condition.

BASIC WEEKLY EARNINGS or **PREDISABILITY INCOME** means the Insured Person's average weekly base salary or hourly pay from the Employer before taxes on the Determination Date. The **"Determination Date"** is the last day worked just prior to the date the Disability begins.

It does **not** include commissions, bonuses, overtime pay, or any other extra compensation. It does **not** include income from a source other than the Employer. It will not exceed the amount shown in the Employer's financial records, the amount for which premium has been paid, or the Maximum Covered Weekly Earnings permitted by this Policy; whichever is less. (Maximum Covered Weekly Earnings equals the Maximum Weekly Benefit divided by the Benefit Percentage shown in the Schedule of Insurance.) Exception: For purposes of determining the Partial Disability Weekly Benefit, Basic Weekly Earnings will not exceed the amount shown in the Employer's financial records.

COMPANY means The Lincoln National Life Insurance Company, an Indiana corporation. Its Group Insurance Service Office address is 8801 Indian Hills Drive, Omaha, Nebraska 68114-4066.

DAY or **DATE** means the period of time that begins at 12:01 a.m. and ends at 12:00 midnight, standard time, at the Group Policyholder's place of business. When used with regard to effective dates, it means 12:01 a.m. When used with regard to termination dates, it means 12:00 midnight.

DISABILITY or DISABLED means Total Disability or Partial Disability.

DISABILITY BENEFIT, when used with the term Retirement Plan, means a benefit that:

(1) is payable under a Retirement Plan due to disability as defined in that plan; and
(2) does not reduce the benefits that would have been paid as Retirement Benefits at the normal retirement age under the plan if the disability had not occurred.

If the payment of the benefit does cause such a reduction, the benefit will be deemed a Retirement Benefit as defined in this Policy.

EMPLOYEE or FULL-TIME EMPLOYEE or REGULAR PART-TIME EMPLOYEE means a person:

(1) whose employment with the Employer is the person's main occupation;
(2) whose employment is for regular wage or salary, on a full-time or part-time basis;
(3) who is regularly scheduled to work at such occupation at least the Minimum Hours shown in the Schedule of Insurance;
(4) who is a member of an Eligible Class which is eligible for coverage under this Policy; and
(5) who is a citizen of the United States or legally works in the United States.

EMPLOYER means the Group Policyholder. It includes any division, subsidiary or affiliated company named in the Application or Participation Agreement.

EVIDENCE OF INSURABILITY means a statement of proof of an Employee's medical history. The Company uses this to determine his or her acceptance for insurance or an increased amount of insurance. Such proof will be provided at the Employee's own expense.

FAMILY OR MEDICAL LEAVE means an approved leave of absence that:
(1) is subject to the federal FMLA law (the Family and Medical Leave Act of 1993 and any amendments to it) or a similar state law;
(2) is taken in accord with the Employer's leave policy and the law which applies; and
(3) does not exceed the period approved by the Employer and required by that law.

Under the federal FMLA law, such leaves are permitted for up to 12 weeks in a 12-month period as defined by the Employer. The 12 weeks:
(1) may consist of consecutive or intermittent work days; or
(2) may be granted on a part-time equivalency basis.

If an Employee is entitled to a leave under both the federal FMLA law and a similar state law, he or she may elect the more favorable leave (but not both). If an Employee is on an FMLA leave due to his or her own health condition on the date Policy coverage takes effect, he or she is not considered Actively at Work.

FULL-TIME, as it applies to the Partial Disability Benefit, means the average number of hours the Insured Person was regularly scheduled to work, at his or her Own Occupation, during the week just prior to:
(1) the date Disability begins; or
(2) the date an approved leave of absence begins, if Disability begins while the Insured Person is continuing coverage during a leave of absence.

GROUP POLICYHOLDER means the person, company, trust or other organization as shown on the Title Page of this Policy.

INJURY means bodily Injury which results directly from an accident, independently of all other causes. In determining Weekly Benefits, a Disability will be considered caused by a Sickness if:
(1) the Disability begins more than 60 days after the Injury; or
(2) the Injury occurred before the Insured Person's Effective Date under this Policy.

The term "Injury" shall not include any:
(1) condition to which a Sickness, its natural progression or its treatment is a substantial contributing cause (based upon the preponderance of medical evidence);
(2) condition caused by emotional stress or trauma; infection (except pyogenic bacterial infection of an Injury); or medical or surgical treatment (except when needed solely for an Injury);
(3) repetitive trauma condition which results from repetitious, physically traumatic activities that occur over time; or
(4) pregnancy; except for complications that result from an Injury.

INSURANCE MONTH or **POLICY MONTH** means that period of time:
(1) beginning at 12:01 a.m. Standard Time, at the Group Policyholder's place of business on the first day of any calendar month; and
(2) ending at 12:00 midnight on the last day of the same calendar month.

INSURED PERSON means a Person for whom Policy coverage is in effect.

MAIN DUTIES or **MATERIAL AND SUBSTANTIAL DUTIES** means those job tasks that:
(1) are normally required to perform the Insured Person's Own Occupation; and
(2) could not reasonably be modified or omitted.

To determine whether a job task could reasonably be modified or omitted, the Company will apply the Americans with Disabilities Act's standards concerning reasonable accommodation. It will apply the Act's standards, whether or not:

(1) the Employer is subject to the Act; or
(2) the Insured Person has requested such a job accommodation.

An Employer's failure to modify or omit other job tasks does **not** render the Insured Person unable to perform the Main Duties of the job.

Main Duties include those job tasks:

(1) as described in the U.S. Department of Labor Dictionary of Occupational Titles; and
(2) as performed in the general labor market and national economy.

Main Duties are **not** limited to those specific job tasks as performed for a certain firm or at a certain work site.

MEDICALLY APPROPRIATE TREATMENT means diagnostic services, consultation, care or services that are consistent with the symptoms or diagnosis causing the Insured Person's Disability. Such treatment must be rendered:

(1) by a Physician whose license and any specialty are consistent with the disabling condition; and
(2) according to generally accepted, professionally recognized standards of medical practice.

MILITARY LEAVE means a leave of absence that:

(1) is subject to the federal USERRA law (the Uniformed Services Employment and Reemployment Rights Act of 1994 and any amendments to it);
(2) is taken in accord with the Employer's leave policy and the federal USERRA law; and
(3) does not exceed the period required by that law.

OWN OCCUPATION or **REGULAR OCCUPATION** means the occupation, trade or profession:

(1) in which the Insured Person was employed with the Employer prior to Disability; and
(2) which was his or her main source of earned income prior to Disability.

It means a collective description of related jobs, as defined by the U.S. Department of Labor Dictionary of Occupational Titles. It includes any work in the same occupation for pay or profit, regardless of:

(1) whether such work is with the Employer, with some other firm, or on a self-employed basis; or
(2) whether a suitable opening is currently available with the Employer or in the local labor market.

PARTIAL DISABILITY or **PARTIALLY DISABLED** means that, due to an Injury or Sickness, the Insured Person:

(1) is unable to perform one or more of the Main Duties of his or her Own Occupation, or is unable to perform such duties Full-Time; and
(2) is engaged in Partial Disability Employment.

PARTIAL DISABILITY EMPLOYMENT means the Insured Person is working at his or her Own Occupation or any other occupation; however, because of a Partial Disability:

(1) the Insured Person's hours or production is reduced;
(2) one or more Main Duties of the job are reassigned; or
(3) the Insured Person is working in a lower-paid occupation.

During Partial Disability Employment, his or her current earnings:

(1) must be at least 20% of Predisability Income; and
(2) may not exceed the percentage specified in the Partial Disability Benefit section.

PERSON means an Employee of the Employer:
(1) who is a member of an Employee class which is eligible for coverage under this Policy; and
(2) who has completed an enrollment form.

PERSONAL INSURANCE means the insurance provided by this Policy on Insured Persons.

PHYSICIAN means:
(1) a legally qualified medical doctor who is licensed to practice medicine, to prescribe and administer drugs, or to perform surgery; or
(2) any other duly licensed medical practitioner who is deemed by state law to be the same as a legally qualified medical doctor.

The medical doctor or other medical practitioner must be acting within the scope of his or her license. He or she must be qualified to provide Medically Appropriate Treatment for the Insured Person's disabling condition.

Physician does **not** include the Insured Person or a relative of the Insured Person receiving treatment. Relatives include:
(1) the Insured Person's spouse, siblings, parents, children and grandparents; and
(2) his or her spouse's relatives of like degree.

POLICY means this group insurance Policy issued by the Company to the Group Policyholder.

PREDISABILITY INCOME--See Basic Weekly Earnings definition.

REGULAR CARE OF A PHYSICIAN means the Insured Person:
(1) personally visits a Physician, as often as medically required according to standard medical practice to effectively manage and treat his or her disabling condition; and
(2) receives Medically Appropriate Treatment, by a Physician whose license and any specialty are consistent with the disabling condition.

REGULAR OCCUPATION--See Own Occupation or Regular Occupation definition.

RETIREMENT BENEFIT, when used with the term Retirement Plan, means a benefit that:
(1) is payable under a Retirement Plan either in a lump sum or in the form of periodic payments;
(2) does not represent contributions made by an Insured Person (Payments representing Employee contributions are deemed to be received over the Insured Person's expected remaining life, regardless of when they are actually received.); and
(3) is payable upon:
  (a) early or normal retirement; or
  (b) disability (if the payment does reduce the benefit which would have been paid at the normal retirement age under the plan, if disability had not occurred).

RETIREMENT PLAN means a defined benefit or defined contribution plan that:
(1) provides Retirement Benefits to Employees; and
(2) is not funded wholly by Employee contributions.

The term shall **not** include any 401(k), profit-sharing or thrift plan; informal salary continuance plan; individual retirement account (IRA); tax sheltered annuity (TSA); stock ownership plan; or a non-qualified plan of deferred compensation.

An Employer's Retirement Plan is deemed to include any Retirement Plan:
(1) which is part of any federal, state, county, municipal or association retirement system; and
(2) for which the Insured Person is eligible as a result of employment with the Employer.

SICK LEAVE or **SALARY CONTINUANCE PLAN** means a plan that:
(1) is established and maintained by the Employer for the benefit of Employees; and
(2) continues payment of all or part of an Insured Person's Predisability Income for a specified period after he or she becomes Disabled.

It does **not** include compensation the Employer pays an Insured Person for work actually performed during a Disability.

SICKNESS means illness, pregnancy or disease.

TOTAL DISABILITY or **TOTALLY DISABLED** means the Insured Person's inability, due to Sickness or Injury, to perform each of the Main Duties of his or her Own Occupation. A Person engaging in any employment for wage or profit is not Totally Disabled. The loss of a professional license, an occupational license or certification, or a driver's license for any reason does **not**, by itself, constitute Total Disability.

WAITING PERIOD means the period of time an Employee must be employed in an eligible class with the Employer, before he or she becomes eligible to enroll for coverage under this Policy. The period of service must be continuous, except as explained in the Eligibility provision captioned Prior Service Credit Towards Waiting Period.

WEEKLY BENEFIT means the amount payable weekly by the Company to the Insured Person who is Totally Disabled or Partially Disabled.

WORKERS' COMPENSATION OR SIMILAR COVERAGE means coverage under a law that compensates for job related Injury or Sickness. It includes (but is not limited to):
(1) coverage under any Workers' Compensation or occupational disease law;
(2) coverage under the Jones Act; the Longshoreman's and Harbor Worker's Act; the Maritime Doctrine of Maintenance, Wages or Cure; or
(3) any plan provided in place of one of those plans.

GENERAL PROVISIONS

ENTIRE CONTRACT. The entire contract between the parties shall consist of:
(1) this Policy and any amendments to it;
(2) the Group Policyholder's application (a copy of which is attached);
(3) any Participating Employers' applications or Participation Agreements; and
(4) any individual applications of Insured Persons.

In the absence of fraud, all statements made by the Group Policyholder and by Insured Persons are representations and not warranties. No statement made by an Insured Person will be used to contest the coverage provided by this Policy, unless:
(1) it is contained in a written statement signed by that Insured Person; and
(2) a copy of the statement has been furnished to that Insured Person.

AUTHORITY TO MAKE OR AMEND CONTRACT. Only a Company Officer located in the Company's Group Insurance Service Office has the authority to:
(1) determine the insurability of a group or any individual within a group;
(2) make a contract in the Company's name;
(3) amend or waive any provision of this Policy; or
(4) extend the time for payment of any premium.
No change in this Policy will be valid, unless it is made in writing and signed by such a Company Officer.

INCONTESTABILITY. Except for the non-payment of premiums or fraud, the Company may not contest the validity of this Policy after it has been in force for two years from its date of issue; and as to any Insured Person, after his or her coverage has been in force for two years during his or her lifetime. This clause does not preclude, at any time, the assertion of defenses based upon:
(1) this Policy's eligibility requirements, exclusions and limitations; and
(2) other Policy provisions unrelated to the validity of coverage.

RESCISSION. The Company has the right to rescind any insurance for which Evidence of Insurability was required, if:
(1) an Insured Person incurs a claim during the first two years of coverage; and
(2) the Company discovers that the Insured Person made a Material Misrepresentation on his or her application.

A **"Material Misrepresentation"** is an incomplete or untrue statement that caused the Company to issue coverage that it would have disapproved, had it known the truth. **"To rescind"** means to cancel insurance back to its effective date. In that event, the Company will refund all premium paid for the rescinded insurance, less any benefits paid for Insured Person's claims. The Company reserves the right to recover any claims paid in excess of such premiums.

NONPARTICIPATION. This is a non-participating Policy. It will not share in the divisible surplus of the Company.

INFORMATION TO BE FURNISHED. The Group Policyholder and any Participating Employers may be required to furnish any information needed to administer this Policy, including:
(1) information about Persons:
  (a) who become eligible for insurance;
  (b) whose amounts of coverage change; or
  (c) whose eligibility or coverage ends;
(2) occupational information and other facts that may be needed to manage a claim; and
(3) any other information that the Company may reasonably require.
The Company may inspect the Group Policyholder's or any Participating Employer's records that relate to this Policy, at any reasonable time.

Clerical error by the Group Policyholder or Participating Employer:
(1) will not void or terminate insurance that otherwise would be in effect;
(2) will not result in insurance coverage that otherwise would not be in effect; and
(3) will not continue insurance that otherwise would be terminated.

Once an error is discovered, a fair adjustment in premium will be made. If a premium adjustment involves the return of unearned premium, the amount of the return will be limited to the 12-month period that precedes the date the Company receives proof such an adjustment should be made.

MISSTATEMENTS OF FACTS. If relevant facts about any Person were misstated:
(1) a fair adjustment of the premium will be made; and
(2) the true facts will decide if and in what amount insurance is valid under this Policy.

If an Insured Person's age has been misstated, any benefits shall be in the amount the paid premium would have purchased at the correct age.

ACTS OF THE POLICYHOLDER. In administering this Policy, the Group Policyholder must:
(1) treat Employees the same in like situations; and
(2) allow the Company, without inquiry, to rely on its acts.

GROUP POLICYHOLDER'S AGENCY. For all purposes of this Policy, the Group Policyholder acts on its own behalf or as an agent of the Insured Person. Under no circumstances will the Group Policyholder be deemed the agent of the Company.

CERTIFICATES. The Group Policyholder will be furnished with individual Certificates for delivery to each Insured Person. These certificates summarize the benefits provided by this Policy. If there is a conflict between this Policy and the Certificate, this Policy will control.

CONFORMITY WITH STATE STATUTES. If, on its effective date, any provision of this Policy conflicts with any applicable law, the provision will be deemed to conform to the minimum requirements of the law.

CURRENCY. In administering this Policy:
(1) all Predisability Income will be expressed in U.S. dollars; and
(2) all premium and benefit amounts must be paid in U.S. dollars.

WORKERS' COMPENSATION OR STATE DISABILITY INSURANCE. This Policy does not replace or provide benefits required by:
(1) Workers' Compensation laws; or
(2) any state temporary disability insurance plan laws.

ASSIGNMENT. The rights and benefits under this Policy may not be assigned.

ELIGIBILITY AND EFFECTIVE DATES

ELIGIBLE CLASSES. The classes of Employees eligible for insurance are shown in the Schedule of Insurance. The Company has the right to review and terminate any or all classes eligible under this Policy, if any class ceases to be covered by this Policy.

ELIGIBILITY. A Person becomes eligible for coverage provided by this Policy on the later of:
(1) this Policy's date of issue; or
(2) the date the Waiting Period is completed.

Prior Service Credit Towards Waiting Period. The Waiting Period is shown in the Schedule of Insurance. Prior service in an Eligible Class will apply toward the Waiting Period, when:
(1) For Class 1, a former Employee is rehired within one year after his or her employment ends; or
(2) an Employee returns from an approved Family or Medical Leave within:
  (a) the 12-week leave period required by federal law; or
  (b) any longer period required by a similar state law; or
(3) an Employee returns from a Military Leave within the period required by federal USERRA law.

EFFECTIVE DATE. A Person's initial amount of Personal Insurance becomes effective at 12:01 a.m. on the latest of:
(1) the next day following the date the Person becomes eligible for the coverage;
(2) the date the Person resumes Active Work, if not Actively at Work on the day he or she becomes eligible;
(3) the date the Person makes written application for coverage and signs:
  (a) a payroll deduction order, if the Insured Person pays any part of this Policy's premiums; or
  (b) an order to pay premiums from the Person's Flexible Benefits Plan account, if Employer contributions are made through such an account; or
(4) the date the Company approves the Person's Evidence of Insurability, if required.

Any increased or additional coverage becomes effective at 12:01 a.m. on the latest of:

(1) the Policy Anniversary Date coinciding with or next following the date on which the Insured Person becomes eligible for the increase, if Actively at Work on that day;
(2) the date the Insured Person resumes Active Work, if not Actively at Work on the day the increase would otherwise take effect; or
(3) the date any required Evidence of Insurability is approved by the Company.

Any decrease will take effect on the Policy Anniversary Date coinciding with or next following the day of the change, whether or not the Insured Person is Actively at Work.

Evidence of Insurability. Evidence of Insurability satisfactory to the Company must be submitted (at the Employee's expense) when:
(1) a Person makes written application for coverage (or an increased amount of coverage) more than 31 days after becoming eligible for the coverage; or
(2) a Person makes written application for coverage after he or she has requested:
  (a) to cancel insurance;
  (b) to stop payroll deductions for the insurance; or
  (c) to stop premium payments from the Flexible Benefits Plan account.

Effective Date for Change in Eligible Class. An Insured Person may become a member of a different Eligible Class. Coverage under the different Eligible Class will be effective:
(1) on the first day of the Insurance Month coinciding with or next following the date of the change;
(2) except as stated in the Effective Date provision for increases or decreases.

REINSTATEMENT RIGHTS. If an Insured Person's coverage terminates due to one of the following breaks in service, he or she will be entitled to reinstate the coverage upon resuming Active Work with the Employer within the required timeframe. **"Reinstatement"** or **"to reinstate"** means to re-enroll for this Policy's coverage, without satisfying a new Waiting Period or providing Evidence of Insurability. Reinstatement is available upon:

(1) return from an approved Family or Medical Leave within:
  (a) the 12-week period required by federal law; or
  (b) any longer period required by a similar state law;
(2) return from a Military Leave within the period required by federal USERRA law; or
(3) For Class 1, return from any other approved leave of absence within six months after the leave begins.

To reinstate coverage, the Insured Person must apply for coverage or be re-enrolled within 31 days after resuming Active Work in an Eligible Class. The reinstated amount of insurance may not exceed the amount that terminated. Reinstatement will take effect on the date the Insured Person returns to Active Work.

INDIVIDUAL TERMINATIONS

TERMINATION OF COVERAGE. An Insured Person's coverage will terminate at 12:00 midnight on the earliest of:

(1) the date this Policy terminates or the Employer's participation terminates (but without prejudice to any claim incurred prior to termination);
(2) the date the Insured Person's Class is no longer eligible for insurance;
(3) the date the Insured Person ceases to be a member of an Eligible Class;
(4) the last day of the Insurance Month in which the Insured Person requests termination;
(5) the last day of the last Insurance Month for which premium payment is made on the Insured Person's behalf;
(6) the end of the period for which the last required premium has been paid;
(7) with respect to any particular insurance benefit, the date the portion of this Policy providing that benefit terminates;
(8) the date the Insured Person's employment with the Group Policyholder or Participating Employer terminates (unless coverage is continued as provided below); or
(9) the date the Insured Person enters the armed services of any state or country on active duty, except for duty of 30 days or less for training in the Reserves or National Guard. (If the Insured Person sends proof of military service, the Company will refund any unearned premium).

CONTINUATION RIGHTS. Ceasing Active Work results in termination of the Insured Person's eligibility for coverage, but coverage may be continued as follows.

Disability. If the Insured Person is absent due to Total Disability or engaged in Partial Disability Employment, coverage may be continued:

(1) until the Day Benefits Begin; and
(2) during the period for which benefits are payable.

The Company must receive the required premium from the Employer.

Family or Medical Leave. If an Insured Person goes on an approved Family or Medical Leave and is **not** entitled to the more favorable continuation available during Disability, coverage may be continued until the earliest of:

(1) the end of the leave period approved by the Employer;
(2) the end of the leave period required by federal law, or any more favorable period required by a similar state law;
(3) the date the Insured Person notifies the Employer that he or she will not return; or
(4) the date the Insured Person begins employment with another employer.

The required premium payments must be received from the Employer, throughout the period of continued coverage.

Military Leave. If an Insured Person goes on a Military Leave, coverage may be continued for the same period allowed for an approved Family or Medical Leave. The required premium payments must be received from the Employer, throughout the period of continued coverage.

Lay Off or Other Leave. When an Insured Person ceases work due to a temporary lay off, or due to an approved leave of absence (other than an approved Family or Medical Leave or a Military Leave); coverage may be continued for three Insurance Months after the lay off or leave begins. The required premium payments must be received from the Employer, throughout the period of continued coverage.

Conditions. In administering the above continuations, the Employer must not act so as to discriminate unfairly among Insured Persons in similar situations. Insurance may **not** be continued when an Insured Person ceases Active Work due to a labor dispute, strike, work slowdown or lockout.

INDIVIDUAL TERMINATION DURING DISABILITY. Termination of an Insured Person's coverage during a Disability will have no effect on benefits payable for that period of Disability.

PREMIUMS AND PREMIUM RATES

PAYMENT OF PREMIUMS. No coverage provided by this Policy will be in effect until the first premium for such coverage is paid. For coverage to remain in effect, each subsequent premium must be paid on or before its due date. The Group Policyholder is responsible for paying all premiums as they become due. Premiums are payable on or before their due dates at the Company's Group Insurance Service Office. The premium must be paid in U.S. dollars.

PREMIUM RATE CHANGE. The Company may change any premium rate on any of the following dates:

(1) the date this Policy's terms are changed;
(2) the date the Company's liability is changed due to a change in federal, state or local law;
(3) the date the Company's liability is changed because the Group Policyholder (or any covered division, subsidiary or affiliated company):
    (a) relocates, dissolves or merges, or is added to or removed from this Policy; or
    (b) ceases to be covered by the state Worker's compensation program or any other program of like intent; or
    (c) ceases to provide or reduces Sick Leave or Salary Continuance Plan benefits;
(4) the date any coverage for one or more classes ceases to be provided under this Policy;
(5) the date the number of Insured Persons changes by 25% or more from the enrollment on the date this Policy took effect, or the most recent Rate Guarantee Date expired, if later; or
(6) on any premium due date on or after this Policy's first anniversary, or any later rate guarantee date agreed upon by the Company.

Unless the Company and the Group Policyholder agree otherwise, the Company will give at least 60 days' advance written notice of any increase in premium rates.

PREMIUM AMOUNT. The amount of premium due on each due date will be the sum of the products obtained by multiplying each rate shown in the Premium Rate Schedule by the amount of insurance to which the rate applies.

Premium adjustments will not be pro-rated daily. Instead, premium will be adjusted as follows.

(1) When an Insured Person's insurance or increase takes effect, premium will be charged from the monthly due date coinciding with or next following that change.
(2) When all or part of an Insured Person's insurance terminates, the applicable premium will cease on the monthly due date coinciding with or next following that termination.
(3) When premiums are paid other than monthly, increases or decreases will result in adjustment from the premium due date coinciding with or next following that change.

The above manner of charging premium is for accounting purposes only. It will not extend coverage beyond a date it would have otherwise terminated. Each premium payment will include any adjustments in past premiums, which are needed due to changes that have not yet been taken into account. If a premium adjustment involves a return of unearned premium, the refund will be limited to the prior 12-month period.

PREMIUM RATE SCHEDULE

Monthly Weekly Disability Income Rate	$.315 per $10 of weekly benefit

GRACE PERIOD

A grace period of 60 days from the due date will be allowed for the payment of each premium after the first. This Policy will remain in effect during the grace period; unless the Group Policyholder gives the Company advance written notice of termination. The Group Policyholder will remain liable for payment of a pro rata premium for the time this Policy remained in force during the grace period.

POLICY TERMINATION

TERMINATION BY THE COMPANY. To terminate this Policy, the Company must give the Group Policyholder at least 31 days' advance written notice of its intent to do so. The Company may terminate this Policy coverage on the due date of any premium; if:

(1) the total number of Insured Persons is less than ten;
(2) all of the premium is paid by the Group Policyholder and less than 100% of those eligible for coverage are insured;
(3) part of the premium is paid by Insured Persons and less than 75% of those eligible for coverage are insured;
(4) the Group Policyholder, without good cause, fails to:
    (a) promptly furnish any information the Company reasonably requires; or
    (b) perform its duties pertaining to this Policy in good faith;
(5) the Company terminates all other policies where permitted by their terms, which provide weekly disability income insurance in the same state in which this Policy was issued; or
(6) state law otherwise requires this Policy to be terminated.

TERMINATION BY GROUP POLICYHOLDER. The Group Policyholder may terminate this Policy at any time, by giving the Company advance written notice. Coverage will then terminate:

(1) on the date the Company receives the notice; or
(2) any later date the Group Policyholder and the Company have agreed upon.

The Group Policyholder remains responsible for the payment of premiums to the date of termination.

AUTOMATIC TERMINATION. If any premium remains unpaid at the end of the Grace Period; then this Policy will automatically terminate, without any action on the Company's part, on the last day of the Grace Period. The Group Policyholder remains responsible for the payment of premiums to the date of termination.

EFFECT ON INCURRED CLAIMS. Termination of this Policy will not affect benefits otherwise payable for a claim incurred while this Policy is in force.

CLAIMS PROCEDURES
FOR WEEKLY DISABILITY INCOME BENEFITS

NOTICE AND PROOF OF CLAIM -- Notice of Claim. Written notice of a Disability claim must be given:
(1) within 20 days after the Injury or Sickness causing Disability begins; or
(2) as soon as reasonably possible after that.*
The notice must be sent to the Company's Group Insurance Service Office. It should include the Insured Person's name and address and the number of this Policy.

laim Forms. When notice of claim is received, the Company will send claim forms for filing the required proof. If the Company does not send the forms within 15 days, the Insured Person may send the Company written proof of Disability in a letter. It should state the date the Disability began, its cause and degree. The Company will periodically send the Insured Person additional claim forms.

Proof of Claim. The Company must be given written proof of a Disability claim:
(1) within 90 days after the Day Benefits Begin; or
(2) as soon as reasonably possible after that.*

Proof of claim must be provided at the Insured Person's own expense. It must show the date the Disability began, its cause and degree. Documentation must include the following:
(1) completed statements by the Insured Person and the Employer;
(2) a completed statement by the attending Physician, which must describe any restrictions on the performance of the duties of the Insured Person's Regular Occupation;
(3) proof of any other income received, and of any other benefits available from other income sources, which may affect Policy benefits;
(4) a signed authorization for the Company to obtain more information; and
(5) any other items the Company may reasonably require in support of the claim.

Proof of continued Disability, Regular Care of a Physician, and any Other Income Benefits affecting the claim must be given to the Company. This must be supplied within 45 days after the Company requests it. If it is not, benefits may be denied or suspended.

***Exception:** Failure to give notice or furnish proof of claim within the required time period will not invalidate or reduce the claim, if it is shown that it was done:
(1) as soon as reasonably possible; and
(2) in no event more than one year after it was required.
These time limits will not apply while the Insured Person lacks legal capacity.

XAMINATION. The Company may have the Insured Person examined:
(1) by a Physician, specialist or vocational rehabilitation expert of the Company's choice;
(2) as often as reasonably required while a claim or appeal is pending.

Any such exam will be at the Company's expense.

The Company may determine that (in its opinion) the Insured Person has:
(1) failed to cooperate with an examiner;
(2) failed to take an exam scheduled by the Company; or
(3) postponed such an exam more than twice.
In that event, benefits may be denied or suspended, until the required exam is completed.

CLAIMS PROCEDURES
(Continued)

TIME OF PAYMENT OF CLAIMS. Weekly Disability Income Benefits payable under this Policy will be paid immediately after the Company receives complete proof of claim and confirms liability. Such benefits will be paid biweekly, during any period for which the Company is liable. If benefits are due for less than a week, they will be paid on a pro rata basis. The daily rate will equal 1/7 of the Weekly Benefit. Any balance, which remains unpaid at the end of the period of liability, will be paid immediately after the Company receives complete proof of claim and confirms liability.

TO WHOM PAYABLE. All Weekly Disability Income Benefits are payable to the Insured Person, while living. After the Insured Person's death, such benefits will be payable to his or her estate.

NOTICE OF CLAIM DECISION. The Company will send the Insured Person a written notice of its claim decision. If the Company denies any part of the claim, the written notice will explain:

(1) the reason for the denial, under the terms of this Policy and any internal guidelines;
(2) how the Insured Person may request a review of the Company's decision; and
(3) whether more information is needed to support the claim.

This notice will be sent within 15 days after the Company resolves the claim. It will be sent within 45 days after the Company receives the first proof of claim, if reasonably possible.

Delay Notice. The Company may need more than 15 days to process the claim, due to matters beyond its control. If so, an extension will be permitted. In that event, the Company will send the Insured Person a written delay notice:

(1) by the 15th day after receiving the first proof of claim; and
(2) every 30 days after that, until the claim is resolved.

The notice will explain:

(1) what additional information is needed to determine liability; and
(2) when a decision can be expected.

If the Insured Person does not receive a written decision by the 105th day after the Company receives the first proof of claim, there is a right to an immediate review, as if the claim was denied.

Exception: The Company may need more information from the Insured Person to process a claim. If so, it must be supplied within 45 days after the Company requests it. The resulting delay will not count towards the above time limits for claim processing.

REVIEW PROCEDURE. Within 180 days after receiving a denial notice, the Insured Person may request a claim review by sending the Company:

(1) a written request; and
(2) any written comments or other items to support the claim.

He or she may review certain non-privileged information relating to the request for review.

Notice of Decision. The Company will review the claim and send the Insured Person a written notice of its decision. The notice will state the reasons for the Company's decision, under the terms of this Policy and any internal guidelines. If the Company upholds the denial of all or part of the claim, the notice will also describe:

(1) any further appeal procedures available under this Policy;
(2) the right to access relevant claim information; and
(3) the right to request a state insurance department review, or to bring legal action.

This notice will be sent within 45 days after the Company receives the request for review, or within 90 days if a special case requires more time.

Delay Notice. If the Company needs more than 45 days to process an appeal, in a special case:
(1) an extension of up to 45 more days will be permitted; and
(2) the Company will send the Insured Person a written delay notice, by the 30th day after receiving the request for review.

The notice will explain:
(1) the special circumstances which require the delay;
(2) whether more information is needed to review the claim; and
(3) when a decision can be expected.

Exception: The Company may need more information from the Insured Person to process an appeal. If so, it must be supplied within 45 days after the Company requests it. The resulting delay will not count towards the above time limits for appeal processing.

Claims Subject to ERISA (Employee Retirement Income Security Act of 1974)**.** Before bringing a civil legal action under the federal labor law known as ERISA, an employee benefit plan participant or beneficiary must exhaust available administrative remedies. Under this Policy, the plan participant or beneficiary must first seek two administrative reviews of the adverse claim decision, in accord with this section. After the required reviews:
(1) an ERISA plan participant or beneficiary may bring legal action under Section 502(a) of ERISA; and
(2) the Company will waive any right to assert that he or she failed to exhaust administrative remedies.

RIGHT OF RECOVERY. If benefits have been overpaid on any claim, full reimbursement to the Company is required within 60 days. If reimbursement is not made, the Company has the right to:
(1) reduce future benefits and suspend payment of the Minimum Weekly Benefit under this Policy, until full reimbursement is made;
(2) reduce benefits payable to the Insured Person or his or her beneficiary under any group insurance policy issued by the Company, until full reimbursement is made; or
(3) recover such overpayments from the Insured Person or his or her estate.

Such reimbursement is required whether the overpayment is due to fraud, the Company's error in processing a claim, or any other reason.

LEGAL ACTIONS. No legal action to recover any benefits may be brought until 60 days after the required written proof of claim has been given. No such legal action may be brought more than three years after the date written proof of claim is required.

COMPANY'S DISCRETIONARY AUTHORITY. Except for the functions that this Policy clearly reserves to the Group Policyholder or Employer, the Company has the authority to manage this Policy, interpret its provisions, administer claims and resolve questions arising under it. The Company's authority includes (but is not limited to) the right to:
(1) establish administrative procedures, determine eligibility and resolve claims questions;
(2) determine what information the Company reasonably requires to make such decisions; and
(3) resolve all matters when an internal claim review is requested.

Any decision the Company makes in the exercise of its authority shall be conclusive and binding; subject to the Insured Person's rights to request a state insurance department review or to bring legal action.
This provision does not apply to residents of California.

WEEKLY DISABILITY INCOME INSURANCE

TOTAL DISABILITY BENEFIT. The Company will pay a Weekly Total Disability Benefit for each week the Total Disability continues, if the Insured Person:

(1) becomes Totally Disabled while insured for this benefit;
(2) is under the Regular Care of a Physician; and
(3) at his or her own expense, submits proof of continued Total Disability and Physician's care to the Company upon request.

Duration. Benefits start on the Day Benefits Begin, and end on the earliest of:

(1) the date the Insured Person ceases to be Totally Disabled or dies;
(2) the date the Maximum Benefit Period ends; or
(3) the date the Insured Person is able, but chooses not to engage in Partial Disability Employment in his or her Own Occupation.

Proportional benefits will be paid for a partial week of Total Disability.

At the Company's option, benefits may also be denied or suspended on any of the following dates:

(1) the date the Insured Person (without good cause):
    (a) fails to take a required medical exam;
    (b) fails to cooperate with an examiner; or
    (c) postpones a required exam more than twice;
(2) the 45th day after the Company requests additional proof, if not given; or
(3) the 45th day after the Company requests proof of the Insured Person's application for any Other Income Benefits to which he or she may be entitled (and which affect Policy benefits); if not given.

Amount. The amount of the Weekly Total Disability Benefit equals the lesser of:

(1) the Insured Person's Basic Weekly Earnings multiplied by the Benefit Percentage; minus Other Income Benefits except any pay received under the Employer's Sick Leave or Salary Continuance Plan;
(2) 100% of the Insured Person's Basic Weekly Earnings; minus Other Income Benefits including any pay received under the Employer's Sick Leave or Salary Continuance Plan; or
(3) the Maximum Weekly Benefit.

In no event will the amount of the Weekly Total Disability Benefit plus any pay received under the Employer's Sick Leave or Salary Continuance Plan exceed 100% of the Insured Person's Basic Weekly Earnings.

The amount of the Weekly Total Disability Benefit will not be less than the Minimum Weekly Benefit, unless the Minimum Weekly Benefit plus Other Income Benefits would exceed 100% of the Insured Person's Basic Weekly Earnings.

The Day Benefits Begin, Maximum Benefit Period, Benefit Percentage, Maximum Weekly Benefit, and Minimum Weekly Benefit are shown in the Schedule of Insurance.

PARTIAL DISABILITY BENEFIT. The Company will pay a Weekly Partial Disability Benefit, if the Insured Person:

(1) becomes Partially Disabled while insured for this benefit;
(2) is engaged in Partial Disability Employment;
(3) is earning at least 20% of Basic Weekly Earnings when Partial Disability Employment begins;
(4) is under the Regular Care of a Physician; and
(5) at his or her own expense, submits proof of continued Partial Disability, Physician's care and reduced earnings to the Company upon request.

The Insured Person is not required to be Totally Disabled prior to receiving Weekly Partial Disability Benefits. The Day Benefits Begin may be reached by days of Total Disability, Partial Disability, or any combination of these. Proportional benefits will be paid for a partial week of Partial Disability.

Duration. Benefits start on the Day Benefits Begin, and will cease on the earliest of:
(1) the date the Insured Person ceases to be Partially Disabled or dies;
(2) the date the Maximum Benefit Period ends;
(3) the date the Insured Person earns more than 99% of Basic Weekly Earnings; or
(4) the date the Insured Person is able, but chooses not to work Full-Time or part-time in his or her Own Occupation.

At the Company's option, benefits may also be denied or suspended on any of the following dates:
(1) the date the Insured Person (without good cause):
  (a) fails to take a required medical exam;
  (b) fails to cooperate with an examiner; or
  (c) postpones a required exam more than twice;
(2) the 45th day after the Company requests additional proof, if not given; or
(3) the 45th day after the Company requests proof of the Insured Person's application for Other Income Benefits to which he or she may be entitled (and which affect Policy benefits); if not given.

Amount. The amount of the Weekly Partial Disability Benefit equals the lesser of A or B below:
(A) (1) The Insured Person's Basic Weekly Earnings multiplied by the Benefit Percentage (limited to the Maximum Weekly Benefit); minus
  (2) Other Income Benefits, except for earnings the Insured Person receives from Partial Disability Employment; or
(B) The Insured Person's Basic Weekly Earnings minus Other Income Benefits.

The amount of the Weekly Partial Disability Benefit will not be less than the Minimum Weekly Benefit, unless the Minimum Weekly Benefit plus Other Income Benefits would exceed 100% of the Insured Person's Basic Weekly Earnings.

The Day Benefits Begin, Maximum Benefit Period, Benefit Percentage, Maximum Weekly Benefit, and Minimum Weekly Benefit are shown in the Schedule of Insurance.

OTHER INCOME BENEFITS means Earnings, benefits, awards, or settlements from the following sources. These amounts will be offset, in determining the Insured Person's Weekly Benefit. Except for Retirement Benefits and Earnings, these amounts must result from the same Disability for which a Weekly Benefit is payable under this Policy.

Compulsory Benefits. Any disability income benefits the Insured Person is eligible to receive under:
(1) state temporary disability income benefit laws;
(2) state no fault auto insurance laws; or
(3) any other compulsory benefit act or law (except Workers' Compensation and laws of like intent).

Other Insurance Plans. Any disability income benefits for which the Insured Person is eligible under any no fault auto plan.

Employee Benefit Plans. Any disability income benefits for which the Insured Person is eligible under the Employer's Sick Leave or Salary Continuance Plan. This does **not** include vacation pay, severance pay, or pay for work actually performed during a Disability.

Employer's Retirement Plan. Any Disability Benefits or Retirement Benefits the Insured Person receives under the Employer's Retirement Plan.

Social Security and other Government Retirement Plans. The following Social Security or other Government Retirement Plan benefits will be offset:
(1) **disability benefits** for which the Insured Person and any spouse or child is eligible, because of the Insured Person's Disability;
(2) **unreduced retirement benefits** for which the Insured Person and any spouse or child is eligible, because of the Insured Person's eligibility for unreduced retirement benefits; or
(3) **reduced retirement benefits** actually received by the Insured Person and any spouse or child, because of the Insured Person's receipt of reduced retirement benefits.

As used above, "**Government Retirement Plans**" include disability and retirement benefits under:
(1) the federal Social Security Act, Jones Act or Railroad Retirement Act;
(2) the Canada Pension Plan or Quebec Pension Plan;
(3) any similar plan or act of any country, state, province or other political unit; or
(4) any plan provided in place of one of the above plans.

"**Earnings**", as used in this provision, means pay the Insured Person earns or receives from any occupation or form of employment, as reported for federal income tax purposes. Earnings include (but are not limited to) a:
(1) salaried or hourly Employee's gross earnings (shown on Form W-2); including:
    (a) wages, tips, commissions, bonuses and overtime pay; and
    (b) any pre-tax contributions to a Section 125 Plan, flexible spending account, or qualified deferred compensation plan;
(2) proprietor's net profit (figured from Form 1040, Schedule C);
(3) professional corporation shareholder's net profit (figured from Form 1040, Schedule C);
(4) partner's net earnings from self-employment (shown on Schedule K-1) and any W-2 earnings; and
(5) Subchapter S Corporation shareholder's net earnings from trade or business activities (shown on Schedule K-1).

Recovery from Third Party. Any amount the Insured Person recovers from a third party as a result of the Disability (whether by judgment, settlement or otherwise). The offset:
(1) will be reduced by attorney fees and other reasonable costs of recovery; and
(2) will not exceed 100% of the net settlement.

Exceptions. The following will **not** be considered Other Income Benefits, and will not be offset in determining the Weekly Benefit:

(1) a cost-of-living increase in any Other Income Benefit (except Earnings); if it takes effect after the first offset for that benefit during a period of Disability;
(2) reimbursement for hospital, medical or surgical expense;
(3) reimbursement for attorney fees or other reasonable costs of claiming Other Income Benefits;
(4) group credit or mortgage disability insurance;
(5) early retirement benefits that are not elected or received under the federal Social Security Act or other Government Retirement Plan;
(6) any amounts under the Employer's Retirement Plan that:
    (a) represent the Insured Person's contributions; or
    (b) are received upon termination of employment without being disabled or retired;
(7) benefits from a 401(k), profit-sharing or thrift plan; an individual retirement account (IRA); a tax sheltered annuity (TSA); a stock ownership plan; or a non-qualified plan of deferred compensation; or
(8) vacation pay, holiday pay, or severance pay.

RULES CONCERNING OTHER INCOME BENEFITS. If the Insured Person may be entitled to Other Income Benefits that affect Policy benefits, he or she is required to actively claim them. For example, if Social Security or other Government Retirement Plan benefits may be payable, the Insured Person:

(1) must promptly apply for such benefits; and, if denied
(2) must file an appeal or request an administrative hearing, upon Company request.

If the Insured Person fails to promptly pursue such benefits, the Company has the option to deny or suspend Weekly Benefits or to reduce them by an estimated amount.

If Workers' Compensation or similar benefits may be payable for the same Disability, the Insured Person and Employer are required to cooperate in filing for those benefits. The Company will require proof of the denial or duration of those benefits to confirm its liability under this Policy.

Refunding Overpayments. Upon receiving Other Income Benefits, the Insured Person must refund any resulting overpayment of Weekly Benefits under this Policy. If he or she does not promptly refund an overpayment to the Company within 60 days, in a lump sum, then:

(1) the Company will reduce or eliminate future payments; and
(2) the Minimum Weekly Benefit will not apply, until the amount is repaid.

Cost of Living Freeze. After the first deduction for each of the Other Income Benefits (except Earnings), its amount will be frozen. The Weekly Benefit will not be further reduced due to any cost-of-living increases payable under these Other Income Benefits.

RECURRENT DISABILITY. "Recurrent Disability" means a Disability caused by an Injury or Sickness which is the same as, or related to, the cause of a prior Disability for which Weekly Benefits were payable.

(1) A Recurrent Disability will be treated as a new period of Disability, if the Insured Person:
    (a) has returned to his or her Own Occupation; and
    (b) has worked on a full-time basis, for two consecutive weeks or more.
    A new Day Benefits Begin and new Maximum Benefit Period will apply.
(2) A Recurrent Disability will be treated as part of the prior Disability, if the Insured Person:
    (a) has returned to his or her Own Occupation; and
    (b) has worked on a full-time basis, for less than two consecutive weeks.
    The same Day Benefits Begin and same Maximum Benefit Period will apply to the Recurrent Disability as to the prior Disability.

To qualify for a Weekly Benefit for a Recurrent Disability, the Insured Person must earn less than the percentage of Predisability Income specified in the Partial Disability Benefit section. Benefit payments will be subject to all other terms of this Policy that applied to the prior Disability.

This Recurrent Disability provision will cease to apply to an Insured Person who becomes eligible for coverage under any other group short-term disability policy.

EXCLUSIONS. Weekly Benefits will not be payable for any period of Disability:

(1) which is the result of an intentionally self-inflicted Injury or suicide attempt;
(2) during which the Insured Person is not under the Regular Care of a Physician;
(3) which is the result of war (declared or undeclared) or any act of war;
(4) which is the result of a Sickness or Injury for which the Insured Person receives benefits under Workers' Compensation or similar coverage; or
(5) which arises out of (or in the course of) any employment for wage or profit, when the Disability would be covered by Workers' Compensation or similar coverage if:
    (a) the Employer had enrolled the Insured Person for such coverage; and
    (b) the Insured Person and Employer had cooperated in filing a claim under that plan.

VOCATIONAL REHABILITATION BENEFIT

BENEFIT. If an Insured Person is Disabled and is receiving Weekly Benefits under this Policy, he or she may be eligible for a Vocational Rehabilitation Benefit. This benefit consists of services which may include:

(1) vocational evaluation, counseling, training or job placement;
(2) job modification or special equipment; and
(3) other services which the Company deems reasonably necessary to help the Insured Person return to work.

The Company will determine the Insured Person's eligibility and the amount of any benefit payable.

ELIGIBILITY. An Insured Person may be eligible for the Vocational Rehabilitation Benefit if the Company finds that he or she:

(1) has a Disability that prevents the performance of the Main Duties of his or her Own Occupation;
(2) has the physical and mental abilities needed to complete a Rehabilitation Program; and
(3) is reasonably expected to return to work after completing the Rehabilitation Program; in view of his or her degree of motivation and the labor force demand for workers in the proposed occupation.

The Company must also find that the cost of the proposed services is less than its expected claim liability.

AMOUNT. The amount of any Vocational Rehabilitation Benefit will not exceed the Company's expected claims liability. This benefit will not be payable for services covered under the Insured Person's health care plan or any other vocational rehabilitation program. Payment may be made to the provider of the services, at the Company's option.

CONDITIONS. The Company, the Insured Person, or his or her Physician may first propose vocational rehabilitation. When a Rehabilitation Program is approved by the Company, this Policy's definition of "Disability" will be waived during the rehabilitation period; however, it will be reapplied after the Rehabilitation Program ends. The Company will determine the amount and duration of any Weekly Disability benefits payable after the Rehabilitation Program ends.

LIMITATION. This Policy will not cover any period of Disability for an Insured Person who has received a Vocational Rehabilitation Benefit and has failed to complete the Rehabilitation Program, without Good Cause.

DEFINITIONS.

"Good Cause," as used in this provision, means the Insured Person's:

(1) documented physical or mental impairments, which render the Insured Person unable to take part in or complete a Rehabilitation Program;
(2) involvement in a medical program, which prevents or interferes with the Insured Person's taking part in or completing a Rehabilitation Program; or
(3) participating in good faith in some other vocational rehabilitation program, which:
    (a) conflicts with taking part in or completing a Rehabilitation Program developed by the Company; and
    (b) is reasonably expected to return the Insured Person to work.

"Rehabilitation Program" means a written vocational rehabilitation program:

(1) which the Company develops with input from:
    (a) the Insured Person;
    (b) the Insured Person's Physician; and
    (c) any current or prospective employer, when appropriate; and
(2) which describes the Program's goals; each party's responsibilities; and the times, dates and costs of the rehabilitation services.

OTHER PROVISIONS. Unless stated otherwise, this benefit is subject to all the Definitions, Exclusions, Claims Procedures, and other provisions of this Policy.

REHABILITATION INCENTIVE BENEFIT

BENEFIT. The Company will pay a Rehabilitation Incentive Benefit to an Insured Person who is Totally or Partially Disabled and who actively participates in a Rehabilitation Program approved by the Company.

AMOUNT. The amount of the Rehabilitation Incentive Benefit is shown in the Schedule of Insurance.

The Rehabilitation Incentive Benefit is paid in addition to any other Policy benefits, and is not subject to Policy provisions that would otherwise reduce the benefit amount, such as the Other Income Benefits provision.

DURATION. The Rehabilitation Incentive Benefit starts on the latest of:
(1) the date the Insured Person begins to participate in an approved Rehabilitation Program; or
(2) the date the Company approves the Insured Person's Rehabilitation Program.

The Rehabilitation Incentive Benefit will cease on the earliest of:
(1) the date the Weekly Total or Partial Disability Benefits would otherwise cease under this Policy; or
(2) the date the Insured Person ceases participation in an approved Rehabilitation Program.

DEFINITION.

"Rehabilitation Program" means a written vocational rehabilitation program:
(1) which the Company develops with input from:
  (a) the Insured Person;
  (b) the Insured Person's Physician; and
  (c) any current or prospective employer, when appropriate; and
(2) which describes the Program's goals; each party's responsibilities; and the times, dates and costs of the rehabilitation services.

PROOF. Written proof of active participation in a Rehabilitation Program must be given:
(1) within 90 days after the Day Benefits Begin; or
(2) as soon as reasonably possible after that.

Proof of active participation must be provided at the Insured Person's own expense. The proof must be sent to the Company's Group Insurance Service Office. It should include the Insured Person's name and address and the number of this Policy.

Exception: Failure to furnish proof of active participation in a Rehabilitation Program within the required time period will not invalidate the benefit, if it is shown that it was done:
(1) as soon as reasonably possible; and
(2) in no event more than one year after it was required.

These time limits will not apply while the Insured Person lacks legal capacity.

OTHER PROVISIONS. Unless stated otherwise, this benefit is subject to all the Definitions, Exclusions, Claims Procedures and other provisions of this Policy.

REASONABLE ACCOMMODATION BENEFIT

BENEFIT. If an Insured Person is Disabled and is receiving Weekly Benefits under this Policy, then the Group Policyholder may be eligible for a Reasonable Accommodation benefit. This benefit reimburses the Group Policyholder for 50% of the expense incurred for reasonable accommodation services for the Insured Person, but will not exceed the lesser of:

(1) a maximum benefit of $2500 for any one Insured Person; or
(2) the Company's expected liability for the Insured Person's Weekly Disability Income claim.

Such services may include:

(1) providing the Insured Person a more accessible parking space or entrance;
(2) removing barriers or hazards to the Insured Person from the worksite;
(3) special seating, furniture or equipment for the Insured Person's work station;
(4) providing special training materials or translation services during the Insured Person's training; and
(5) other services the Company deems reasonably necessary to help the Insured Person return to work with the Group Policyholder.

ELIGIBILITY. The Company will determine the Group Policyholder's eligibility to receive the Reasonable Accommodation benefit. To qualify for the Reasonable Accommodation benefit, the Group Policyholder must have an Insured Person:

(1) whose Disability prevents the performance of his or her Own Occupation at the Group Policyholder's worksite;
(2) who has the physical and mental abilities needed to perform his or her Own Occupation or another occupation at the Group Policyholder's worksite, but only with the help of the proposed accommodation; and
(3) who is reasonably expected to return to work with the help of the proposed accommodation.

The Company must also find that the requested Reasonable Accommodation benefit is less than the expected liability for the Insured Person's Weekly Disability Income claim.

WRITTEN PROPOSAL. The reasonable accommodation services must be provided in accord with a written proposal, which is developed with input from:

(1) the Group Policyholder;
(2) the Insured Person; and
(3) the Insured Person's Physician, when appropriate.

The proposal must state:

(1) the purpose of the proposed accommodation; and
(2) the times, dates, and costs of the services.

CONDITIONS. The Company, the Group Policyholder, the Insured Person, or the Insured Person's Physician may first propose an accommodation.

The proposal must be approved by the Company in writing.

The Company will reimburse the Group Policyholder upon receipt of proof that the Group Policyholder:

(1) has provided the services for the Insured Person; and
(2) has paid the provider for the services.

OTHER PROVISIONS. Unless stated otherwise, the Reasonable Accommodation benefit is subject to all the Definitions, Exclusions, Claims Procedures and other provisions of this Policy.

FAMILY INCOME BENEFIT

BENEFIT. The Company will pay a benefit to the Eligible Survivor(s) when satisfactory written proof is received that an Insured Person died:

(1) after Disability had continued for at least 14 consecutive days; and
(2) while receiving a Weekly Benefit.

If payment becomes due to the Insured Person's children; then payment will be made to:

(1) the surviving children, in equal shares; or
(2) a person named by the Company to receive payments on the children's behalf.

This payment will be valid and effective against all claims by others representing, or claiming to represent, the Insured Person's children.

If there are no Eligible Survivors, payment will be made to the Insured Person's estate.

AMOUNT. The Family Income Benefit is shown in the Schedule of Insurance. Reductions for Other Income Benefits will not apply.

If any state disability plan compulsory death benefits become payable upon the Insured Person's death, then any Family Income Benefit amount payable will be reduced by such compulsory death benefits.

DEFINITION.

"Eligible Survivor(s)" means the Insured Person's:

(1) surviving spouse or domestic partner; or, if none,
(2) surviving children who are under age 25 on the Insured Person's date of death.

OTHER PROVISIONS. Unless stated otherwise, this benefit is subject to all the Definitions, Exclusions, Claims Procedures, and other provisions of this Policy.