

# Plan Description & Cost Summary

Prepared For Gulf Reserve Nursing and Rehabilitation

Date: March 11, 2022

Proposal Expiration Date: June 9, 2022

## Eligibility (Classes 1)

Class 1: Each Active Full-Time Employees working 30 hours or more per week\*  
\*and earning a minimum salary of \$15,000 per year, except any person working on a temporary or seasonal basis.

Our standard eligibility includes employees who are US citizens working in the US; contact your sales office if you have employees who are not US citizens working in the US, and you'd like us to consider them in the eligibility.

## Plan Description

	Class 1
Benefit Amount:	Increments of \$25
Weekly Minimum	\$100
Weekly Maximum:	\$1,000
Benefit Duration:	24 weeks
Injury Benefits Begin:	The 15th consecutive day of disability
Sickness Benefits Begin:	The 15th consecutive day of disability
Maternity Coverage:	Full
Coverage:	Non-occupational
Partial Disability:	Yes, with zero day residual
Pre Existing Limitation:	3/12
Transfer of Insurance Coverage:	Yes
Family & Medical Leave:	Yes

## Participation and Contribution

	Class 1
Employee Contribution:	100%
Minimum Employee Participation:	the greater of 10% or 5 lives*

\*If sold on a stand-alone basis, you must have a minimum participation of the greater of 10% of eligible employees or 5 insured employee lives. If sold with either Voluntary Group Term Life (VG) or Voluntary Long Term Income Protection (VPL), the combined participation must be 20% of eligible employees.

## Rate Schedule - 2 Years Guarantee

Rates are Per \$10 of Weekly Benefit

Class 1
\$1.05

Note: Premium/benefit is payable in US currency.  
Rates shown above reflect participation of 30%.

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Due to the uncertainty surrounding state legislation, this quote assumes offsets only for the following state plans: CA, HI, NJ, NY, RI, WA, CT, and MA. This quote assumes NO offset for Paid Medical Leave in CO, or OR. The rate is subject to change based upon the pending or future State Legislation.

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Voluntary Short Term Disability (STD), also known as Weekly Income, covers insureds who become disabled as a result of an injury or sickness for a temporary period. It replaces a percentage of the income the insured would have earned had they been able to continue working. This is an important benefit to employers as it helps to attract and keep good employees. Additionally, it is important because salary continuance or sick pay programs can be hard to manage and expensive.

The total amount of STD benefit received while disabled should be less than the insured's net after-tax income while actively at work. This is because of reduced tax liabilities and decreased work-related expenses. It also provides some incentive for the insured to return to work (or remain at work) if medically possible.

RSL's STD plan requires the insured to be out of work due to sickness or injury for a specified period of time before benefits begin, as stated in the Plan Description. For hospitalization or same day outpatient surgery, this period may be shortened or eliminated. In addition to being out of work due to sickness or injury, the insured must be under the regular care of a physician and not performing work for payment in order to be considered disabled and eligible for benefits.

Please reference the Plan Description & Cost Summary section for details of your customized plan.

<b>Benefit Payments</b>	Benefit payments may be based on either a percentage of the employee's earnings or a flat dollar amount. Percentage plans have the benefit of automatically adjusting the benefit for salary increase, reducing the need to review and change the plan. Flat dollar payment plans are in increments of \$25 and are subject to a percentage of weekly earnings, and subject to a maximum weekly benefit amount.
<b>Earnings</b>	Earnings are commonly defined as the insured's gross weekly salary in effect just before the date of disability. It may excluded income received from commissions, bonuses, overtime pay, and any other extra compensation or income from sources other than you, the employer.
<b>Day Benefits Begin</b>	Benefits begin on the days indicated on the Plan Description for injury and sickness.
<b>Benefit Duration</b>	This is the maximum length of time RSL will continue to pay benefits for any one disability. This period is shown on the Plan Description and this period starts on the days Benefits Begin (i.e., after any applicable Elimination Period has been satisfied). For periods of disability of less than a full week, the daily benefit payable will be 1/7 of the weekly benefit.
<b>Benefit Integration / Offsets</b>	Benefits paid by RSL under this plan may be reduced by income the insured receives or is eligible to receive from Other Sources such as formal salary continuance, other disability plans he or she may be covered under as well as state specific disability benefit plans, Social Security and Workers' Compensation (if 24 hour coverage).
<b>Definitions of Disability</b>	The insured is considered disabled when he or she is unable to perform his or her job, is not doing any work for payment and is under the regular care of a physician. This definition may vary by state, as reflected in the policy.

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### Partial Disability Benefit

You may opt to include a Partial Disability Benefit in this STD plan. Partial Disability benefits are payable if: 1) the insured has been disabled for the required period of time specified in the Policy; 2) a benefit is payable under the Policy for such period of disability; and 3) the insured accepts rehabilitative employment. These requirements may vary depending upon the provision chosen, as shown on the Plan Description.

If the insured receives earnings from rehabilitative employment, RSL will not reduce benefits based on these earnings until his or her income from all sources exceeds 100% of pre-disability earnings. If total earnings exceed this level, there will be a dollar for dollar reduction.

### Transfer of Insurance Coverage

If an employee was covered under any group short term disability insurance plan maintained by you prior to our group policy's effective date that employee will be insured under our policy provided that he or she is actively at work and meets all the requirements for being an Eligible Person under our policy on its effective date.

If an employee was covered under the prior group short term disability plan maintained by you prior to our Policy's Effective Date, but was not Actively at Work due to Injury or Sickness on the Effective Date of our Policy and would otherwise qualify as an Eligible Person, coverage will be allowed under the following conditions:

- (1) The employee must have been insured with the prior carrier on the date of the transfer;
- (2) Premiums must be paid; and
- (3) Disability must begin on or after our Policy's Effective Date.

If an employee is receiving short term disability benefits, is eligible to receive such benefits or has a period of recurrent disability under the prior group short term disability plan, then the employee will not be covered under our policy.

If an employee is an Eligible Person on the effective date of our group policy, then:

- any time used to satisfy the pre-existing condition limitation of the prior group short term disability plan will be credited toward the satisfaction of the pre-existing condition limitation of our group policy
- any time used to satisfy the any service waiting period of the prior group short term disability plan will be credited toward the satisfaction of the waiting period for our policy.

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### **Family and Medical Leave Act (FMLA)**

The Family and Medical Leave Act of 1993 (FMLA) mandates that employers maintain an insured's group health coverage (medical expense and health flexible spending account) during an allowed period of family or medical leave as if the insured had been continuously employed during that time. FMLA applies to firms of more than fifty (50) workers.

While the FMLA does not require the continuation of group STD coverage, we make it available as an option to you. For the insured, this provides assurance that group STD coverage will continue in case of a major life event. For you, it demonstrates to the insured that you are providing additional protection beyond the federal mandate.

We provide FMLA Extension at no charge under the group STD insurance contract. All of the eligibility requirements apply.

Premium must continue to be paid while the insured is on leave. All policy provisions apply during the leave period. All leave requests must be in writing. We will need a copy of the approved leave at the time of claim.

If coverage is not continued, coverage will be reinstated upon the insured's return from family or medical leave.

### **Uniformed Services Employment and Reemployment Rights Act (USERRA)**

USERRA protects civilian job rights and benefits for veterans and members of Reserve components. USERRA provides that returning service members are to be reemployed in the job that they would have attained had they not been absent for military service, with the same seniority, status and pay, as well as other rights and benefits determined by seniority.

In order to help assure that the insured employee returning from military services leave is restored to his or her position with you in terms of benefits as if he or she had never been away on leave, continuation of group STD coverage is provided. Premiums must continue to be paid during the leave and all terms of the policy will still apply.

If coverage is not continued, coverage will be reinstated upon the insured's return from military services leave.

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### W-2 Services

We provide two W-2 preparation options for taxable STD insurance benefits.

#### W-2 Services with FICA Match:

RSL agrees to prepare W-2s, RSLs tax identification number is used in place of the employers/policyholders tax identification number. RSL bears the responsibility to withhold FICA taxes from the insured's taxable disability benefit, prepare the W-2 at year end, file Form 941 quarterly and pay the insured's share of FICA taxes as well as the employers/policyholders FICA match on a semiweekly basis. W-2 statements are mailed directly to the claimant (insured) in time for income tax filing. There is an additional charge for providing W-2 Services with FICA Match.

#### W-2 Services without FICA Match:

When RSL agrees to prepare W-2s, RSLs tax identification number is used in place of the employers/policyholders tax identification number. RSL bears the responsibility to withhold FICA taxes from the insured's taxable disability benefit, prepare the W-2 at year end, file Form 941 and pay the insured's share of FICA taxes. RSL will not pay the employers/policyholders FICA match. W-2 statements are mailed directly to the claimant (insured) in time for income tax filing. In this situation, the employer/policyholder should use the Disability Income Case Summary Report (DICS) to learn the amount withheld for each insured, complete the Form 941, remit the employers/policyholders FICA tax match and prepare IRS form 8922 (Third Party Sick Pay Recap) at year end.

#### If RSL is not preparing the W-2s:

RSL still withholds the insured's FICA taxes from his or her taxable disability benefit, remits it semiweekly and reports it quarterly on RSLs Form 941. In this situation, the employer/policyholder should use the Disability Income Case Summary Report (DICS) to learn the amount withheld for each insured, prepare the W-2s, complete the Form 941 and remit the employers/policyholders FICA tax match.

# Limitations

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### Pre-existing Condition Limitation

A pre-existing condition is defined as any sickness or injury (whether specifically diagnosed or not) for which the Insured received medical treatment, consultation, care or services, including diagnostic procedures or took prescribed drugs or medicines, during a specific period (as outlined in the policy) immediately prior to the Insured's effective date of coverage.

An insured is covered for pre-existing condition if he / she has been actively at work for one full day following the end of the specific period (as outlined in the policy) from the date he / she becomes an Insured. An Insured is not covered for a pre-existing condition if the requirement is not met.

The pre-existing condition limitation provision may vary by state.

### Exclusions

Benefits are not paid for any period of disability:

1. caused by or contributed to by an intentionally self-inflicted injury; or
2. caused by or contributed to by an act of war, declared or undeclared; or
3. caused by or contributed to by an injury or sickness that occurs while the insured is confined in any penal or correctional institution; or
4. while the insured is confined in any penal or correctional institution; or
5. caused by or contributed to by the insured committing a felony; or
6. caused by or contributed to by sickness which is covered by a Workers' Compensation Act, or other workers' disability law \*; or
7. caused by or contributed to by an injury that occurs out of, or in the course of, work for wage or profit \*; or
8. caused by or contributed to by:
  - (a) cosmetic surgery or treatment primarily to change appearance; or
  - (b) in vitro fertilization; or
  - (c) embryo transfer procedures; or
  - (d) artificial insemination; or
  - (e) sex change surgery; or
  - (f) reversal of sterilization; or
  - (g) liposuction; or
  - (h) radial keratotomy.

\* Exclusions 6 and 7 do not apply if 24-hour coverage is provided.