

Long-term disability

DONGALEN ENTERPRISES, INC DBA INTERSTATE ADVANCED MATERIALS



Voluntary long-term disability for all regular employees											
Definition of disability	<p>Residual disability An employee will be considered residually disabled if he/she is not totally disabled and, while working in his/her own occupation as a result of sickness or injury, he/she is unable to earn 80% or more of his/her indexed predisability earnings.</p> <p>Total disability An employee will be considered totally disabled if, as a result of sickness or injury, the employee is unable to perform with reasonable continuity the substantial and material duties necessary to pursue his/her own occupation in the usual and customary way and he/she is not working in his/her own occupation.</p>										
Own occupation period	2 years										
Elimination period	90 days										
Monthly benefit	Benefit percentage: 60% of predisability earnings Maximum: \$5,000										
Minimum monthly benefit											
Benefit duration	<p>To Social Security normal retirement age</p> <p>For employees who become disabled before age 65, disability benefits are payable until the later of the date they reach Social Security normal retirement age or 36 months after the benefit payment period begins. For employees who become disabled at or after age 65, disability benefits are payable until the later of the date they reach Social Security normal retirement age or the date the benefit payment period reaches the number of months shown below:</p> <table border="0"> <thead> <tr> <th><u>Age disability occurs</u></th> <th><u>Length of benefit payment period</u></th> </tr> </thead> <tbody> <tr> <td>Age 65 - 67</td> <td>24 months</td> </tr> <tr> <td>Age 68 - 69</td> <td>18 months</td> </tr> <tr> <td>Age 70 -71</td> <td>15 months</td> </tr> <tr> <td>Age 72 and over</td> <td>12 months</td> </tr> </tbody> </table> <p>Disability benefits end when employees recover, cease to be under the regular and appropriate care of a physician, unreasonably fail to provide any required proof of disability, unreasonably fail to submit to a required medical examination, fail to report income from other sources or any other required earnings information, or die.</p>	<u>Age disability occurs</u>	<u>Length of benefit payment period</u>	Age 65 - 67	24 months	Age 68 - 69	18 months	Age 70 -71	15 months	Age 72 and over	12 months
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Definition of earnings	<p>Base wage</p> <p>Compensation for business owners covers the net profits plus salary, averaged over the prior two calendar years.</p>										
Salary continuation	No offset										
Preexisting conditions	3 months prior / 12 months insured										
Mental health conditions	24 month benefit limit										
Drug and alcohol abuse conditions	24 month benefit limit										

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Special conditions	Payable the same as any other disability
Employer contributions	Contributory - employer pays 0%
Employee participation	20% or 5 lives, whichever is greater
Integration method	Direct
Social security integration	Primary and family
Work incentive benefit	12 months
Coverage for work related disabilities	Yes
Survivor benefit	3 months net
Integrated STD/LTD	We integrate LTD and STD into a coordinated package with streamlined claims administration and processing and smooth transition from STD to LTD without payment gaps or benefit overlaps.
Income from other sources	<p>We coordinate disability benefits with income disabled employees receive from other sources. These include all retirement or disability benefits that employees and their dependents receive from Social Security, Canadian Pension Plan, Quebec Pension Plan, Railroad Retirement Act, or other government agencies; Workers' Compensation benefits; income from state disability plans; income from other group disability insurance policies; disability or retirement benefits paid by pension plans sponsored by the policyholder; income received from no-fault auto laws; renewal commissions received from the policyholder; disability benefits received under the Jones Act or any government retirement system (CalPERS); benefits the member receives as a result of the same disability from third party liability judgments, settlements or otherwise (less attorneys' fees); and benefit amounts received as a result of the same disability by compromise or settlement of any claim for permitted offsets (less attorneys' fees).</p> <p>Other income sources do not include individual disability insurance; profit sharing plans; thrift savings plans; nonqualified deferred compensation plans; 401(k) plans; individual retirement accounts (IRAs); stock ownership plans; Keogh (HR-10) plans; any cost of living increases paid in connection with other sources of income; Social Security or pension plan payments that were being received prior to the current disability; and any income the member receives for services rendered prior to the member's date of disability.</p> <p>Any income the member receives for services rendered prior to the member's date of disability will not be considered other income sources.</p>
Exclusions	<p>The proposed policy contains restrictions and exclusions. Before making a purchase decision, review the following exclusions and resolve any questions. The following exclusions and restrictions are applied as required by state law or as otherwise described in the group policy.</p> <p>No benefits will be paid to employees with disabilities resulting from: willful self injury while sane or insane / war or an act of war / results from the commission of or attempt to commit a felony / a new or continuing disability that begins after an employee's benefit payment period has ended, but the employee has not returned to active work.</p>

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Treatment of mental health conditions and drug and alcohol abuse conditions
A disability is considered due to alcohol, drug or chemical abuse, dependency or addiction or a mental health condition if the disability is caused by one of these condition(s) and not by other disabling conditions.

The following maximum benefit payment periods apply:

Mental health conditions: 24 months

Alcohol, drug or chemical abuse conditions: 24 months

The benefit payment period listed above is a lifetime maximum for all periods of disability. All disabilities from conditions with the same maximum benefit payment period contribute toward one lifetime maximum. However, if at the end of the benefit duration, an employee is confined in a hospital or any other type of facility providing treatment for any of these conditions, the benefit payment period may be extended to include the time period an employee remains confined for treatment.

Preexisting conditions

A preexisting condition is any sickness or injury for which a member received medical treatment, care, or services for a diagnosed condition; or took prescription medications for a diagnosed condition in the three month period before he or she became insured under the group policy; or suffered from a physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in his or her application for which he or she received a physician's advice or treatment within 24 months before he or she became insured under the group policy; or which caused symptoms within 12 months before he or she became insured under this group policy for which a prudent person would usually seek medical advice or treatment.

No benefits will be paid for a disability that is caused or substantially contributed by a preexisting condition unless, on the date the member becomes disabled, he or she has been actively at work for one full day after completing 12 consecutive months during which the member was insured under the group policy.

Replacement of a prior program

This policy is replacing coverage under a prior program. If employees are not actively at work on the day coverage would become effective or if employees are disabled due to a preexisting condition, they may still qualify for benefits if they had LTD coverage under a prior program or they are not receiving any benefits under the prior program but would have been entitled to these benefits if the prior program remained in force and no provision other than the actively at work or preexisting conditions provision would otherwise prohibit benefits from being paid under our policy. Any benefit payable is the lesser of the benefits under our policy or the benefits that would have been paid under the prior program, had it remained in force.

Rehabilitation benefits

Reasonable accommodation benefit	\$2,000
Rehabilitation incentive benefit	5% increase in the monthly benefit percentage for 12 months