



FORT CALHOUN COMMUNITY SCHOOLS  
FORT CALHOUN, NEBRASKA

ALL ACTIVE, FULL-TIME EMPLOYEES

*Certificate of  
Insurance*

**GROUP LONG TERM  
DISABILITY  
INSURANCE**



Administered by: National Insurance Services of WI, Inc.

Form LTD-2 CERT

MADISON NATIONAL LIFE INSURANCE COMPANY, INC.

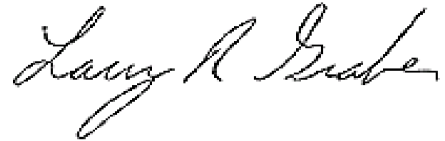
Mailing Address: P.O. Box 5008, Madison, Wisconsin 53705

(HEREIN CALLED THE COMPANY)

Certifies that it has issued the group insurance policy shown below and that, subject to the terms of that policy, the named employee is insured for the benefits described in this Certificate. The initial coverage shown in the Schedule of Benefits is the coverage in effect on the certificate date if the employee is in active service on that date; otherwise, upon his or her return to active service.

Policyholder: TRUSTEE OF THE SCHOOLS INSURANCE FUND

This Certificate will in no way void any of the terms contained in the Group Insurance Policy. It replaces any and all certificates and certificate riders issued for the above named employee under the policy referred to herein.

A handwritten signature in cursive script, reading "Larry R. Grabe".

President

FORM LTD-2 CERT.

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\*These optional provisions may or may not be part of your group plan. You will not have pages in the Certificate for those not part of your group plan.

\*\*This provision will be included as a standard provision in all states where it has been filed and approved. You will not have pages in the Certificate if it has not been filed and approved in your state.

--TC--

FORM LTD-2 CERT.



SCHEDULE OF BENEFITS

FOR

ALL ACTIVE, FULL-TIME EMPLOYEES

FORT CALHOUN COMMUNITY SCHOOLS  
FORT CALHOUN, NEBRASKA

Carrier Number: 6251

Group Effective Date: September 1, 2001

Benefits Revised Date: September 1, 2009

Benefit Percentage	Maximum Benefit Period		Elimination Period
66-2/3% of Basic earnings	<u>Age At Disablement</u> Before Age 60	<u>Duration of Benefits</u> The day before attaining the Social Security Normal retirement Age as stated in the 1983 Revision or any later revision of the United States Social Security Act	End of Sick Leave
	Age 60 through Age 64	To the later of the above or 36 Months	
	Age 65 through Age 67	24 months	
	Age 68 through Age 69	18 months	
	Age 70 through Age 71	15 months	
	Age 72 and Over	12 months	

Maximum Annual Covered Salary: \$140,000

Maximum Monthly Benefit: \$7,778

Minimum Monthly Benefit: \$100

## SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF FORT CALHOUN COMMUNITY SCHOOLS:

### Conversion:

When your insurance ends under the Policy, you may buy LTD conversion insurance if you meet the following requirements:

1. your insurance ends for a reason other than the following:
  - a. termination or amendment of the Policy or the Employer's coverage under the Policy;
  - b. your failure to make a required premium contribution;
  - c. termination due to gross misconduct;
  - d. your retirement.
2. you have been continuously insured under the Policy for at least 12 months on the date such insurance ends;
3. you are not Disabled on the date your insurance ends;
4. you are a citizen or resident of the United States or Canada;
5. you apply in writing and pay the first premium to us within 31 days after your insurance ends.

### Minimum Hour Requirement For Active Service:

32 hours per week

### Definition of Total Disability:

Under 'SECTION I – DEFINITIONS' of the Certificate of Insurance, item '2.' of the definition of "Total Disability" and "totally disabled" is hereby deleted in its entirety and replaced with:

'2. after benefits have been paid for 60 months, you cannot perform each of the substantial and material duties of any gainful occupation for which you are reasonably fitted by training, education or experience; and'

### Probationary Period:

None

### Basic Earnings:

Under 'SECTION I – DEFINITIONS' of the Certificate of Insurance, the 'Basic earnings' definition applies, however, is hereby amended to include 'basic earnings will include base earnings plus district provided pay for extracurricular activities as agreed to as part of your employment contract and district provided health and dental premiums.'

### Monthly Benefit:

Under 'SECTION III – BENEFITS' of the Certificate of Insurance, subsection 'B. MONTHLY BENEFIT' is deleted in its entirety and replaced with the following:

'To figure the amount of Monthly Benefit, follow these steps:

1. Multiply your Basic monthly earnings by the Benefit Percentage shown on the Schedule of Benefits.

PAGE TWO OF THE SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF  
FORT CALHOUN COMMUNITY SCHOOLS:

Monthly Benefit (Continued):

2. Take the lesser of:
  - a. the amount determined in step (1) above; or
  - b. the Maximum Monthly Benefit shown on the Schedule of Benefits.
3. Deduct items '(1)' through '(5)' under insert page 'A(2)', and the following, from the amount determined in step (2):

any salary, wages, partnership or proprietorship draw, commissions, or similar pay that you receive, or are entitled to receive, from any gainful employment in which you actually engage. However, such amounts will not be considered for the 12 consecutive months beginning with the day you become entitled to such amounts, as long as the sum of:

- a. the income described above,
- b. the amount determined in step (2) above, and
- c. benefits from any other source described in Other Sources,

is not more than 100% of your Basic monthly earnings. Any amount over 100% will be subtracted from the amount determined in step (2) above when determining the benefit under this plan.

After this 12 month period, the Company will consider 70% of the amount determined after reducing any salary, wages, partnership or proprietorship draw, commissions or similar pay that you receive, or are entitled to receive, from any gainful employment in which you actually engage, by any Family Care Expense.

"Family Care Expense" means the expense incurred for the care of one or more dependent family members to allow you to be gainfully employed. The family member must be under age 13, or be physically or mentally incapable of caring for him or herself, and be chiefly dependent upon you for support and maintenance. To qualify the care must be provided by someone other than a relative of you. The allowable Family Care Expense will not exceed \$350 per eligible family member per month. A pro-rated amount will apply to any period shorter than a month.

4. However, if the amount determined in step (2) above plus the amount of benefits and payments from Other Sources is more than 70% of your Basic monthly earnings, the Monthly Benefit will be further reduced by the excess.

The Monthly Benefit payable will never be less than the Minimum Monthly Benefit shown in the Schedule of Benefits.

"Other Sources" include:

1. Items '6. a.', '6. b.' and '7.' listed in insert page 'A(2)';
2. Any amount you receive, or are eligible to receive, because of your disability, under a group, franchise, association or wholesale policy (this does not include credit or mortgage disability insurance).'

PAGE THREE OF THE SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF FORT CALHOUN COMMUNITY SCHOOLS:

Individual Terminations:

Under 'SECTION V – INDIVIDUAL TERMINATION', under part '6.', items 'b.' and 'c.' are hereby deleted in their entirety and replaced with:

'b. for paid board-approved leaves of absence, subject to the following:

i. Noncontributory coverage

1. Coverage will continue provided that:

- a. paid leaves of absence and the right to continue coverage during paid leaves are available to all Employees in the same Eligible Class under the Group Policy; and
- b. the Employer remits the required premium for coverage.

2. The Elimination Period can be satisfied during a paid leave of absence, but benefits will not begin until the later of the end of the Elimination Period or the date the paid leave was scheduled to end. In the event a benefit is payable, it will be based on the lesser of your earnings in effect on your last full day of Active Service prior to the paid leave of absence, or the salary for which premium was paid.

3. Unless you return to active, eligible status on or before the date the leave is scheduled to end, coverage extended during a paid leave will terminate on the earlier of the date the paid leave is scheduled to end or 12 months from the date the paid leave began.

c. for unpaid board-approved leaves of absence, subject to the following:

i. Noncontributory Coverage

1. Coverage will continue provided that:

- a. unpaid leaves of absence and the right to continue coverage during unpaid leaves of absence are available to all Employees in the same Eligible Class under the Group Policy; and
- b. the Employer remits the required premium for coverage.

2. No benefits are payable during an unpaid leave of absence. If you become Disabled during such leave, the Elimination Period will begin on the date the unpaid leave of absence was scheduled to end. The benefit will be based on the lesser of your earnings in effect on your last full day of Active Service prior to the unpaid leave of absence, or the salary for which premium was paid.

3. Unless you return to active, eligible status on or before the date the unpaid leave of absence is scheduled to end, coverage extended during an unpaid leave of absence will terminate on the earlier of the date the unpaid leave of absence is scheduled to end or 12 months from the date the unpaid leave of absence began.'



PAGE FOUR OF THE SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF  
FORT CALHOUN COMMUNITY SCHOOLS:

Coordination With Other Income Benefits:

The Company will NOT count as Other Income Benefits any automatic or other general cost of living increases in the amounts of benefits payable by any of the sources described in benefit 'A(2)' of this Certificate.

Rehabilitation:

Benefit 'B' shall apply. However, the paragraph entitled 'Rehabilitation' is hereby deleted in its entirety and replaced with the following:

**'Rehabilitation for the Insured**

You may ask to participate in a rehabilitation plan while you are disabled. The Company has the sole discretion to approve or deny the request. The terms and conditions of the rehabilitation plan must be mutually agreed upon by you and the Company.

While participating in a rehabilitation plan, the Monthly Benefit will be increased by 5% of your monthly pay or \$1,000, whichever is less. During this period, the Monthly Benefit may exceed the Maximum Monthly Benefit as stated in this Certificate of Insurance.

The Rehabilitation Plan may include, at our discretion, payment of your medical expense, education expense, moving expense, accommodation expense or family care expense.

If you return to work as part of a rehabilitation plan while you are disabled, the Company will pay the Employer:

- \* 50% of your salary, wages, partnership or proprietorship draw, commissions, or similar pay; or
- \* the Monthly Benefit, if less,

for the first month after your return to work, or the remaining period of disability, if less.

If the disability ends while you are participating in a rehabilitation plan, and you are not able to find gainful work, the Company will:

- \* pay you the amount of benefit, other than rehabilitation benefits, that would have been payable if you had remained disabled until:
  - three months after the disability ends, or
  - the date you are able to find gainful work, if earlier; and
- \* provide or pay for reasonable job placement services for a period of up to three months after the disability ends.

**Rehabilitation Plan for Your Spouse**

You and your spouse may ask to participate in a rehabilitation plan for your spouse while you are disabled if:

- \* you are receiving disability benefits from a social security plan, and
- \* your spouse's earnings in the six calendar months prior to your disability averaged less than 60% of your monthly pay.

PAGE FIVE OF THE SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF  
FORT CALHOUN COMMUNITY SCHOOLS:

Rehabilitation (Continued):

The Company has the sole discretion to approve or deny the request. The terms and conditions of the rehabilitation plan must be mutually agreed to by you, your spouse and the Company.

The rehabilitation plan for your spouse may include, at our discretion, payment of your spouse's education expense, reasonable job placement expenses, and the family's moving expense, if any. It may also include the family care expense incurred by your spouse, necessary in order for your spouse to be retrained under the Rehabilitation Plan.

The Monthly Benefit payable will be reduced by 50% of any salary, wages, partnership or proprietorship draw, commissions, or similar pay from and work your spouse does as a result of participating in your spouse's rehabilitation plan. If your spouse is working when the rehabilitation plan begins, the Company will only reduce the benefit by 50% of the increase in income that results from participation in this rehabilitation plan.'

Survivor Benefit:

Benefit 'E', entitled 'Survivor Benefit' shall apply. However, the second and third paragraphs are deleted in their entirety and replaced with:

'The Company will pay a benefit to your Eligible Survivor when proof is received that you died while receiving a Monthly Benefit.

The benefit will be an amount equal to three times your last monthly benefit.'

Residual Disability:

'Residual Disability' and 'Residually Disabled' mean your inability, as a result of Sickness or Injury, to perform all the material and substantial duties of your regular occupation on a full-time basis while you are, in fact:

1. performing at least one of the material and substantial duties of your regular occupation or any other occupation on a part-time or full-time basis; and
2. due to the same Sickness or Injury currently earning at least 20% less per month than your Indexed Pre-Disability Earnings.

The amount of the Monthly Benefit for Residual Disability will equal the lesser of: the Benefit Percent times your Basic monthly earnings; or the amount of the Maximum Monthly Benefit, less all of the sources listed under Other Income Benefits.

However, if you are earning more than 20% of your Indexed Pre-disability Earnings in your regular occupation or any other occupation, then the Monthly Benefit for Residual Disability will be figured as follows:

1. During the first 12 months of Residual Disability, the Monthly Benefit will not be reduced by any income from employment until the gross Monthly Benefit plus the monthly income from employment exceeds 100% of the Indexed Pre-Disability Earnings. The Monthly Benefit will then be reduced by that excess amount.

PAGE SIX OF THE SPECIAL PROVISIONS FOR ALL ACTIVE, FULL-TIME EMPLOYEES OF  
FORT CALHOUN COMMUNITY SCHOOLS:

Residual Disability (Continued):

2. After the first 12 months of Residual Disability, the formula used to figure the Monthly Benefit will be:

(A divided by B) multiplied by C, where --

- "A" is your Indexed Pre-Disability Earnings minus your income from employment received while you are disabled.  
"B" is your Indexed Pre-Disability Earnings.  
"C" is the Monthly Benefit as figured during the first 12 months of Residual Disability.

"Indexed Pre-Disability Earnings" is defined as your Basic Monthly Earnings just before your disability began, as adjusted upward on the first anniversary of Residual Disability benefit payments and on each following anniversary. The amount of each adjustment will be the 7%.

Residual Disability Benefits will cease on the earliest of:

1. the date you are no longer disabled;
2. the date you die;
3. the end of the Maximum Benefit Period;
4. the date your current earnings exceed 80% of your Indexed Pre-Disability Earnings;
5. the date you retire.

Full Maternity Coverage:

Pregnancy, childbirth and related medical conditions shall be regarded as a Sickness and shall be subject to all the provisions of the Policy relating to Sickness. However, your inability to engage in your own or any occupation shall not be due to lack of presentability or childrearing.

Mental Illness Limitation:

Benefit 'L(5)' applies. Furthermore, the definition of "Mental or emotional illness" found on this page is hereby deleted in its entirety and replaced with:

"Mental or emotional illness" means any neurosis, psychoneurosis, psychopathy, psychosis and all other mental or emotional illness of any type including, but not limited to, substance abuse or addiction and the use of any hallucinogen. "Substance abuse" includes alcoholism and the taking of a prescription or controlled drug in a manner not prescribed or recommended by a physician.'

## **SECTION I - DEFINITIONS**

"Active service" means you must be working:

1. for the employer on a permanent full-time basis and paid regular earnings;
2. at least 600 hours per year unless otherwise specified in the Schedule of Benefits; and either
3. at the employer's usual place of business; or
4. at a location to which the employer's business requires you to travel.

You will be deemed to be in active service on each day of a regular paid vacation or on a regular nonworking day on which you are not disabled if you were in active service on the last preceding regular working day.

"Basic earnings" means your base wage of earnings received from the employer immediately prior to the date total disability starts. Basic earnings are based on your normal work week, but in no event for a work week of more than 40 hours. Basic earnings do not include bonus, overtime, or any plan of deferred or extra income. If the Schedule of Benefits so states, basic earnings will include base earnings plus earnings for extracurricular activities agreed to as part of your employment contract.

"Company" means Madison National Life Insurance Company, Inc.

"Contract day employee" means an employee who agrees to work on, and is paid on the basis of, a specified number of contract working days per school year. The number of such days is as set forth in the employing district's school calendar or as otherwise agreed to between the employer and the employee. Contract working days include, for example, school attendance days, in-service days, and certain paid legal holidays.

"Eligibility date" means the date you become eligible for insurance under the policy. Classes eligible are shown in the Schedule of Benefits.

"Elimination period" means a period of consecutive dates of total disability for which no benefit is payable. The elimination period is shown in the Schedule of Benefits and begins on the first day of total disability.

"Employee" is as defined in the Schedule of Benefits.

"Employer" means any employer who:

1. executes a Joinder Agreement with the Trustee of The Schools Insurance Fund; and
2. designates the Trustee as the entity to act as policyholder for it in conjunction with providing benefits described in the policy.

"Injury" means bodily injury resulting directly from an accident and independently of all other causes. The injury must occur and total disability must begin while you are insured under the policy.

"Insured" means an employee insured under the policy.

"Joinder Agreement" means an agreement made between an employer and the policyholder and approved by the Company to provide insurance under the policy.

"Monthly benefit" means the amount payable by the Company to you if and when you are a disabled insured.

"Non-contract day employee" means an employee who is not a contract day employee. A non-contract day employee includes, for example, an employee who is paid on an hourly, weekly, monthly, annual, or other periodic basis. He or she is not paid on the basis of contract working days as set forth in the employer's district school calendar or as otherwise agreed to between the employer and the employee.

"Physician" means a person who is:

1. operating within the scope of his or her license; and either
2. licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
3. legally qualified as a medical practitioner and required to be recognized under the policy for insurance purposes, according to the insurance statutes or the insurance regulations of the governing jurisdiction.

It will not include you or your spouse, daughter, son, father, mother, sister or brother.

"Policy" means the Group Long Term Disability Insurance Policy under which your Certificate is issued.

"Policyholder" means the policyholder named in this Certificate.

"Probationary period," as shown in the Schedule of Benefits, means the continuous length of time you must serve in an eligible class to reach your eligibility date.

"Retirement date" means the earlier of:

1. the first date as of which you apply for and receive retirement benefits under any pension plan to which the employer contributes; or
2. the first date as of which you apply for and receive retirement benefits under any state or federal government retirement plan or social security law. This does not include benefits which are payable solely for disability or solely because of employment or service with a state or federal governmental unit.

You must apply for any retirement benefits for which you are eligible no later than your 65th birthday. If no application is made at that time, the benefits under the policy shall be reduced by the estimated amount of benefits for which you are eligible.

"Sickness" means illness or disease which causes total disability. The total disability must begin while you are insured under the policy.

"Total disability" and "totally disabled" mean that because of injury or sickness:

1. you cannot perform each of the substantial and material duties of your regular occupation; and
2. after benefits have been paid for 24 months, you cannot perform each of the substantial and material duties of any gainful occupation for which you are reasonably fitted by training, education or experience; and
3. you are under the regular care and attendance of a physician. "Regular care and attendance" means observation and treatment by a physician. Such care and attendance is as required by current standards of medicine for the injury or sickness causing total disability.

"You" and "your" means the person named in this Certificate.

## **SECTION II - ELIGIBILITY AND EFFECTIVE DATES**

### **A. ELIGIBLE CLASSES**

The classes eligible for insurance are shown in the Schedule of Benefits.

### **B. ELIGIBILITY DATE**

An employee in an eligible class will be eligible for insurance on the later of:

1. the Group Effective Date shown in the Schedule of Benefits; or
2. the day after you complete the probationary period.

### **C. EFFECTIVE DATES OF INSURANCE**

1. Insurance will be effective at 12:01 a.m. on the day determined as follows, but only if your written application for insurance is:
  - a. made with the Company through your employer; and
  - b. on a form satisfactory to the Company.
2. You will be insured on your eligibility date if you are not required to contribute to the cost of your coverage under the policy.
3. If you are required to contribute to the cost of your coverage under the policy, you will be insured on the latest of these dates:
  - a. your eligibility date, if you have made written application for insurance on or before this date;
  - b. the date you make written application for insurance, if you do it on or before the 31st day after your eligibility date;
  - c. the date the Company gives its approval, if you:
    - i. make written application for insurance more than 31 days after your eligibility date; or
    - ii. terminated your insurance while continuing to be eligible.

In the case of i. and ii. above, you must submit an application and evidence of insurability to the Company for approval. This will be at your expense.

4. Delayed Effective Date for Insurance - The effective date of any initial, increased or additional insurance will be delayed for you if you are not in active service because of a disability. The initial, increased or additional insurance will start on the date you return to active service.

### **SECTION III - BENEFITS**

#### **A. TOTAL DISABILITY**

When the Company receives proof that you are totally disabled due to sickness or injury, the Company will pay you a monthly benefit after the end of the elimination period. The benefit will be paid for the period of total disability if you give to the Company proof of continued total disability.

The proof must be given upon request and at your expense. The monthly benefit will not:

1. exceed your amount of insurance; nor
2. be paid for longer than the maximum benefit period.

The amount of insurance and the maximum benefit period are shown in the Schedule of Benefits.

#### **B. MONTHLY BENEFIT**

To figure the amount of monthly benefit:

1. Multiply your basic monthly earnings by the benefit percentage shown in the Schedule of Benefits.
2. Take the lesser of the amount:
  - a. determined in step 1 above; or
  - b. of the maximum monthly benefit shown in the Schedule of Benefits; and
3. Deduct other income benefits from this amount. Other income benefits are shown in the "Other Income Benefits" provision of this Certificate.

The monthly benefit payable will never be less than the minimum monthly benefit shown in the Schedule of Benefits.

#### **C. PRESUMPTION OF CERTAIN COVERAGES**

It is presumed that you:

1. are covered: under the Federal Social Security Act; and a state teacher's retirement fund or a state retirement fund;
2. agree to apply for those benefits and/or any income benefit to which you may be entitled;
3. are getting periodic cash payments under such programs in an amount equal to the amount you or your dependents would receive were they receiving such payments.

If for any reason you are not eligible for Social Security, state teacher's, or state retirement benefits, at time of notice of claim, you must give notice with evidence that you are not so eligible.

#### **D. LUMP SUM PAYMENTS**

Other income benefits which are paid in a lump sum will be prorated on a monthly basis over the time period for which the sum is given. If no time period is stated, the sum will be prorated on a monthly basis over your expected lifetime as determined by the Company.

**E. TERMINATION OF THE MONTHLY BENEFIT**

The monthly benefit will cease on the earliest of:

1. the date you cease to be totally disabled;
2. the date you die; or
3. the end of the maximum benefit period.

**F. WAIVER OF PREMIUM**

Premium payments for you will be waived during any period for which benefits to you are payable. Premium payments may be resumed following a period during which they are waived.

**SECTION IV - EXCLUSIONS AND LIMITATIONS**

**A. GENERAL EXCLUSIONS**

The policy does not cover any total disability:

1. due to war, declared or undeclared, or any act of war;
2. due to any act of international armed conflict or conflict involving the armed forces of any country;
3. while you are in the armed forces of any country or international authority;
4. due to your attempted suicide while sane or insane;
5. as a result of your intentionally self-inflicted injuries;
6. as a result of your committing of or attempting to commit a felony or any type of assault or battery;
7. as a result of your participation in a riot;
8. as a result of your engaging in an illegal activity.

**B.** If your Certificate contains a pre-existing condition exclusion, it will be found on page K of this Certificate.

**C.** Your Certificate will contain one of the following pages regarding mental illness coverage and limitations: L(1); L(2); or L(5). Please read this page carefully.

**SECTION V - INDIVIDUAL TERMINATION**

You will cease to be insured on the earliest of the following dates:

1. the date the policy terminates.
2. the date the employer's Joinder Agreement terminates.
3. the date you are no longer in an eligible class.
4. the date your class is no longer included for insurance.
5. the last day for which you made any required contribution.



6. the date your employment terminates. Cessation of your active employment will be deemed termination of employment, except:
  - a. the insurance will be continued for you if you are absent due to total disability during:
    - i. the elimination period; and
    - ii. the period during which premium is being waived.
  - b. for paid sabbatical leaves, if you are a professional employee, subject to the following:
    - i. premium and benefit payments are based upon your last active salary;
    - ii. 100% of the employees on paid sabbatical leave must be covered; and
    - iii. this coverage is limited to a period of not more than one year.
  - c. unpaid sabbatical leaves, if you are a professional employee, subject to the following:
    - i. coverage would exist, but no benefits will be paid during the year of unpaid leave;
    - ii. unpaid leave is limited to one year, and either a signed contract or some written agreement that you would be returning to work the following year must exist;
    - iii. the elimination period begins with the beginning of the school year when you would have returned to work;
    - iv. premium and benefit payments are based upon your last active salary; and
    - v. 100% of the employees on unpaid leave would be required to participate in this coverage.
  - d. if you are a contract day employee and if you do not terminate your employment prior to the end of the required working days as stated in your contract, your active service will be deemed to continue until the first required working day of the next contract year.
7. your retirement date.

## **SECTION VI - GENERAL POLICY PROVISIONS**

### **A. STATEMENTS**

In the absence of fraud, all statements made in any application are considered representations and not warranties (absolute guarantees). No representation by:

1. the policyholder in applying for the policy will make it void unless the representation is contained in the application; or
2. you in applying for insurance under the policy will be used to reduce or deny a claim unless a copy of the application for insurance is or has been given to you.

No statement of the policyholder, except a fraudulent misstatement, shall be used to void the policy after it has been in force for two years. No statement of yours, except a fraudulent misstatement, shall be used in defense to a claim for total disability after your insurance has been in effect for two years.

**B. COMPLETE CONTRACT - POLICY CHANGES**

1. The policy is the complete contract. It includes:
  - a. the application of the policyholder;
  - b. each employee's application for insurance.
2. The policy may be changed in whole or in part. Only an officer of the Company can approve a change. The approval must be in writing and endorsed on or attached to the policy.
3. No other person, including an agent, may change the policy or waive any part of it.

**C. GRACE PERIOD**

If the policyholder does not pay in full any renewal premium on or before its due date, the policyholder will have a grace period in which to pay that renewal premium. The policy will remain in force during the grace period. If the premium is not paid in full before the grace period ends, the policy will end on the last day of the grace period.

The grace period will end 31 days after the premium due date. If the policyholder gives written notice to the Company at its Home Office, before or during the grace period, that it desires to end the policy before the end of the grace period, the policy will end either on the date the notice is received by the Company at its Home Office or on the date stated in the notice, whichever is later.

**D. CLERICAL ERROR**

Clerical error or omission will not:

1. deprive you of insurance;
2. affect your amount of insurance; or
3. effect or continue your insurance which otherwise would not be in force.

**E. MISSTATEMENTS OF FACTS**

If relevant facts about you were not accurate:

1. a fair adjustment of premium will be made; and
2. the true facts will decide if and in what amount insurance is valid under the policy.

**F. NOTICE OF CLAIM**

1. Written notice of claim must be given to the Company within 60 days of the date total disability starts, if that is possible. If that is not possible, the Company must be notified as soon as it is reasonably possible to do so.
2. When the Company has the written notice of claim, it will send you its claim forms. If the forms are not received within 15 days after written notice of claim is sent, you can send the Company written proof of claim without waiting for the form.

**G. PROOF OF LOSS**

1. Proof of loss must be given to the Company. This must be done no later than 90 days after the end of the period for which the Company is liable.
2. If it is not possible to give proof within these time limits, it must be given as soon as reasonably possible. But proof of loss may not be given later than one year after the time proof is otherwise required, except in the absence of legal capacity.

**H. PHYSICAL EXAMINATION AND AUTOPSY**

The Company, at its own expense, will have the right and opportunity to have you, if your injury or sickness is the basis of a claim, examined by a physician or vocational expert of its choice. This right may be used as often as reasonably required. The Company may also have an autopsy made when it is not forbidden by law.

**I. LEGAL ACTIONS**

You or your authorized representative cannot start any legal action:

1. until 60 days after proof of loss has been given; nor
2. more than three years after the time proof of loss is required.

**J. TIME OF PAYMENT OF CLAIMS**

When the Company receives proof of loss, benefits payable under the policy will be paid monthly during any period for which the Company is liable.

**K. PAYMENT OF CLAIMS**

Benefits will be paid to you. The survivor benefit will be paid to the survivor, if any, as described in the provision "Survivor Benefit." If there is no survivor, they are payable in accordance with the beneficiary designation in effect at the time of payment. If none is then in effect, the benefits will be paid to your estate. Any other benefits unpaid at death may be paid, at the Company's option, either to your beneficiary or estate. If benefits are payable to your estate or a beneficiary who cannot execute a valid release, the Company can pay benefits up to \$1,000.00 to someone related to you or your beneficiary by blood or marriage whom the Company considers to be entitled to the benefits. The Company shall be discharged to the extent of any such payment made in good faith.

**L. WORKERS' COMPENSATION**

The policy is not in lieu of, and does not affect, any requirement for coverage by Workers' Compensation Insurance.

**M. AGENCY**

For all purposes of the policy, the policyholder acts on its own behalf or as agent of the employee. Under no circumstances will the policyholder be deemed the agent of the Company without a written authorization.

**N. EMPLOYER'S GROUP NUMBER**

Each employer will have its own group number. This number is shown on your Schedule of Benefits.

INSERT PAGES

### **Continuity of Coverage Upon Transfer of Insurance Benefits**

In order to prevent loss of coverage for an employee because of a transfer of insurance carriers, the policy will provide coverage for certain employees as follows:

#### **Failure to be in Active Service Due to Injury or Sickness.**

The policy will cover, subject to premium payments, employees:

1. insured with the prior carrier at the time of transfer; and
2. who are not in active service due to injury or sickness.

The benefit payable will be that which would have been paid by the prior carrier had coverage remained in force, less any benefit for which the prior carrier is liable.

#### **Disability Due to a Pre-existing Condition.**

Benefits may be payable for a total disability due to a pre-existing condition for an employee who:

1. was insured by the prior carrier at the time of transfer; and
2. was in active service and insured under this policy on its effective date.

The benefit will be determined according to the Schedule of Benefits if the employee satisfies the pre-existing condition exclusion under:

1. this policy; or
2. the prior carrier's policy, giving consideration towards continuous time insured under both policies.

No benefit will be paid if the employee cannot satisfy the pre-existing condition exclusion of 1. and 2. above.

-H-

FORM LTD-2 CERT.

**Calculation of Periodic Benefits  
Claim Benefit Method "A"**

**1. For Contract Day Employees:**

If you are a contract day employee, you must first serve the elimination period. Then your yearly pay is divided by the number of contract working days to figure out a daily benefit. This daily benefit is the basis for payment for each contract working day per the district's school calendar.

**2. For Non-Contract Day Employees:**

If you are a non-contract day employee, you must first serve the elimination period. Then your yearly pay will be divided by the number of months which is closest to your actual work year, as follows:

- a. by 9 for a 9 month work year; with benefits payable for each month of the calendar year but June, July and August;
- b. by 10 for a 10 month work year; with benefits payable for each month of the calendar year but July and August;
- c. by 12 for a 12 month work year; with benefits payable for each month of the calendar year.

3. If your disability continues beyond twelve consecutive months of benefit payments, your yearly pay as of the date you became disabled will be divided by twelve to compute the basis for further monthly payments.

**Basis of Monthly Benefit:**

Your amount of monthly benefit is determined by your contract pay of basic earnings on the day you become disabled.

**Amount of Benefit for Part of a Month:**

A monthly benefit may be payable for less than a full month. If so, the amount of monthly benefit for such time shall be proportionally reduced.

**Adjustments in Amount of Monthly Benefit:**

The amount of benefit otherwise payable for any month may be reduced. It will be reduced by the amount of other income benefits, if any, as defined in the policy.

-N(1)-

FORM LTD-2 CERT.

## **Other Income Benefits**

Other income benefits mean those benefits shown below which are paid or would be paid if the proper claim were filed:

1. The amount for which you are paid under any:
  - a. Workers' Compensation Law;
  - b. occupational disease; or
  - c. other act or law of like intent.
2. The amount of any disability income benefits for which you are eligible under any compulsory benefit act or law.
3. The amount of any disability income benefits for which you are eligible under:
  - a. any other group insurance plan of the employer;
  - b. any state or federal government disability or retirement plan; or
  - c. any individual policy for which the employer pays some or all of the premiums.
4. The amount of benefits you are eligible to receive under the employer's retirement plan as follows:
  - a. any disability benefits;
  - b. any retirement benefits.
5. The amount of disability or retirement benefits under the United States Social Security Act, as follows:
  - a. disability or unreduced retirement benefits for which you are eligible; and
  - b. reduced retirement benefits received by you.

After the first deduction for Social Security benefits, the monthly benefit will not be further reduced due to any cost of living increase payable under Social Security.

6. Any earnings which you are eligible to receive from your employer, any other employer, or self employment for:
  - a. any salary continuation plan;
  - b. commission;
  - c. vacation pay;
  - d. bonus pay;
  - e. any other type of extra pay.
7. Auto insurance based on the principle of "no fault" coverage.

These other income benefits, except retirement benefits, must be payable as a result of the same total disability for which this policy pays a benefit.

Benefits under item 5a. above will be estimated if such benefits:

1. have not been awarded and have not been denied; or
2. have been denied; until such time as the denial is appealed through the final administrative appeals level; or
3. were at one time awarded but are now being denied, until such time as the denial is appealed through the final administrative appeals level.

If benefits have been estimated, the monthly benefit will be adjusted when the Company receives proof:

1. of the amount awarded; or
2. that benefits have been denied at the final administrative appeals level and the denial is not being appealed to the courts.

In the case of 2. above, a lump sum refund of the estimated amounts will be made.

-A(2)-

## **Recurrent Disability**

“Recurrent disability” means a disability which is related to or due to the same cause(s) of a prior disability for which a monthly benefit was payable.

A recurrent disability will be treated as part of the prior total disability if, after receiving total disability benefits under this policy, you:

1. return to your regular occupation on a full-time basis for less than six months; and
2. perform all the material duties of your occupation.

Benefit payments will be subject to the terms of the policy for the prior total disability.

If you return to your occupation on a full-time basis for six months or more, a recurrent disability will be treated as a new period of total disability. You must complete another elimination period.

Successive disability which results from (an) unrelated cause(s) will be deemed to be a continuation of the first disability unless separated by your return to active service for at least one full day.

## **Rehabilitation**

If you are receiving a benefit under the policy, you may enter a rehabilitation program. This program must be supervised by a physician and approved by the Company. While in such a program, you shall be deemed to be totally disabled. The monthly benefit payable, while under such a program, shall be reduced by 50 percent of any income earned by you for work done under the program.

At no time shall the monthly benefit be paid beyond the maximum benefit period.

The monthly benefit will in no event be less than the minimum monthly benefit.

-B-

FORM LTD-2 CERT.

## **Survivor Benefit**

“Eligible survivor” means your spouse, if living, otherwise your children under age 25. “Children” shall include legally adopted children and step-children who are living with you in a parent-child relationship at the time of your death.

The Company will pay a benefit to the eligible survivor when proof is received that you died:

1. after total disability had continued for 180 or more days in a row; and
2. while receiving a monthly benefit.

The benefit will be an amount equal to three times your last monthly benefit, or as otherwise stated in the Schedule of Benefits.

If payment becomes due to your children, payment will be made to:

1. the children; 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 children.

“Last monthly benefit” means the monthly benefit paid to you immediately prior to your death but not including any reduction for wages earned while in rehabilitative employment.

-E-

FORM LTD-2 CERT.

### **Mental Illness - Covered As Sickness**

“Mental or emotional illness” means any neurosis, psychoneurosis, psychopathy, psychosis and all other mental or emotional illness of any type.

A mental or emotional illness shall be considered a sickness under the policy.

-L(5)-

FORM LTD-2 CERT.



## Long-Term Care Insurance Endorsement

Employer Effective Date:	July 1, 2006
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To the extent provided in this endorsement, an Insured who is covered for “Group Long-Term Disability Insurance” may be eligible to receive a Comprehensive Long-Term Care Insurance Policy without evidence of insurability. Benefits for this coverage will be as stated in the individual policy.

1. An Insured will be eligible if:
  - a. He or she is Actively at Work on his or her retirement date; and
  - b. He or she is retiring by virtue of having satisfied the normal attained age or service requirement under the Employer’s retirement plan.
2. An eligible Insured, within 30 days of his or her retirement, will receive:
  - a. a Comprehensive Long-Term Care Insurance Policy;
  - b. an Outline of Coverage; and
  - c. a Long-Term Care Shopper’s Guide.
3. The policy will be provided at no cost to the Insured during the first 90 days following its effective date. Thereafter, the Insured may continue his or her policy in force by paying required premiums when due.

This endorsement does not affect in any way an Insured’s “Group Long-Term Disability Insurance” and resultant benefits under his or her “Group Long-Term Disability Insurance.”

Definitions: As used in this Endorsement:

“Insured” means the same as it is defined in the “Group Long-Term Disability Policy”.

“Comprehensive Long-Term Care Insurance Policy” means an individual contract of insurance that will be issued to each Insured. Such policy provides reimbursement for services that are required by people who are functionally or cognitively disabled due to sickness, injury, illness or aging. These services may be provided in a variety of care settings, including an Insured’s home.

AMENDMENT NO. 3

TO BE ATTACHED TO AND MADE PART OF THE CERTIFICATE

ISSUED TO: Schools Insurance Fund Trust

It is agreed that the above certificate be amended, effective April 1, 1996, as follows.

1. Amend part VI of the certificate by adding the following provision:

SUBROGATION

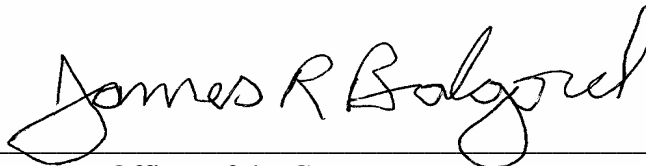
You agree that we have all rights to any damages which arise out of any injury or illness you sustain, to the extent that these benefits are provided in the policy. You also agree that the right to such damages is hereby assigned to the Company. The Company has the right to recover from anyone. The Company may not collect for damages from you unless you are fully recovered, and we take into account your degree of fault and any other factors which may reduce your damages.

The provisions and conditions set forth on any page hereof are a part of this amendment as fully as if recited over the signature hereto affixed. Nothing contained in this amendment shall change any of the terms and conditions of this certificate other than as herein stated.

Executed by the Company on April 1, 1996.

MADISON NATIONAL LIFE INSURANCE COMPANY

By: \_\_\_\_\_



Officer of the Company

AMENDMENT NO. 35

TO BE ATTACHED TO AND MADE PART OF THE CERTIFICATE

ISSUED TO: Schools Insurance Fund Trust

It is agreed that the above certificate be amended, effective January 1, 2002, as follows:

1. Amend the Section titled "General Policy Provisions" of the certificate by adding the following provision.

**Company's Right of Recovery**

The Company will not pay Benefits to you before you sign a Reimbursement Agreement and that Agreement is on file with the Company.

Whenever the Company has made payments to you in excess of the amount required by the provisions of this policy, or during periods of time for which you subsequently receive a retroactive benefit from any Other Income Benefit source, you will reimburse the Company for any such excess, duplicate, or erroneous payments.

Upon request, you must execute and deliver to the Company such documents as may be required and do whatever else is necessary to secure our rights to recover any excess, duplicate, or erroneous payments.

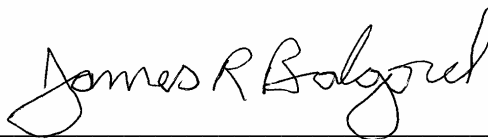
You must reimburse the Company in a satisfactory and timely manner for any payments made to which you were not entitled under the terms of this policy. Such reimbursement will be due and payable immediately upon our notification to and demand of you. Or, at our option, the subsequent payment of Benefits or the refund of any premium owed you by the Company may be reduced or refused as a setoff and applied toward such reimbursement. If you delay in notifying the Company of your receipt of an Other Income Benefit or in making reimbursement to the Company, the Company will have the right to charge interest at a reasonable rate on the delinquent amount owed the Company.

Our acceptance of premium or other fees, or our providing or paying of Benefits, does not constitute a waiver of our rights to enforce the provisions of this section in the future. The provisions of this section are in addition to, and not in lieu of, any other rights or remedies available to the Company at law or in equity.

Executed by the Company on January 1, 2002.

MADISON NATIONAL LIFE INSURANCE COMPANY

By: \_\_\_\_\_



Officer of the Company

For service information, contact...

**SCHOOLS INSURANCE FUND**

(262) 785-9995

Toll-Free 1-800-627-3660

For claim information, contact...

**MADISON NATIONAL LIFE INSURANCE COMPANY, INC.**

1-800-356-9601

**UNDERWRITTEN BY:**

***MADISON NATIONAL LIFE  
INSURANCE COMPANY, INC.***

Mailing Address: P.O. Box 5008 · Madison, WI 53705

