



**Lincoln Mutual**  
*Life & Casualty Insurance Company*



# Group Long-Term Disability

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For Employer Groups with 10 or More Eligible Employees

Minnesota Group Long-Term Disability

# Choose Lincoln Mutual for your Group Long-Term Disability Coverage

**While we may not know everything the future may have in store for you and your employees, we do have the experience to help ensure that your ride is safe and secure. That is our commitment to you.**

Founded in 1935 as the nation struggled with the Great Depression, Lincoln Mutual Life & Casualty Insurance Company has a strong legacy of delivering affordable coverage, peace of mind and hope to individuals in their time of crisis.

We treat people with respect and compassion, and we hold to the ideals set forth by our founders. Whether you have two or 2,000 employees, Lincoln Mutual has the group life and disability products that are right for your business. Flexible products, a solid foundation and personal service set Lincoln Mutual apart from the competition.

## **We take pride in our flexible products.**

- We offer a variety of products, including group life, accidental death and dismemberment, dependent life, voluntary group term life, short-term disability and long-term disability. An integrated product line will reduce gaps in your employees' coverage.
- We make life easier for your business and employees by streamlining claims administration and management of your group plan.

## **You can trust our solid foundation.**

- Lincoln Mutual has \$35 million in assets. We insure more than 50,000 lives with annual premiums of more than \$12 million.
- We are part of the Noridian companies, a group of companies with more than 70 years of experience in the life and health insurance industries.

## **You'll receive outstanding personal service.**

- We offer small-town service with national expertise. Lincoln Mutual is a North Dakota company with North Dakota roots. Our products rival those of large impersonal national carriers. You'll receive the personal service that you expect from your neighbor.
- Your calls to Lincoln Mutual are answered by a person; you will not get caught in a maze of endless voice mail options.



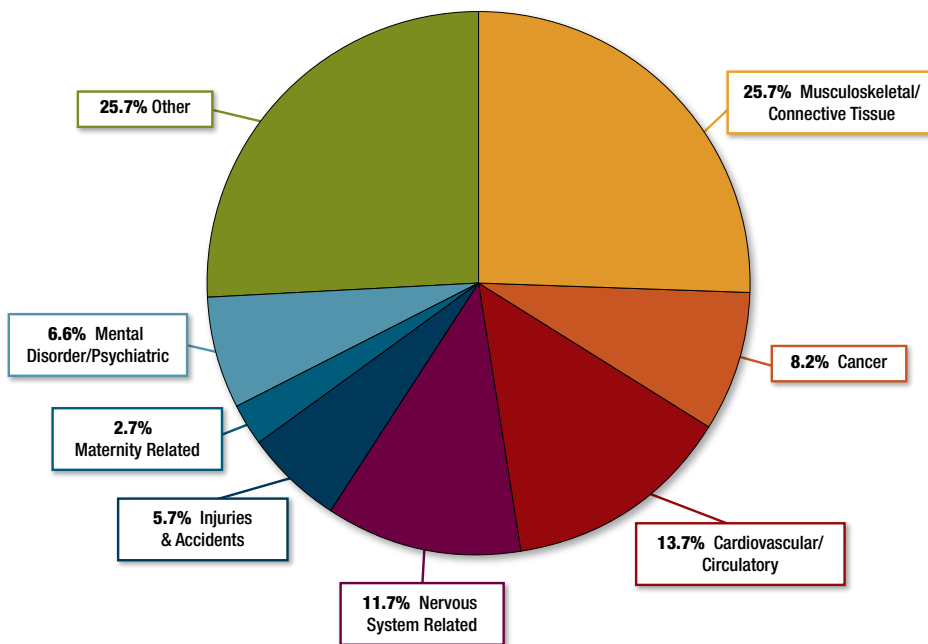
## Long-Term Disability (LTD): One of the toughest problems an employer will ever face

Disability can happen to anyone. Sadly, most employees are financially unprepared for a prolonged sickness or accident as evidenced in these statistics from the Council for Disability Awareness web site.

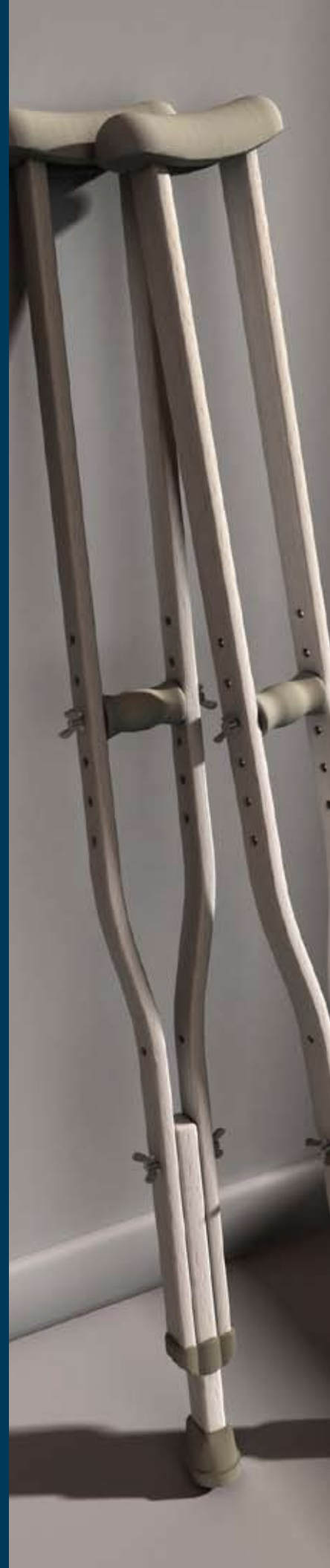
- Approximately 1 in 7 people can expect to be disabled for five years or more before retirement.
- Just 39% of the 2.1 million workers who applied for Social Security Disability Insurance benefits were approved in 2005.
- 72% of Americans don't have enough savings to meet short-term emergencies.
- One-third of Americans have no retirement savings and most are not eligible for a pension.
- Disability causes nearly 50% of all mortgage foreclosures, compared to 2% caused by death.

Despite these startling statistics, employees often overlook their need for long-term disability insurance. Group Long-Term Disability insurance can help both you, the employer, and your employees deal with the financial impact of a disability. Disability insurance replaces a reasonable portion of earnings that are lost as a result of disability and encourages employees to return to work as soon as possible.

### Most Common LTD Claims by Condition



Source: CDA 2006 Long-Term Disability Claims Survey





## Plan Highlights

- Return to work incentives
- 24-month initial rate guarantee
- Survivor benefit provision included
- Continuity of coverage
- Temporary recovery
- Social Security Assistance Program
- Workplace modification benefit
- Vocational rehabilitation

## Standard Provisions

- 60% monthly benefit
- \$6,000 benefit maximum
- \$100 or 10% minimum monthly benefit
- 180-day elimination period
- 7-day accumulation for 90-day elimination period
- 30-day accumulation for 180-day elimination period
- 2-year regular occupation/reasonable employment option with 80% earnings test; any gainful occupation thereafter with 60% earnings test
- Social Security Normal Retirement Age
- Family integration
- Continuity of coverage
- 6 months recurrent disabilities
- 3-month survivor benefit
- 24-month lifetime mental illness and substance abuse limitation

## Participation Requirements

As an employer, you are required to:

- Have 100% of eligible employee participation if you contribute 100% of the plan's cost, or;
- Have at least 75% employee participation if you contribute at least 25% of the plan's cost.

## Eligibility Requirements

Full-time employees working 30 or more hours a week are eligible.

## Employee Waiting Period

All active employees are eligible for insurance immediately on the effective date of the group policy. Newly hired employees are eligible after the waiting period indicated on the master group application.

## Active Work Requirement

If the employee is disabled on the day before the scheduled effective date of the employee's insurance, the effective date will be delayed until the first day after the employee completes one full day of active work.

Active work and actively at work are defined as performing the material duties and substantial duties of the employee's job at the employer's usual place of business. Material and substantial duties are the essential tasks, skills and operations that you require your employee to do and they cannot be modified or omitted.

## Definitions

### **60% monthly benefit**

The 60% option is most common because long-term disability insurance is designed to replace a reasonable portion of lost earnings. This option delivers adequate coverage while providing an incentive to return to work.

### **\$6,000 benefit maximum**

With the 60% option, a \$6,000 monthly maximum covers annual salaries up to \$120,000. This option offers adequate coverage for most groups.

### **Elimination period**

An elimination period is the period of time an employee must be disabled before payment of benefits begins.

Selecting an elimination period balances the need to provide your employees with adequate protection and keeps cost within budget. The elimination period should be coordinated with any short-term disability plans, which often provide 13 or 26 weeks of coverage. Long-term disability plans with longer elimination periods are often less costly with decreased frequency of claims than those with shorter elimination periods.

### **Accumulation of elimination period**

Disabled employees may return to work for up to 30 days without jeopardizing prior days of disability that were previously counted toward satisfying the elimination. Lincoln Mutual offers employers two standard provisions:

- 7-day accumulation of elimination period for 90-day elimination
- 30-day accumulation of elimination period for 180-day elimination period

### **Total disability: 2-year regular occupation**

To receive benefits, an insured employee must be unable to perform the material duties of the employee's own occupation during the first two years of disability.

Employees will receive payments beyond 24 months if they are unable to do the material and substantial duties of any gainful occupation because of the same sickness or injury. This requirement helps keep costs down and encourages employees to return to work.

### **Residual**

Disability is evaluated in terms of ability to work and/or earn money. Residual income can range from zero to 80%.

### **Benefit duration: Social Security Normal Retirement Age (SSNRA)**

The Social Security Normal Retirement Age balances long-term income protection with cost considerations.

### **Benefit limitations: 24-month lifetime mental illness and substance abuse benefit limitation**

Limited benefits are paid for specific conditions or under specific circumstances such as mental illness or substance abuse.

### **Family integration**

The monthly disability payment will be directly reduced by primary and family Social Security benefits. Primary benefits are those Social Security benefits, which the insured employee receives or is eligible to receive because of disability and/or retirement. Family benefits are those Social Security benefits, which the insured employee's spouse, child or children receive or are eligible to receive as the result of the insured's eligibility for Social Security benefits.

### **Continuity of coverage**

Lincoln Mutual will coordinate with your prior long-term disability insurance carrier to provide continuity of coverage. The pre-existing conditions and the actively at work requirement provisions do apply. This ensures there are no gaps between prior and new coverage.

### **Effective date of insurance**

Insurance becomes effective on the date employees becomes eligible, provided they meet the active work requirement on that date.

### **Temporary recovery**

The insured employee need not satisfy a new elimination period if disabled again within 6 months of the original disability.

### **3-month survivor benefit**

The eligible survivor or estate of the insured employee will receive a lump sum benefit equal to three times an insured employee's gross monthly benefit, provided the insured employee was disabled for a minimum of 6 months and was receiving a monthly benefit at the time of death.

## Rehabilitation and Return to Work Incentives

### Workplace modification

If an employee is disabled and receiving disability payment, an additional workplace modification benefit may be payable to the employer to benefit the disabled employee. Lincoln Mutual will reimburse the employer up to 100% of reasonable costs the employer incurs through modifications to the workplace to accommodate the employee's return to work and to help the employee remain at work.

### Vocational rehabilitation

Disabled employees receiving payment from Lincoln Mutual may be eligible for vocational rehabilitation services. These services may include vocational testing and training, job modifications, job placement or other services Lincoln Mutual finds reasonably needed to help disabled employees return to active employment, either full-time or part-time.

### Social Security Assistance Program

Lincoln Mutual can assist insured employees, who are receiving disability benefits, in obtaining Social Security Disability Benefits. We will help to find legal representation, obtain medical or vocational evidence, and reimburse pre-approved case management expenses.

## Optional Services and Benefits

- Education Benefit
- Extended Care Benefit
- Dependent Care Benefit
- Personal Care Assistance Benefit\*
- Employee Assistance Program Benefit

Ask your Group Benefits Consultant for more details.

\*Standard on all plans with 5 years or longer duration.

## Cost Containment Options

### Special conditions limitation

Employers can limit benefits to either 12 or 24 months in the insured employee's lifetime for special conditions. These conditions include: musculoskeletal and connective tissue disorders of the neck and back; headaches; chronic fatigue syndrome or chronic fatigue immune dysfunction syndrome; fibromyalgia or myofascial pain; temporomandibular joint disorder; repetitive stress disorder; cumulative trauma disorder or overuse syndrome; environmental allergic or reactive illness; and multiple chemical sensitivity, among others.

### Activities of daily living (ADL) definition of disability

For employees to receive benefits beyond 24 months, employees must be unable to perform the Activities of Daily Living. ADL include eating, dressing, transferring, toileting, bathing and mobility.

### 12- or 24-month mental illness or substance abuse limitation

Payment for a disability due to mental illness or substance abuse can be limited to 12 months in the insured's lifetime rather than 24 months.

### 12- or 24-month work incentive benefit

This incentive to return to work allows the insured employee to receive up to 100% of pre-disability monthly earnings—when combined long-term disability benefits and other income benefits, including income earned while disabled or income the insured could have earned while disabled by working to maximum capacity—during the first 12 months of partial disability. After that, the benefit will be reduced by 50% of income the insured earned while disabled or could have earned while disabled by working to maximum capacity and 100% of other income amounts.

### 12-month regular occupation feature


Due to sickness or injury, employees are not able to perform with reasonable continuity the material and substantial duties of their regular occupation and a reasonable employment option offered by their employer and, as a result, are unable to earn more than 80% of pre-disability earnings.

## Sources of Integration

Workers' Compensation Law	Yes
State Disability Plan	Yes
Employer Sponsored Disability Plan	Yes
Retirement Benefits	Yes
Canada & Quebec Pension Plans	Yes
Formal Salary Continuation	Yes
Individual Policies	No
Profit Sharing Plans	No
Thrift Plans	No
Individual Retirement Accounts	No
Tax Sheltered Annuities	No
Stock Ownership Plans	No
Informal Salary Continuation	No

## Exclusions

- War, declared or not, or any act of war;
- Intentionally self-inflicted injuries or illness, while sane or insane;
- Active participation in a riot;
- Attempt to commit or commission of a felony under federal or state law, or being engaged in an illegal occupation;
- Service in the armed forces, military reserves or National Guard of any country or international authority, or in a civilian unit serving with such forces;
- Cosmetic or reconstructive surgery, except for complications arising from any such surgery or surgery necessary to correct a deformity caused by accidental injury or sickness;
- An accident resulting from or caused by operation of a motor vehicle while intoxicated according to the laws of the jurisdiction where the accident occurred; and
- An accident resulting from or caused by your being under the influence of drugs or any controlled substance, unless taken as prescribed by the insured's doctor.



**We're committed to helping you and your family. Feel free to contact us with your questions. When you call, your call will not go into a maze of endless voice mail options. We'll answer your call. You'll receive small-town service combined with national expertise. Lincoln Mutual Life & Casualty Insurance Company, a company you can trust.**



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For more information and forms, please visit [www.LML.com](http://www.LML.com).

This brochure is not a contract of insurance. Terms and conditions are set forth in the master group policy. Please refer to your policy and certificate of coverage.