

## Short-term disability

ShipEx Transportation



Effective date: August 1, 2019

Voluntary short-term disability for all members electing the high dental plan, all members electing the low dental plan	
<b>"Or" definition of disability</b>	An employee will be considered disabled if, because of sickness, injury or pregnancy, one of the following applies: <ul style="list-style-type: none"> <li>• Unable to perform a majority of the substantial and material duties of his/her own job; OR</li> <li>• Unable to earn 80% of his/her predisability income while working in his/her own job in a modified capacity or any job.</li> </ul>
<b>Elimination period</b>	Benefits begin on: <ul style="list-style-type: none"> <li>• The 15th day for disability due to injury</li> <li>• The 15th day for disability due to sickness</li> </ul>
<b>Weekly benefit</b>	\$50 increments between \$100 and \$1,000, not to exceed 60% of predisability earnings.
<b>Minimum weekly benefit</b>	\$15
<b>Maximum benefit duration</b>	11 weeks
<b>Definition of earnings</b>	Base wage Compensation for business owners covers the net profits plus salary, averaged over the prior two calendar years.
<b>Salary continuation</b>	Offset
<b>Preexisting conditions</b>	6 months prior / 12 months insured
<b>Employer contributions</b>	Contributory - employer pays 0%
<b>Employee participation</b>	20% or 5 lives, whichever is greater
<b>Maternity</b>	Treated the same as any other disability
<b>Work incentive benefit</b>	Applies during the benefit payment period
<b>Coverage for work related disabilities</b>	No
<b>Replacement of a prior program</b>	If this policy is replacing coverage under a prior program, replacement of prior plan provisions may apply. If employees are not actively at work on the day coverage would become effective, or become disabled due to a preexisting condition, they may still qualify for benefits if they had STD coverage under a prior program, 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 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.

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<b>Income from other sources</b>	<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 or could have received from Social Security or other government agencies; salary continuance, personal time off or sick pay; Workers' Compensation benefits; income from state disability plans; payments from policies that provide coverage for time away from work, if paid in part by or deducted from payroll by the policyholder; 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; severance pay; and all payments for the month that the member receives under state unemployment laws.</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>
<b>Limitations</b>	<p>The proposed policy contains restrictions and limitations. Before making a purchase decision, review the following limitations and resolve any questions. The following limitations 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 / participation in an assault or 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 / a work-related sickness or injury.</p> <p><b>Preexisting conditions</b> A preexisting condition is a sickness or injury, including all related conditions and complications, or pregnancy for which employees received medical treatment, consultation, care or service ; or were prescribed or took prescription medications in the six months prior to their effective date under the policy. Benefits will be payable during the pre-existing investigation for up to 6 weeks following the date of disability. Benefits are not paid beyond the date six weeks following the date of disability for disabilities resulting from preexisting conditions unless, when employees become disabled, they have been actively at work for one full day after being covered under the policy for 12 consecutive months.</p> <p>No benefits will be paid for any disability that is caused by, a complication of, or resulting from the same preexisting condition that the employee had previously received benefits for.</p> <p>Preexisting condition limitation also apply for benefit increases due to amendments or changes in earnings of 25% or greater.</p>

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Rehabilitation benefits

Reasonable accommodation benefit	\$500
Rehabilitation incentive benefit	5% increase in the weekly benefit percentage

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Highlights	
<b>Eligible employees</b>	All active, full-time employees living in the United States (except part-time, seasonal, temporary or contract employees) who work at least 20 hours per week.
<b>Integration method</b>	Direct offsets
<b>Social security integration</b>	Primary and family
<b>Re-enrollment of coverage</b>	If employees contribute toward the cost of their STD coverage today and Principal Life has agreed to a re-enrollment of coverage, employees may be required to submit proof of good health depending on the method of re-enrollment.
<b>Proof of good health</b>	Required if fewer than 5 members insured.
<b>Recurring disability</b>	Disabled employees who recover and return to work for 30 days or less during the benefit duration are not required to complete a new elimination period if they become disabled again due to the same or related cause.
<b>Weekly payment limit</b>	Benefits paid are reduced if total income exceeds 100% of predisability earnings. Total income includes: <ul style="list-style-type: none"> <li>• The employee's normal benefit payable</li> <li>• Additional benefits payable under the policy</li> <li>• Return to work earnings</li> <li>• Other income sources defined in the policy</li> <li>• PTO, sick pay, and salary continuance payments (if these income sources are not considered other income sources)</li> </ul>
<b>W-2 and FICA services</b>	<p>Upon request, we offer W-2 preparation and FICA services for employees on disability.</p> <ul style="list-style-type: none"> <li>• W-2 - Prepare and mail to employees, report to appropriate governmental agencies and provide employers with reports.</li> <li>• Standard FICA services - Calculate and withhold employees' portions of appropriate taxes, deposit employee tax withholdings with appropriate government agencies, provide employers with reports.</li> <li>• Additional FICA services* - Calculating and depositing the employer FICA match with the appropriate government agency, reporting FICA match on our tax deposits, and issuing W-2's to each individual who received a disability payment during the calendar year.</li> </ul> <p>*Employers are still responsible for other tax reporting such as Federal Unemployment Tax Act (FUTA) and State Unemployment Tax Act (SUTA).</p>
<b>State mandated disability benefits</b>	The policy does not provide state mandated disability benefits in CA, NY, NJ, RI or HI
<b>Benefit payment period</b>	In no event will a benefit payment continue beyond the lesser of the maximum benefit duration or if any of the following occur: an employee recovers, ceases to be under the regular and appropriate care of a physician, fails to provide any required proof of disability, fails to submit to a required medical examination, fails to report income from other sources or any other required earnings information, fails to pursue Social Security disability benefits or Workers' Compensation benefits; or dies.

Insurance issued by Principal Life Insurance Company, 711 High Street, Des Moines, IA 50392

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