



## Voluntary Serious Disability Benefit

Nearly one in every three Americans will be disabled for three months or longer before reaching age 65<sup>1</sup>. Yet less than 25% of full-time employees of small employers have LTD coverage and just 42% of full-time employees of medium or large companies are covered for long-term disability<sup>2</sup>. Often disability coverage is either unaffordable or unavailable based upon their occupation or industry.

### An innovative blend of short- and long-term disability coverage for the seriously impaired

- Eligible employees can purchase coverage in units of \$100, up to 80% of their monthly earnings (minimum election \$500, maximum election \$5,000)
- Coverage on and off the job, 24 hours a day
- First day coverage for qualifying sicknesses and injuries (no qualifying period)
- Benefits payable to the later of age 65 or for 2 years
- Three-month survivor benefit
- No pre-existing condition limitations
- All offsets 100% (including Family Social Security)
- No health questions
- Benefits paid semi-monthly
- Only 10 eligible employees need to enroll
- Premiums do not increase based on age, occupation, industry or area

### Clear, objective qualification for benefits

Initial qualification for the first 6 months of benefits requires:

After the coverage effective date:

1. Continuous hospital confinement of 72 hours or more; or
2. Being diagnosed as terminal (12 months or less life expectancy).

#### Assurant Employee Benefits' patent-pending "Impairment Rating" Definition of Disability

Qualification for continued benefits after the first 6 months requires:

1. The condition must result in a 51% whole person impairment rating (or extreme impairment for psychiatric conditions); or
2. Being diagnosed as terminal (12 months or less life expectancy).

Those meeting the above qualifications must also be unable to do one of the material duties of any gainful occupation for which they are qualified.

## Initial Qualification for Benefits

Although 72-hour continuous hospital confinement sounds stringent, there are many conditions that are non-life threatening or severe that would qualify.

From 18 to age 45, the following were leading causes for 72+ hour hospital confinement and the average days associated with those conditions:<sup>3</sup>

- Serious mental illness: 7.8 days
- Alcohol/Drug: 5.1 days
- Injuries/Poisoning: 4.8 days
- Fractures: 4.7 days
- Heart Disease: 3.7 days

The Federal Newborns and Mothers Protection Act of 1996, effective January 1, 1998 mandated insurance companies to provide 4 days of care for cesarean births. According to the National Vital Statistics Reports, 2002, the percentage of cesarean births rose to 26.1%, the highest level ever reported in the U.S.

The overall length of hospital admission in 2001 for all working ages (18-65) was 4.3 days.<sup>3</sup>

Ages 45 - 64, the following were leading causes for 72+ hour hospital confinement and the average days associated with those conditions:<sup>3</sup>

- Serious mental illness: 9.3 days
- Cancer: 7.7 days
- Cerebrovascular disease: 5.6 days
- Diabetes related: 5.5 days
- Pneumonia: 5.4 days
- Injuries/Poisoning: 5.1 days
- Fractures: 4.9 days
- Alcohol/Drug: 4.6 days
- All heart disease: 4.0 days

Any condition meeting the criteria of 72+ hours hospital confinement becomes payable from the first day of hospital confinement. Given the relative cost of this coverage, a minimum 72-hour stay will return 128% of the annual premium for those 72 hours of benefits, regardless of whether the claimant continues to qualify after discharge.

## Impairment Rating Definition of Disability

After the initial six months of disability, Assurant Employee Benefits' patent-pending impairment rating of disability is a unique and objective way to determine qualification for continued disability. This definition places the focus on the actual sickness or injury, rather than a person's occupation, other types of work they could perform, or how much money they can or cannot earn.

Impairment ratings reflect the severity of medical conditions and the degree to which they limit an individual's ability to function. A "whole person impairment rating" calculation will be performed by a certified physician using "The Guides to the Evaluation of Permanent Impairment", 5th Edition, published by the American Medical Association ("The AMA Guides"). The AMA Guides require a defined process and exacting standards for determining the whole person impairment rating. When the rating meets or exceeds Assurant Employee Benefits' requirement of 51%, indicating a very serious disability (or extreme impairment for psychiatric conditions), benefits are paid to age 65 or for two years, whichever is longer.

The impairment rating definition of disability results in a clear and objective benchmark for benefits qualification.

Products and services marketed by Assurant Employee Benefits are underwritten by Fortis Benefits Insurance Company.

Plan limitations and exclusions apply.

<sup>1</sup>1987 Commissioners Group Disability Table, Society of Actuaries

<sup>2</sup>Employee Benefits in Small Private Establishments, 1996, Bulletin 2507, Department of Labor, April 1999, and Employee Benefits in Medium and Large Private Establishments, 1995, Bulletin 2496, U.S. Department of Labor, April 1998.

<sup>3</sup>National Hospital Discharge Survey, published by the Centers for Disease Control and Prevention, National Center for Health Statistics, 2001.

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