

Common Group Disability Terminology

BASIC MONTHLY BENEFIT (BMB) often referred to as your gross monthly income for which you are insured under the policy. The BMB is always subject to the maximum allowable benefit in your policy.

BASIC MONTHLY EARNINGS (BME) means your pre-disability income from your employer as defined in a provision of the policy. Is your salary or hourly wage just prior to your date of disability.

DURATION is the length of time benefits are paid.

ELIMINATION PERIOD (EP) is a continuous period of time for which benefits are not paid. It begins on the day after your last day worked and ends on the number of days indicated in the policy, generally for LTD 30, 60, 90, 180 days and 7 or 14 days for STD. If you have a 90 day LTD elimination period, your benefit begin date is the 91st day. If you have a 7 day STD elimination period, your benefit begin date is the 8th day.

EMPLOYEE is engaged in performing work activity for an employer. The employee must be employed the minimum number of hours designated in the policy in order to be eligible for benefits.

EMPLOYER is the Policyholder, and includes any division, subsidiary, or affiliated company named in the policy.

ERISA is the Employment Retirement Income Security Act of 1974 and is the body of federal law which governs most group disability and health benefit (called cafeteria). Governing jurisdiction is the US Department of Labor.

GAINFUL OCCUPATION means an "occupation that is or can be expected to provide the claimant with an income at least equal to 60% of his/her indexed monthly earnings." There are many variations to this definition. Another example might be: "an occupation that is or can be expected to provide you with an income at least equal to your gross disability payment within 12 months of your return to work.

GROSS DISABILITY PAYMENT is the monthly benefit payment amount before the insurance company subtracts deductible sources of income.

INCIDENCE is the number of claims received.

INJURY means an injury resulting from an accident and not related to any other cause. In order to be eligible, you must have sustained the injury while covered under the plan.

LONG TERM DISABILITY (LTD) provides partial income replacement for employees who are unable to work due to an injury or illness for a longer period of time. LTD typically integrates with STD and will begin benefits after an employee has been disabled for 3-6 months and may pay benefits until someone reaches their Normal Social Security Retirement Age.

MATERIAL DUTIES are those which are characteristic to specific occupational tasks without which the occupation could not be distinguishable into any specific category or job specification. These duties are qualitative in nature and are those duties, which if eliminated, indicate the occupation, as defined, would not exist.

MENTAL OR NERVOUS ILLNESS means any psychiatric or psychological condition regardless of cause such as schizophrenia, depression, manic depressive or bipolar illness, anxiety personality or adjustments disorders and other conditions. A Mental and/or Nervous impairment is normally treated by a mental health physician using psychotherapy, psychotropic drugs, or other similar methods of treatment.

PARTIAL BENEFITS OR PARTIALLY DISABLED means you are working part-time, *and* you have met a period (the EP) of total disability.

PRE-EXISTING CONDITION means any impairment for which you received medical treatment, consultation, care, or services including diagnostic measures, or taken prescribed drugs or medicines during any given period as described in your policy.

RECOVERY RATE means claim termination which can be a result of return to work, death or a claimant reaching the maximum duration of benefits provided by the plan.

SELF INSURED (ASO) relates most often to short-term disability benefits and refers to a situation where the employer funds (or pays for) the disability benefits rather than the disability insurance company. For example, if you receive 26 weeks of STD and your checks are written by your employer, then the plan is self-insured. Employers may pay the insurance company to review your claim and make an ATP, or “advice to pay” to the employer.

SHORT TERM DISABILITY (STD) provides partial income replace for employees who are unable to work due to an injury or illness for a short period of time, typically 3-6 months.

STATUTORY (STAT) refers to State mandated partially or fully compensated time away from work based on state specific laws. These plans cover most employees in the applicable state for specific and generally significant family care giving, such as the arrival of a new child or the serious illness of a close family member. These programs also typically include disability or medical leave benefits for employees who cannot work due to their own medical condition. The laws of each jurisdiction vary and therefore benefit levels, contribution amounts, and administrative responsibilities vary by jurisdiction.