Group Disability
Product Specification - Version 1.0

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[1]   Overview

[a] Introduction

"Disability insurance (DI), often called disability income insurance, is a form of insurance that insures the beneficiary's earned income against the risk that disability will make working (and therefore earning) impossible. It includes paid sick leave, short-term disability benefits, and long-term disability benefits." … "**Group insurance** is an insurance that covers a group of people, usually who are the members of societies, employees of a common employer, or professionals in a common group. Group coverage can help reduce the problem of adverse selection by creating a pool of people eligible to purchase insurance that belong to the group for reasons other than for the purposes of obtaining insurance. In other words, people belong to the group not because they possess some high-risk factor which makes them more apt to purchase insurance (thus increasing adverse selection); instead they are in the group for reasons unrelated to insurance, such as all working for a particular employer. A feature that is sometimes common in group insurance is that the premium cost on an individual basis may not be risk-based. Instead it is the same amount for all the insured persons in the group."

Group Disability insurance is a type of insurance in which a single contract covers an entire group of people. Typically, the policy owner is an employer or an entity such as a labor organization, and the policy covers the employees or members of the group. Group Disability insurance is often provided as part of a complete employee benefit package. In most cases, the cost of group coverage is far less than what the employees or members would pay for a similar amount of individual protection.

As the policy owner, the employer or other entity keeps the actual insurance policy, known as the master contract. All of those who are covered may receive a certificate of insurance that serves as proof of insurance but is not actually the insurance policy.

This document describes the high level Product definition, benefits and options that will form the basis of a Group Disability template.   These details will be held at the highest level in the Group hierarchy (Product). Group Disability offerings or plans created at lower levels in the hierarchy will be based on this default product.

This document specifically addresses business requirements for **Product** definition to support the Group Disability Template product on Oracle Insurance Policy Administration (OIPA) system.

The Product Template will provide a broad range of variable Group Disability benefits components/options from among which an enrollment-level Plan can be constructed. The Product Template must also allow for application of any or all Benefit Plan features at the appropriate level(s) within the "Party Management" structure.

Group Disability Product Set Up includes the following processes and considerations:

1. The Group Disability Product is first set up on a Global level. Then selections are made from the product options to create Group Disability plans on appropriate levels – Company, Carrier, Group.

2. The amount of data required for plan options will depend on requirements for OIPA interfaces with other systems – primarily for claims and also for billing, accounting, and

actuarial. In a simple set up, plan options could be limited to benefit percentages with pre-tax or after-tax options. Or the plan options could include various categories of disabilities and benefits that would be used by claims and other systems.

3. The selection of plan options leads to the issue of a policy on a group level with subsequent group activities. The plan options need to control what segments, status settings, and activities should be on individual coverage records after enrollment. For example, billing would occur on the group level, but there may be product options that require recording of premiums, benefits, or activities on the individual coverage record.

4. OIPA needs sufficient plan option data in order to automate processing. For example, when eligibility files are loaded from a pre-processor; OIPA needs to be able to calculate group premiums and charges based on plan options and the selections and status records of the individuals.

[b] Assumptions

[i]   Premium Billing, Remittance and Reconciliation

All premium related activity will be supported outside of OIPA system, i.e. by Company or Group Customer at the Plan level. The OIPA system will assume a payment has been made unless notified by the billing system.

[ii]   Pre-Determination of Benefits and Claims Administration/Payment

Requests for "Pre-Determination of Benefits" and actual Claims Administration and Payment will be supported outside of OIPA system, i.e. via some other claim process/system which may obtain some product parameters from OIPA system to be used to determine claims eligibility or claim payment amount for any participant of a Benefit Plan.

[iii]   Functionality to be Supported

The OIPA System will support the following functions:
- Group Customer Setup
- Product / Plan Setup and Administration
- Eligibility
- Enrollment determination / rules
- Member Level Transactions
- Plan Renewal
- Claim Notification

[2]   Product Description and Limits

[a] Product Name
[i]   Alamere Group Disability Product

[b] Issuing Company

    [i]   The Alamere Group Insurance Company (AGIC) is the company of issue

[c] Product Description

    [i]   The Alamere Group Disability Product is offered to Group Customers as a plan to cover their staff for the cost of both short term and long term disability.

[d] Effective Date of Product

    [i]   The effective date of the Disability product is March 1st, 2010 for all states

[e] Product Coverage Levels

    [i]   Employee Only

[f] State Availability

    [i]   This product is available in all 50 US states, Puerto Rico, and Washington DC.

[g] Backdating

The effective date of a plan cannot be sooner than the launch-date of the product (3/1/2010).

[3]   Product Details

The following Product Details will need to be supported:

[a] Plan Information

Detail	Values
Plan Types	Sick Leave STD (Short Term Disability) LTD (Long Term Disability)

[b] Sick Leave Options

Detail	Values
Consecutive Work Days	5 Days
Consecutive Calendar Days	7 Days

[c] Short Term Disability Options

Detail	Values
Claim Periods	2
Claim Period (1) Duration	63 Days
Claim Period (1) Percentage	100

Claim Period (2) Duration	30 Days
Claim Period (2) Percentage	66.66
Claim Amount Based on	1) Base Salary 2) Total Salary
Contribution Source	1) Employer 2) Employee 3) Split

[d] Long Term Disability Options

Detail	Values
Short Term Switch Period	90 days
Pre or Post Tax deduction	Pre Post
LTD Option	50% of Salary up to $12000 pm 66 2/3% of Salary up to $18,500 pm

[e] Critical Illness Options

Detail	Values
Level of Coverage	CrticalIllness CriticalIllness plus Cancer Cancer ONLY
Issue Age for Individual and Dependenta	18 – 75
Issue Age for Child	0 - 22
Coverage Maximum	$50,000
Coverage Minimum	$5,000
Coverage Maximum for Dependents(Other than Child)	1.If Coverage amount is greater than individual's Covearge amount then restrict to individual coverage amount. 2.If Coverage amount is greater than $50000 then restrict to $50000.
Coverage Maximum for Child	1.If Coverage amount is greater than individual's Coverage amount then restrict to individual coverage amount. 2.If Coverage amount is greater than $10000 then restrict to $10000.

Riders	1>Recurrence Rider The Recurrence Rider provides a benefit for a second occurrence of the same covered condition 2>Restoration rider The Restoration of Benefits Rider provides a second benefit if diagnosed with a different covered condition 3>Wellness Benefit Rider The Wellness Benefit Rider pays an annual benefit for health screening tests. The maximum Claim Amount is $10000.
Claim Calculation	Amount to be disbursed to Client is calculated as PercentageofPrincipalSum(%) of ClaimedAmount. Based on the selected Illness Type the percentage of Principal Sum is calculated. The following table gives the percentage of principal sum for different IllnessType. <table><tr><td>Heart Category</td><td>Percent of Principal Sum</td></tr><tr><td>Heart Attack, Heart Transplant, Stroke</td><td>100%</td></tr><tr><td>Arteriosclerosis, Aneurysm</td><td>10%</td></tr><tr><td>Cancer Category</td><td>Percent of Principal Sum</td></tr><tr><td>Invasive Cancer</td><td>100%</td></tr><tr><td>Cancer In Situ, Benign Brain Tumor, Bone Marrow Transplant</td><td>25%</td></tr><tr><td>Organ Category</td><td>Percent of Principal Sum</td></tr><tr><td>End Stage Renal Failure, Major Organ Transplant</td><td>100%</td></tr><tr><td>Acute Respiratory Distress Syndrome</td><td>25%</td></tr><tr><td>Quality of Life Category</td><td>Percent of Principal Sum</td></tr><tr><td>ALS/Lou Gehrig's, Advanced Alzheimers, Advanced Parkinsons</td><td>100%</td></tr><tr><td>Advanced MS, Loss of Sight, Hearing, or Speech</td><td>25%</td></tr><tr><td>Accident</td><td>100% of Principal Sum</td></tr></table>

[4]   Eligibility and Enrollment Provisions

[a] Eligibility Provision Data

The product will need to support the following Eligibility Provision data:

Eligibility Provisions	Values
Employment Eligibility	Eligible Class is defined as follows: 1. All active full-time employees working minimum 30 hours per week (excludes temporary, seasonal, part-time employees) – Standard Option 2. 40 hours per week 3. 20 hours per week
Eligible Start Date	Date Eligible for Insurance is as follows: 1. New Hires: As of the 1st of the month coinciding with or next following 30 continuous days of employment in an eligible class – Standard Option 2. Current Employees: As of eligibility date – Standard Option 3. Range: None; 30-360 days; 1-52 weeks; 1- 12 months; 1 year 4. Period: As of eligibility date; As of 1st of the month following
Eligible End Date	Date Your Insurance Ends is as follows (all Standard Options): 1. When Group Policy Ends 2. When insurance ends for Employees class 3. End of period for which premium has been paid 4. Date Employee ceases to be in eligible class, or 5. Date Employment ends 6. Date Employee as of the last day a person is actively at work (or the last day of the calendar month in which a person is actively at work).

[b] Enrollment Provision Data

Each enrollment event will need to support the following data items:

Data Item	Possible Values
Enrollment Frequency	• Annual • Special
Effective Date	
Enrollment Start Date	MM must be valid month DD must be a valid date in the month 0229 is not a valid combination If MMDDYYYY then must be a valid calendar date
Enrollment End Date	MM must be valid month DD must be a valid date in the month 0229 is not a valid combination If MMDDYYYY then must be a valid calendar date

[5]   Calculations, Rates and Tables

[a] Rates
The following rate types will need to be supported. Specific rates for a Group Customer will be defined at plan level for that customer. .

[i]   Plan (Flat) Rate
>   A Plan rate is where there is one rate for the type of coverage.
>   - Short Term Disability will normally be a flat rate paid by the employer.
>   - Long Term Disability will normally be a flat rate prorated between the employer and employee.

[6] Data Intake Preferences

[a] Data
The product will need to support Data Intake Preference data:

Single/Multiple File	Single	Customer	File
Data Supplied by	Third Customer		Party
Customer Data Mode	FTP VPN Connect File Intake (FTS)		Direct
File Format	Flat File		
Customer Data Type	Population Eligibles Eligibles with Participant	/ Eligible	Universe Class
Data File Sub-Type	Full File		
Full File Frequency	Weekly Monthly One Time		

Full File Period	1-6
Partial File Frequency	N/A
Partial File	No
Number of Partial Files	N/A
Status	Expected, Required, Fatal Expected, Required, Warning Not Expected
Fatal Error Threshold	0-100
Warning Error Threshold	0-100
Start Date Option Sub-Type	1st of the current month 1st of the next month Specific date of month File Received date
Start Date	1-31
Termination Options	Termination Only
Termination Date Change Options	N/A
Consolidated Error Reports	All of list below(out of scope) Run totals Enrollment Termination Errors