

# Long Term Disability FAQs



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This document helps answer some commonly-asked questions about Long Term Disability (LTD) insurance plans administered by Zurich American Life Insurance Company or Zurich American Life Insurance Company of New York (Zurich.) Your LTD policy is a group plan. Your employer or another sponsoring organization is the policyholder and you are a member. The answers below are meant to be general information and some would depend upon the provisions of your specific plan. See your policy documents for details of the specific insurance plan sponsored by your policyholder; including eligibility, schedule of benefits, definition of pre-disability earnings, definition of disability and exclusions that apply.

## Q: What is Long Term Disability?

**A:** Long term disability insurance (LTD) helps protect you from loss of income if you're unable to work for a long period of time due to an illness or injury. Your LTD benefit will replace a percentage of your pre-disability monthly earnings. Details can be found under the "Benefit Schedule" section of your policy. It's important to note that other income may be deducted from your LTD benefit.

## Q: When am I considered disabled under my policy?

**A:** Please refer to your policy documents for the specific definition of disability. Many policies use the definition below to determine if you are eligible for benefits:

*You are disabled when we determine that because of an illness or injury:*

- you are unable to perform the essential duties of your regular occupation;
- you have a 20% or more loss in your monthly earnings.

*After monthly payments have been payable for 24 months, you are still considered disabled when we determine that due to the same illness or injury:*

- you are unable to perform the duties of any gainful occupation for which you are reasonably fitted by education, training or experience;
- you have a 40% or more loss in your monthly earnings.

*Also, to be eligible for benefits you must be under the regular care of a physician.*

Please note, it is possible to be eligible for benefits for the first 24 months and not be eligible for the "any reasonable occupation" period. For example, you might be initially approved because you were not able to perform the essential duties of your own occupation because it requires significant lifting, and you have lifting restrictions. After 24 months, you might not continue to meet the definition of disability for continued benefits if you can perform a different reasonable job that involves less lifting or you are working at another occupation and making at least 60% of your pre-disability earnings. We will begin to assess your eligibility for benefits six months before this change in the definition of disability occurs. You should have a decision letter on or before the 24-month mark.

## Q: How long will it take to make a decision on my LTD claim?

**A:** Your LTD policy is governed by the federal Employee Retirement Income Security Act of 1974 (ERISA.) Our goal is to make the LTD decision as quickly as possible, but ERISA allows us 45 days to make our initial decision. If we need more time because of things beyond our control, we may ask for up to two 30-day extensions. If we do need an extension for making our decision, we'll send you another letter to let you know. In no event, will the decision be made beyond 105 days from the day we received your claim.

## Q: What happens if my claim is approved?

**A:** We will begin to pay monthly benefits if you are eligible for benefits. From time to time we may ask for an update on any medical, financial and vocational information. We need this information to make sure you're still eligible to receive your LTD benefit. It's important you respond to our requests or we may have to stop paying benefits to you.

## Q: What information will you share with the group policyholder?

**A:** We will notify the policyholder when we receive your claim. We will also notify them of the decision to approve or decline your claim. We will not divulge any medical information to the policyholder. We will however, provide the policyholder with the financial information related to your claim. Examples of financial information shared include; your gross monthly benefit, net monthly benefit, and the effective date your benefit began.



### Q: How long will my LTD benefits last?

**A:** Some LTD policies have a maximum duration of up to Social Security Retirement Age, if you continue to meet your policy's definition of disability. An initial approval of your claim doesn't guarantee your benefits will continue until the maximum duration of your plan. Benefits will last until the earlier of your LTD policy's maximum duration or your recovery, if you continue to meet the definition of disability according to your policy. The Age Discrimination in Employment Act of 1967 (ADEA) may extend benefits past Social Security Normal Retirement Age for members covered under the policy who are beyond a certain age when their disability occurs.

### Q: When do I get my benefit, if my claim is approved?

**A:** LTD benefits are paid on a monthly basis. If you are owed benefits for part of a month because you return to work during the month or are no longer eligible for benefits, benefits will still be paid at the end of the month. For instance, benefits for the month of January, whether you were out the entire month or part of the month, will be paid during the last week of January.

### Q: How will I receive my payment?

**A:** Paper check – issued and mailed monthly at the end of each month. Please allow 5 – 7 days for mailing.

### Q: Is my benefit taxable?

**A:** It depends. Your employer or another sponsoring organization is the policyholder for the Group LTD policy and you are a member of the group. If your LTD policy is an insured plan and premiums are paid by the policyholder, your benefits may be taxable. If you pay premiums on a post-tax basis through payroll deduction, typically your benefits are not taxable. If you pay premiums on a pre-tax basis, typically your benefits are taxable. You make the decision to have us withhold, or not withhold Federal and State income taxes from your benefit checks. If you do want taxes deducted, just complete and return the W-4S form enclosed in your packet to us. If the policyholder self-insures your LTD plan, then we will send you a W-4 to have your taxes withheld. If you do not return a W-4 to us, we will default to single - 0 for both Federal and State. You may wish to seek assistance from a personal tax advisor.

### Q: Why is FICA withheld, or not withheld from my check?

**A:** If your LTD premiums were paid by the policyholder, FICA taxes apply. FICA is the tax that helps fund the Social Security and Medicare programs. FICA applies to disability benefits for the first six complete months after you cease working. After six months, it no longer applies. Whether FICA is withheld from a check depends upon the date the check was issued, not the period of time the check represents. For example, if you stopped working on April 15th, FICA will be withheld from checks issued in May, June, July, August, September and October; the six complete months following the April 15th date of loss. FICA would not be withheld from checks issued from November 30th and after.

## Q: Do any other sources of income offset and reduce my LTD benefit?

**A:** Yes, some other sources of income you are eligible to receive may offset with and reduce your LTD benefit. Your policy documents contain a complete listing of Deductible Sources of Income that would reduce your benefits.

If your claim is approved, a Reimbursement Agreement will be enclosed in your decision letter. You will have the option to receive your LTD benefit with an estimate of other Deductible Sources of Income subtracted from your LTD benefit. Or, you can choose to receive the full LTD benefit without the estimate deducted. If you choose to receive your benefit without an estimate for Deductible Sources of Income applied to your benefit, your claim may be overpaid when the Deductible Sources of Income begin. For example, Social Security Disability benefits are a common example of income that offsets with and reduces LTD benefits. But, it can take time for your Social Security claim to be approved and payments to begin. When they do, they will be retroactive to the date you were disabled.

By signing the Reimbursement Agreement, you are acknowledging your understanding you will be responsible for repaying any overpayment of benefits to Zurich. If we do not receive the signed Reimbursement Agreement, an estimate of the Deductible Source of Income will be subtracted from your benefit.

## Q: What happens if I am disabled but receive other benefits exceeding my LTD benefit?

**A:** Some benefits you might receive would not reduce your LTD benefit. For example, if you have retirement income from investments or have an individual LTD policy that pays you benefits, those would not reduce your benefits. However, offsets (Deductible Sources of Income) will reduce your LTD Benefits. Many LTD policies have a Minimum Benefit. This means even if you are receiving other offsetting income greater than your LTD benefit, you may be entitled to any Minimum Benefit that applies. A common minimum benefit is \$100.00 or 10% of your monthly benefit, whichever is greater. Please refer to the "Schedule of Benefits" section of your policy to confirm if a Minimum Benefit applies.

## Q: Why did I not receive a Minimum Benefit?

**A:** Although many LTD policies have a Minimum Benefit, there are times when a Minimum Benefit would not be paid.

For instance, if you are working part-time and your gross earnings exceed a certain amount outlined in your policy, the Minimum Benefit would not be paid. Your policy will also outline how many month's you can exceed earning over the amount before your claim is closed.

You will also not be paid your plan's Minimum Benefit if there is an outstanding overpayment on your claim. In that case, your Minimum Benefit will be applied to the overpayment balance due to Zurich.

## Q: How will Social Security benefits impact my claim?

**A:** Your policy says you must apply for Social Security Disability (SSD) benefits. We have resources that can help you with that process free of charge. If you choose to work with this resource, we will not estimate and deduct your SSD benefit.

If you choose to apply on your own, we will need proof that you filed for SSD or we'll be required to take an estimated offset, unless we have a signed Reimbursement Agreement from you.

Keep in mind that if you're awarded a retroactive SSD benefit, you'll likely have an overpayment on your claim. We will work with you to repay the overpayment. You'll also have the option to have an estimated offset deduction applied in anticipation of the award.

Please note, it's possible to be awarded SSD benefits and not be eligible for LTD benefits and vice versa. An approval of either disability benefit does not insure that the other will be approved.

Please note, Social Security Retirement benefits you and/or a dependent receive are considered an offset.

## Q: What happens if my dependents are awarded Social Security benefits due to my inability to work?

**A:** Under your LTD policy, you are required to apply for Social Security Disability benefits. The gross amount of disability benefits you, your spouse and/or children receive, or are entitled to receive under the United States Social Security Act (as well as the Canada Pension Plan; the Quebec Pension Plan; the Railroad Retirement Act; any similar plan, act or law of any country, state or province) will offset with and reduce the LTD benefit paid to you. Please note, amounts paid to a former spouse or to your children living with a divorced spouse will not reduce your benefit amount.

## Q: What if I am disabled due to a work-related injury or illness?

**A:** Unlike Short Term Disability policies most LTD policies do not exclude work-related injuries and illnesses. Which means, it's possible to have an active Workers Compensation claim at the same time as an approved LTD claim. Workers Compensation is considered a Deductible Source of Income, so your LTD benefits will be reduced by the amount you are receiving from Workers Compensation for that period. Any settlement resulting in awarded lost wages would also offset and reduce your LTD benefit for the period received.

## Q: What happens if I can return to work on a part-time basis? What happens if I am working part time and exceed my LTD benefit?

**A:** Many LTD Policies have provisions that allow you to return to work part-time, while still receiving a portion of your benefit. This benefit amount will depend on the gross amount of pay you receive during the month. There is a maximum amount of earnings that you can make while continuing to receive an LTD benefit. If you exceed the amount outlined in your policy, no benefits will be payable. Should you exceed the monthly amount permitted by your policy for 3 consecutive months, your claim will be closed.

**Q: What happens if I try to return to work, but am not successful?**

**A:** LTD policies have a provision explaining what happens if you return to work, and cease working again due to the same condition. This is referred to as a Recurrent Disability. We want to support you in your efforts to go back to work, so most policies would not require you to satisfy a new Elimination Period if you suffer from a Recurrent Disability. A common Recurrent Disability provision indicates if you return to work with your employer and cease working due to the same condition within a certain amount of time (usually less than 6 months), you would not need to satisfy a new Elimination Period before beginning to receive benefits again. Please review your policy to better understand the Recurrent Disability provision that applies.

**Q: What if I want to return to work, but need new skills?**

**A:** We have a vocational rehabilitation program available to assist you in returning to work. We will determine at our sole discretion whether you are eligible for this program. You must be medically able to engage in a return-to-work program to be eligible for rehabilitation services and benefits.

Your claim file will be reviewed by one of our rehabilitation professionals to determine if a rehabilitation program might help you return to gainful employment. As your file is reviewed, medical and vocational information will be analyzed to determine an appropriate return-to-work program. We will make the final determination of your eligibility for participation in the program. If you are approved, we will provide a written rehabilitation plan developed specifically for your needs.

The rehabilitation program may include (at our sole discretion), the following services and benefits:

- coordination with your employer to assist you to return to work;
- adaptive equipment or job accommodations to allow you to work;
- vocational evaluation to determine how your disability may impact your employment options;
- job placement services;
- resume preparation;
- job seeking skills training; or
- education and retraining expenses for a new occupation.

Other services and benefits not listed may be provided if we deem them appropriate.

**Q: What happens if I do not want to go to the exam that you are scheduling for me?**

**A:** Zurich, as the plan administrator, has the right to have a physician, dentist, vocational expert or other medical or vocational professional of our choice examine you when you request benefits for new and ongoing claims under your plan. Multiple exams, evaluations and functional capacity exams may be required for an ongoing claim to confirm your continued eligibility. This will be done at our expense at no cost to you. If you choose not to attend an appointment arranged by us, your LTD benefits may be terminated.

**Q: Will I receive benefits for mental disorders or substance abuse issues?**

**A:** There are provisions in many LTD policies limiting the maximum duration of benefit payment to 24 months during a lifetime for some conditions that may limit an individual's functionality, unless you are hospitalized. If your claim is limited due to your condition, this limitation will be explained in the decision letter.

**Q: What happens if my claim is denied?**

**A:** If you don't agree with our Long Term Disability claim decision, you have the right to appeal. To file an appeal, you must submit a written request within 180 days of the decision letter.

Here are some tips for submitting an appeal:

- Make sure your request for an appeal includes your name and your case number. That will get your appeal to the right area for review.
- Be detailed. The more detail you include, the better. Send us any information from your doctor that tells us what prevents you from working, your current treatment plan, how many times you're seeing your doctor and any medicine you're taking
- Include supporting documents. Send in any document you have not already sent, including diagnostic tests, X-rays and laboratory results.

**Q: Do I need to have an attorney to have a claim?**

**A:** While you absolutely have the right to legal representation, you are not required to have one when filing a claim for LTD benefits. Please note that should you be legally represented, we will need a letter of representation with an authorization to speak with your attorney. Once we receive that information, we will communicate directly, and only with your counsel.

**Q: What tax document will I receive?**

**A:** For NY PFL you will receive a 1099. For any benefit payment besides NY PFL, you will receive a W2.

**Q: What are the customer service business hours?**

**A:** Our Customer Care Liaisons are available from 8AM to 8PM EST.

**Q: What is the customer service contact information?**

**A:** Our Customer Care Liaisons can help answer any questions you may have. You can contact them toll free at 1-800-206-8826. You can also check claim status, sign documents, review correspondence related to your claim, and more, 24/7 on our portal at [www.zurichna.com/myzurichbenefits](http://www.zurichna.com/myzurichbenefits)

Please note, benefits and provisions are specific to your group policy. Review your policy for information regarding your specific coverage.

**Zurich American Life Insurance Company of New York**  
**Zurich American Life Insurance Company**

Administrative Office: 7045 College Boulevard, Overland Park, KS 66211-1523

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In New York, the terms and conditions for the Group Long Term Disability Income Insurance are set forth in policy form number 1000-ZAGP-DS-NY-01.

The policies are issued by Zurich American Life Insurance Company of New York, a New York domestic life insurance company, located at its registered home address of Four World Trade Center, 150 Greenwich Street, 54th Floor, New York, NY 10007-2366.

In all states other than New York, the terms and conditions for the Group Long Term Disability Insurance are set forth in policy form number 1000-ZAGP-01-01 or applicable state variation. The policies are issued by Zurich American Life Insurance Company, an Illinois domestic life insurance company, located at its registered home address of 1299 Zurich Way, Schaumburg, IL 60196.

The policies are subject to the laws of the state where they are issued. This material is a summary of the product features only. Please read the policy carefully for details. Certain coverages may not be available in all states and policy provisions may vary by state.

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