

STANDARD INSURANCE COMPANY

A Stock Life Insurance Company
900 SW Fifth Avenue
Portland, Oregon 97204-1282
(503) 321-7000

CERTIFICATE:

GROUP SHORT TERM DISABILITY INSURANCE

Policyholder:	State of Arizona
Policy Number:	617950-B
Effective Date:	October 1, 1996

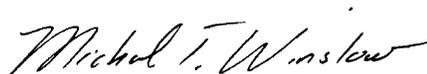
A Group Policy has been issued to the Policyholder. We certify that you will be insured as provided by the terms of the Group Policy. If your coverage is changed by an amendment to the Group Policy, we will provide the Policyholder with a revised Certificate or other notice to be given to you.

Possession of this Certificate does not necessarily mean you are insured. You are insured only if you meet the requirements set out in this Certificate.

"We", "us" and "our" mean Standard Insurance Company. "You" and "your" mean the Member. All other defined terms appear with the initial letter capitalized. Section headings, and references to them, appear in boldface type.



President



Secretary

GC190-STD

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COVERAGE FEATURES

This section shows many of the features of your short term disability (STD) insurance. Other provisions, including exclusions, limitations, and Deductible Income, appear in other sections. Please refer to the text of each section for full details. The Table of Contents and the Index of Defined Terms help locate sections and definitions.

GENERAL POLICY INFORMATION

Group Policy Number:	617950-B
Policyholder:	State of Arizona
Employer(s):	State of Arizona
Group Policy Effective Date:	October 1, 1996
Policy Issued In:	Arizona

BECOMING INSURED

To become insured you must: (a) Be a Member; (b) Complete your Eligibility Waiting Period; and (c) Meet the requirements in **Active Work Provisions** and **When Your Insurance Becomes Effective**.

Definition of Member:

You are a Member if you are:

1. An active employee or elected official of the Employer; and
2. Regularly working at least 20 hours each week.

You are not a Member if you are:

1. An employee who works fewer than 20 hours each week;
2. An employee in a temporary or emergency position;
3. A clerical pool employee;
4. A patient or inmate employed in a state institution;
5. A non-state employee officer or enlisted personnel of the National Guard of Arizona;
6. An employee in a position established for rehabilitation purposes;
7. An employee of any state college or university who:
 - a. works fewer than 20 hours each week;
 - b. is engaged for fewer than six months; or
 - c. for whom contributions are not made to a state retirement.
8. A full-time member of the armed forces of any country.

This disqualification does not apply to a non-immigrant alien employee, an employee participating in a medical residency training program, or a Cooperative Extension Employee federal employee.

Eligibility Waiting Period: You are eligible on the Group Policy Effective Date if you are a Member on that date.
You are eligible on the first day as a Member, if you become a Member after the Group Policy Effective Date.

PREMIUM CONTRIBUTIONS

Insurance is: Contributory

SCHEDULE OF INSURANCE

STD Benefit: 66 2/3% of the first \$1,154 of your Predisability Earnings, reduced by Deductible Income.

Maximum: \$769.27

Minimum: \$57.69

Benefit Waiting Period: There is no Benefit Waiting Period for a Disability caused by accidental Injury.

Your Benefit Waiting Period for a Disability caused by Sickness or Pregnancy is 30 days if:

- a. You apply for insurance under the Group Policy within 30 days after you become eligible for coverage; or
- b. You were continuously insured under the Group Policy for the entire 12 month period immediately preceding the date you became Disabled.*

Your Benefit Waiting Period for a Disability caused by Sickness or Pregnancy is 60 days if you apply for insurance under the Group Policy more than 30 days after you become eligible and you were not continuously insured under the Group Policy for the entire 12 month period immediately preceding the date you became Disabled.*

*The 12 month period of coverage includes any period of continuous coverage under another group short term disability plan sponsored by your Employer immediately prior to the date you became insured under the Group Policy.

Maximum Benefit Period: 26 weeks

If you are Disabled for less than one full week, we will pay one-seventh of the STD Benefit for each day of Disability.

DISABILITY PROVISIONS

Partial Disability: Covered, if you meet the Definition Of Disability and you are working for the Employer 80% or less of the number of hours you were regularly scheduled to work immediately prior to the date you became Disabled.

See **Definition Of Disability** for more information.

EXCLUSIONS AND LIMITATIONS

Work Related Disability Exclusion: Yes

See **Exclusions** and **Limitations** for this and other exclusions and limitations.

OTHER PROVISIONS

Leave Of Absence Period: Insurance is continued while you are on a scheduled leave of absence approved by your Employer in advance and in writing.

Continuity of Coverage: Yes

Predisability Earnings based on: Earnings in effect on your last full day of Active Work.

INSURING CLAUSE

If you become Disabled while insured under the Group Policy, we will pay STD Benefits according to the terms of the Group Policy after we receive satisfactory Proof Of Loss.

ST.IC.01

DEFINITION OF DISABILITY

You are Disabled if, as a result of Sickness, Injury or Pregnancy, you are unable to perform with reasonable continuity the material duties of your own occupation.

ST.DD.07

RETURN TO WORK INCENTIVE

A. During The Benefit Waiting Period

You may serve your Benefit Waiting Period while working for your Employer, if you meet the Definition Of Disability and you are working 80% or less of the number of hours you were regularly scheduled to work immediately prior to the date you became Disabled.

B. After The Benefit Waiting Period

You are eligible for the Return To Work Incentive on the first day you work for your Employer after the Benefit Waiting Period if STD Benefits are payable on that date and you are working 80% or less of the number of hours you were regularly scheduled to work immediately prior to the date you became Disabled.

One half of your Work Earnings will be Deductible Income.

Work Earnings means your gross weekly earnings from work you perform for your Employer while Disabled.

ST.RW.01X

REASONABLE ACCOMMODATION EXPENSE BENEFIT

If you return to work in any occupation for any employer, not including self-employment, as a result of a reasonable accommodation made by such employer, we will pay that employer a Reasonable Accommodation Expense Benefit in an amount agreed to by us, but not to exceed the expenses incurred.

The Reasonable Accommodation Expense Benefit is payable only if the reasonable accommodation is approved by us in writing prior to its implementation.

ST2.RA.01

TEMPORARY RECOVERY

You may temporarily recover from your Disability during the Maximum Benefit Period, and then become Disabled again from the same cause or causes, without having to serve a new Benefit Waiting Period. Temporary Recovery means you cease to be Disabled for no longer than the allowable period.

A. Allowable Period

The allowable period of recovery during the Maximum Benefit Period is a total of 30 days.

B. Effect Of Temporary Recovery

If your Temporary Recovery does not exceed the allowable period, 1 through 4 below will apply.

1. The Predisability Earnings used to determine your STD Benefit will not change.
2. The period of Temporary Recovery will not count toward your Maximum Benefit Period.
3. No STD Benefits will be payable for the period of Temporary Recovery.
4. Except as stated above, the provisions of the Group Policy will be applied as if there had been no interruption of your Disability.

ST.TR.03X

WHEN STD BENEFITS END

Your STD Benefits end automatically on the earliest of 1 through 5 below.

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.
3. The date you die.
4. The date you begin working for the Employer more than 80% of the number of hours you were regularly scheduled to work immediately prior to the date you became Disabled.
5. The date long term disability benefits become payable to you under a group long term disability policy issued by us.

ST.BE.01X

WAIVER OF PREMIUM

We will waive payment of premium for your insurance while STD Benefits are payable.

PREDISABILITY EARNINGS

Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work unless a different date applies (see **Coverage Features**). Any subsequent change in your earnings will not affect your Predisability Earnings.

Predisability Earnings means your weekly rate of earnings from your Employer, including:

1. Contributions you make through a salary reduction agreement with your Employer to:
 - a. An Internal Revenue Code (IRC) Section 401(k), 403(b), 408(k), or 457 deferred compensation arrangement; or
 - b. An executive nonqualified deferred compensation arrangement.
2. Shift differential pay.
3. Amounts contributed to your fringe benefits according to a salary reduction agreement under an IRC Section 125 plan.

Predisability Earnings does not include:

1. Bonuses.
2. Overtime pay.
3. Your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.
4. Any other extra compensation.
5. Commissions.

If you are paid on an annual contract basis, your weekly rate of earnings is based on one fifty-second (1/52nd) of your annual contract salary.

If you are paid hourly, your weekly rate of earnings is based on your hourly pay rate multiplied by the number of hours you are regularly scheduled to work per week, but not more than 40 hours. If you do not have regular work hours, your weekly rate of earnings is based on the average number of hours you worked per week during the preceding 52 weeks (or during your period of employment if less than 52 weeks), but not more than 40 hours.

ST.PD.16

DEDUCTIBLE INCOME

Deductible Income means:

1. Your Work Earnings, as described in the **Return To Work Incentive**.
2. Any amount you receive or are eligible to receive because of your disability under a state disability income benefit law or similar law.
3. Any amount you receive by compromise, settlement, or other method as a result of a claim for any of the above, whether disputed or undisputed.

ST.DI.01X

RULES FOR DEDUCTIBLE INCOME

A. Weekly Equivalents

Each week we will determine your STD Benefit using the Deductible Income for the same weekly period, even if you actually receive the Deductible Income in another week.

If you are paid Deductible Income in a lump sum or by a method other than weekly, we will determine your STD Benefit using a prorated amount. We will use the period of time to which the Deductible Income applies. If no period of time is stated, we will use a reasonable one.

B. Your Duty To Pursue Deductible Income

You must pursue Deductible Income for which you may be eligible. We may ask for written documentation of your pursuit of Deductible Income. You must provide it within 60 days after we mail you our request. Otherwise, we may reduce your STD Benefits by the amount we estimate you would be eligible to receive upon proper pursuit of the Deductible Income.

C. Pending Deductible Income

We will not deduct pending Deductible Income until it becomes payable. You must notify us of the amount of the Deductible Income when it is approved. You must repay us for the resulting overpayment of your claim. See **Claims**.

ST.RU.01

BENEFITS AFTER INSURANCE ENDS OR IS CHANGED

Your right to receive STD Benefits for a period of Disability which begins while you are insured will not be affected by:

1. Termination of the Group Policy after you become Disabled;
2. Termination of your insurance while the Group Policy remains in force; or
3. Any amendment to the Group Policy approved after the date you become Disabled.

ST.BA.01

EFFECT OF NEW DISABILITY

If a period of Disability is extended by a new cause while STD Benefits are payable, STD Benefits will continue while you remain Disabled. However, 1 and 2 below will apply.

1. STD Benefits will not continue beyond the end of the original Maximum Benefit Period.
2. All provisions of the Group Policy, including the **Exclusions** and **Limitations** sections will apply to the new cause of Disability.

ST.ND.01

EXCLUSIONS

A. War

You are not covered for a Disability caused or contributed to by War or any act of War. War means declared or undeclared war, whether civil or international, and any substantial armed conflict between organized forces of a military nature.

B. Intentionally Self-Inflicted Injury

You are not covered for a Disability caused or contributed to by an intentionally self-inflicted Injury, while sane or insane.

C. Work Related

You are not covered for a Disability arising out of or in the course of any employment for wage or profit.

ST.EX.01X

LIMITATIONS

A. Care Of A Physician

You must be under the ongoing care of a Physician during the Benefit Waiting Period. No STD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician.

B. Occupational Benefits

No STD Benefits will be paid for any period when you are eligible to receive benefits under a workers' compensation law or similar law. If your claim for these benefits is accepted, compromised or settled (whether disputed or undisputed), you must repay us for the full amount of any payments we make to you while your claim for occupational benefits is pending.

C. Working

No STD Benefits will be paid for any period when you are working for the Employer more than 80% of the number of hours you were regularly scheduled to work immediately prior to the date you became Disabled.

ST.LM.12X

CLAIMS

A. Filing A Claim

Claims should be filed on our forms. If you do not receive our forms within 15 days after you ask for them, you may submit your claim in a letter to us. The letter should include the date Disability began, and the cause and nature of the Disability.

B. Time Limits On Filing Proof Of Loss

You must give us Proof Of Loss within 90 days after the end of the Benefit Waiting Period. If you cannot do so, you must give it to us as soon as reasonably possible, but not later than one year after that 90-day period. If Proof Of Loss is filed outside these time limits, your claim will be denied. These limits will not apply while you lack legal capacity.

C. Proof Of Loss

Proof Of Loss means written proof that you are Disabled and entitled to STD Benefits. Proof Of Loss must be provided at your expense.

D. Documentation

At your expense, you must submit completed claims statements, your signed authorization for us to obtain information, and any other items we may reasonably require in support of your claim. If you do not provide the documentation within 60 days after we mail you our request, your claim may be denied.

E. Investigation Of Claim

We may investigate your claim at any time.

At our expense, we may have you examined at reasonable intervals by specialists of our choice. We may deny or suspend STD Benefits if you fail to attend an examination or cooperate with the examiner.

F. Time Of Payment

We will pay STD Benefits within 60 days after you satisfy Proof Of Loss.

STD Benefits will be paid to you at the end of each week you qualify for them. STD Benefits remaining unpaid at your death will be paid to your estate.

G. Overpayment Of Claim

We will notify you of the amount of any overpayment of your claim under any group disability insurance policy issued by us. You must immediately repay us. You will not receive any STD Benefits until we have been repaid in full. In the meantime, any STD Benefits paid, including the Minimum STD Benefit, will be applied to reduce the amount of the overpayment. We may charge you interest at the legal rate for any overpayment which is not repaid within 30 days after we first mail you notice of the amount of the overpayment.

H. Notice Of Decision On Claim

You will receive a written decision on your claim within a reasonable time after we receive your claim.

If you do not receive our decision within 90 days after we receive your claim, you will have an immediate right to request a review as if your claim had been denied.

If we deny any part of your claim, you will receive a written notice of denial containing:

1. The reasons for our decision;
2. Reference to the parts of the Group Policy on which our decision is based;
3. A description of any additional information needed to support your claim; and
4. Information concerning your right to a review of our decision.

I. Review Procedure

You must request in writing a review of a denial of all or part of your claim within 60 days after you receive notice of the denial.

When you request a review, you may send us written comments or other items to support your claim. You may review any non-privileged information that relates to your request for review.

We will review your claim promptly after we receive your request. We will send you a notice of our decision within 60 days after we receive your request, or within 120 days if special circumstances require an extension. We will state the reasons for our decision and refer you to the relevant parts of the Group Policy.

J. Assignment

The rights and benefits under the Group Policy are not assignable.

ST.CL.01

ALLOCATION OF AUTHORITY

Except for those functions which the Group Policy specifically reserves to the Policyholder, we have full and exclusive authority to control and manage the Group Policy, to administer claims, and to interpret the Group Policy and resolve all questions arising in its administration, interpretation, and application.

Our authority includes, but is not limited to:

1. The right to resolve all matters when a review has been requested;
2. The right to establish and enforce rules and procedures for the administration of the Group Policy and any claim under it;
3. The right to determine:
 - a. Entitlement to benefits;
 - b. Amount of benefits payable;
 - c. Sufficiency and the amount of information we may reasonably require to determine a. or b. above.

Subject to the review procedures of the Group Policy, any decision we make in the exercise of our authority is conclusive and binding.

ST.AL.01X

TIME LIMITS ON LEGAL ACTIONS

No action at law or in equity may be brought until 60 days after you have given us Proof Of Loss. No such action may be brought more than three years after the earlier of:

1. The date we receive Proof Of Loss; and
2. The end of the period within which Proof Of Loss is required to be given.

ST.TL.01

INCONTESTABILITY PROVISIONS

A. Incontestability Of Member's Insurance

Any statement you make to obtain insurance is a representation and not a warranty.

No misrepresentation by you will be used to reduce or deny your claim unless:

1. Your insurance would not have been approved if we had known the truth; and
2. We have given you a copy of a written instrument signed by you which contains your misrepresentation.

After your insurance has been in effect for two years, we will not use a misrepresentation by you to reduce or deny your claim, unless it was a fraudulent misrepresentation.

B. Incontestability Of Group Policy

Any statement made by the Policyholder or Employer to obtain the Group Policy is a representation and not a warranty.

No misrepresentation by the Policyholder or Employer will be used to deny a claim or to deny the validity of the Group Policy unless:

1. The Group Policy would not have been issued if we had known the truth; and
2. We have given the Policyholder or Employer a copy of a written instrument signed by the Policyholder or Employer which contains the misrepresentation.

The validity of the Group Policy will not be contested after it has been in force for two years, except for nonpayment of premiums or fraudulent misrepresentations.

ST.IN.01

CONTINUITY OF COVERAGE

A. Waiver Of Active Work Requirement

If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, you can become insured on the effective date of your Employer's coverage without meeting the Active Work requirement. See **Active Work Provisions**.

B. Payment Of STD Benefit

The STD Benefit payable for a period of continuous Disability beginning before you meet the Active Work requirement will be:

1. The weekly benefit which would have been payable under the terms of the Prior Plan if it had remained in force; reduced by
2. Any benefits payable under the Prior Plan.

There is no Minimum STD Benefit if there is a reduction by benefits payable under the Prior Plan.

ST.CC.01

WHEN YOUR INSURANCE BECOMES EFFECTIVE

The **Coverage Features** states whether your insurance is Contributory or Noncontributory.

A. Noncontributory Insurance

Subject to the **Active Work Provisions**, your Noncontributory insurance becomes effective on the date you become eligible.

B. Contributory Insurance

You must apply in writing for Contributory insurance and agree to pay premiums. You may apply for Contributory insurance (a) within 30 days after you become eligible, (b) during an annual enrollment period, or (c) within 31 days of a Change In Family Status. Subject to the **Active Work Provisions**, insurance becomes effective as follows:

- a. If you apply within 30 days after you become eligible, your Contributory insurance becomes effective on the pay period start date next following agency receipt of completed forms or successful Y.E.S. use.
- b. If you apply within 31 days of a Change In Family Status, your Contributory insurance becomes effective on:
 - i. The date of the Change In Family Status for changes resulting from births, adoptions and placements for adoption; or
 - ii. The later of (a) the date of the Change In Family Status, or (b) the pay period start date next following agency receipt of completed forms for any other Change In Family Status.

However, in no event will coverage become effective prior to the date you apply.

- c. If you apply during an annual enrollment period, your Contributory insurance becomes effective on the following October 1.

ST.EF.02X

ACTIVE WORK PROVISIONS

A. Active Work Requirement

If you are incapable of Active Work because of Sickness, Injury or Pregnancy on the day before the scheduled effective date of your insurance, your insurance will not become effective until the day after you complete one full day of Active Work as an eligible Member.

Active Work and Actively At Work mean performing the material duties of your own occupation at your Employer's usual place of business.

You will also meet the Active Work requirement if:

1. You were absent from Active Work because of a regularly scheduled day off, holiday, or vacation day;
2. You were Actively At Work on your last scheduled work day before the date of your absence; and
3. You were capable of Active Work on the day before the scheduled effective date of your insurance.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance. However, if you return to Active Work during a period of Disability or Temporary Recovery (see **Temporary Recovery**), you will not qualify for any change in insurance caused by a change in:

1. Your status as a member of a class;
2. The rate of earnings used to determine your Predisability Earnings; or
3. The terms of the Group Policy.

ST.AW.02

WHEN YOUR INSURANCE ENDS

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which you made a premium contribution, if your insurance is Contributory.
2. The date the Group Policy terminates.
3. The date your employment terminates.
4. The date you cease to be a Member. However, if you cease to be a Member because you are not working the required minimum number of hours, your insurance will be continued during the following periods, unless it ends under 1 through 3 above.
 - a. While your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be a Member.
 - b. During a leave of absence if continuation of your insurance under the Group Policy is required by a state-mandated family or medical leave act or law.
 - c. During any other leave of absence approved by your Employer in advance and in writing.

ST.EN.16X

CONTINUED INSURANCE DURING VACATIONS AND BREAKS

If you cease to be a Member because of a legislative or school break or vacation, your insurance will be continued during that period.

ST.SV.01X

REINSTATEMENT OF INSURANCE

If your insurance ends, you may become insured again as a new Member. However, the following will apply.

1. If your insurance ends because you cease to be a Member, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.
2. If your insurance ends because you are on a federal or state mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state mandated family or medical leave act or law.

ST.RE.01X

DEFINITIONS

Benefit Waiting Period means the period you must be continuously Disabled before STD Benefits become payable. No STD Benefits are payable for the Benefit Waiting Period. See **Coverage Features**.

Change In Family Status means (1) you gain or lose a dependent, (2) you or your spouse's employment status changes, or (3) you begin or return from a leave of absence.

Contributory means you pay all or part of the premium for your insurance.

Eligibility Waiting Period means the period you must be a Member before you become eligible for insurance. See **Coverage Features**.

Group Policy means the group short term disability insurance policy issued by us to the Policyholder and identified by the Group Policy Number.

Injury means an injury to your body.

Maximum Benefit Period means the longest period for which STD Benefits are payable for any one period of continuous Disability, whether from one or more causes. It begins at the end of the Benefit Waiting Period.

No STD Benefits are payable after the end of the Maximum Benefit Period, even if you are still Disabled. See **Coverage Features**.

Noncontributory means the Policyholder or Employer pays the entire premium for your insurance.

Physician means a licensed medical professional, other than yourself, acting within the scope of the license.

Pregnancy means your pregnancy, childbirth, or related medical conditions, including complications of pregnancy.

Prior Plan means your Employer's group short term disability insurance plan in effect on the day before the effective date of your Employer's coverage under the Group Policy and which is replaced by the Group Policy.

Sickness means your sickness, illness, or disease.

STD Benefit means the weekly benefit payable to you under the terms of the Group Policy.

ST.DF.01X