

**NEW JERSEY LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATION ACT**

Residents of New Jersey who purchase life insurance, annuities or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the New Jersey Life and Health Insurance Guaranty Association.

The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state, and in some cases, to keep coverage in force.

The valuable extra protection provided by these insurers through the Guaranty Association is not unlimited, however. And, as noted below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

DISCLAIMER

The New Jersey Life and Health Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in New Jersey. You should not rely on coverage by the New Jersey Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the guaranty association to induce you to purchase any kind of insurance policy.

**The New Jersey Life and Health Insurance Guaranty Association
One Gateway Center
7th Floor
Newark, NJ 07102**

**New Jersey Department of Banking and Insurance
20 West State Street
Post Office Box 325
Trenton, NJ 08625-0325**

The state law that provides for this safety-net coverage is called the New Jersey Life and Health Insurance Guaranty Association Act, N.J.S.A. 17B:32A-1 **et seq.** (the "Act").

COVERAGE

The following is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the guaranty association.

Generally, individuals will be protected by the Life and Health Insurance Guaranty Association if they live in New Jersey and hold a life, health or long-term care insurance contract, annuity contract, or if they are insured under a group insurance contract, issued by a member insurer.

The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are **not** protected by this Association if:

- they are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- the insurer was not authorized to do business in this state; or
- their policy was issued by an organization which is not a member of the New Jersey Life and Health Insurance Guaranty Association;

The Association also does **not** provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- any policy of reinsurance (unless an assumption certificate was issued);
- interest rate yields that exceed an average rate as more fully described in Section 3 of the Act;
- dividends;
- credits given in connection with the administration of a policy by a group contractholder;
- employers' plans to the extent they are self-funded (that is not insured by an insurance company, even if an insurance company administers them).

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the Association is obligated to pay. The Association cannot pay more than what the insurance company would owe under a policy or contract.

With respect to any one insured individual, regardless of the number of policies or contracts, the Association will not pay more than \$500,000 in life insurance death benefits and present value annuity benefits, including net cash surrender and net cash withdrawal values. Within this overall limit, the Association will not pay more than \$100,000 in cash surrender values for life insurance, \$100,000 in cash surrender values for annuity benefits, \$500,000 in life insurance death benefits or \$500,000 in present value of annuities--again, no matter how many policies and contracts that were with the same company, and no matter how many different types of coverages.

The Association will not pay more than \$2,000,000 in benefits to any one contractholder under any one unallocated annuity contract.

There are no limits on the benefits the Association will pay with respect to any one group, blanket or individual accident and health insurance policy.

STANDARD INSURANCE COMPANY

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

GROUP SHORT TERM DISABILITY INSURANCE POLICY

Policyholder:	Borough of Ship Bottom
Policy Number:	148526-A
Effective Date:	October 1, 2009
Group Policy Delivered In:	New Jersey and subject to the laws of that state.

The consideration for this Group Policy is the application of the Policyholder and the payment by the Policyholder of premiums as provided herein.

Subject to the **Policyholder Provisions** and the **Incontestability Provisions**, this Group Policy (a) is issued for the Initial Rate Guarantee Period shown in the **Coverage Features**, and (b) may be renewed for successive renewal periods by the payment of the premium set by us on each renewal date. The length of each renewal period will be set by us, but will not be less than 12 months.

For purposes of effective dates and ending dates under this Group Policy, all days begin and end at 12:00 midnight Standard Time at the Policyholder's address.

All provisions on this and the following pages are part of this Group Policy. "You" and "your" mean the Member. "We", "us", and "our" mean Standard Insurance Company. Other defined terms appear with their initial letters capitalized. Section headings, and references to them, appear in boldface type.

STANDARD INSURANCE COMPANY

By


President


Corporate Secretary

Table of Contents

COVERAGE FEATURES.....	1
GENERAL POLICY INFORMATION.....	1
SCHEDULE OF INSURANCE.....	1
PREMIUM CONTRIBUTIONS.....	2
PREMIUM AND RENEWALS.....	2
INSURING CLAUSE.....	3
BECOMING INSURED.....	3
WHEN YOUR INSURANCE BECOMES EFFECTIVE.....	3
ACTIVE WORK PROVISIONS.....	4
WHEN YOUR INSURANCE ENDS.....	5
REINSTATEMENT OF INSURANCE.....	5
DEFINITION OF DISABILITY.....	5
RETURN TO WORK PROVISIONS.....	6
REASONABLE ACCOMMODATION EXPENSE BENEFIT.....	7
TEMPORARY RECOVERY.....	7
WHEN STD BENEFITS END.....	8
PREDISABILITY EARNINGS.....	8
DEDUCTIBLE INCOME.....	9
EXCEPTIONS TO DEDUCTIBLE INCOME.....	9
RULES FOR DEDUCTIBLE INCOME.....	10
BENEFITS AFTER INSURANCE ENDS OR IS CHANGED.....	10
EFFECT OF NEW DISABILITY.....	10
DISABILITIES EXCLUDED FROM COVERAGE.....	11
LIMITATIONS.....	11
CLAIMS.....	12
GRANT OF DISCRETION.....	13
TIME LIMITS ON LEGAL ACTIONS.....	13
INCONTESTABILITY PROVISIONS.....	13
CLERICAL ERROR, AGENCY AND MISSTATEMENT.....	14
TERMINATION OR AMENDMENT OF THE GROUP POLICY.....	14
DEFINITIONS.....	15
POLICYHOLDER PROVISIONS.....	16

Index of Defined Terms

Active Work, Actively At Work, 4
Allowable Periods, 7

Benefit Waiting Period, 2, 15

Class Definition, 1
Contributory, 15

Deductible Income, 9

Eligibility Waiting Period, 1
Employer, 15
Employer(s), 1
Enrollment Period, 2
Evidence Of Insurability, 4

Group Policy, 15
Group Policy Effective Date, 1
Group Policy Number, 1

Hospital, 15

Initial Rate Guarantee Period, 2
Injury, 15

L.L.C. Owner-Employee, 15

Maximum Benefit Period, 2, 15

Maximum STD Benefit, 1
Member, 1, 3
Mental Disorder, 15
Minimum Participation Number, 2
Minimum Participation Percentage, 2
Minimum STD Benefit, 2

Noncontributory, 15

P.C. Partner, 15
Physical Disease, 15
Physician, 15
Policyholder, 1
Predisability Earnings, 8
Pregnancy, 15
Premium Due Dates, 2
Premium Rate, 2
Prior Plan, 15
Proof Of Loss, 12

Reasonable Accommodation Expense
Benefit, 7

STD Benefit, 1, 15

Temporary Recovery, 7

War, 11

COVERAGE FEATURES

This section contains 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: 148526-A
Policyholder: Borough of Ship Bottom
Employer(s): Borough of Ship Bottom
Group Policy Effective Date: October 1, 2009
Policy Issued in: New Jersey

Member means a citizen or resident of the United States or Canada and one of the following:

1. A regular salaried employee of the Employer, other than police personnel who is Actively At Work at least 40 hours each week; or
2. A regular hourly-paid or police personnel employee of the Employer who is Actively At Work at least 32 hours each week.

For purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as the person is capable of Active Work on those days.

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

Class Definition: None

SCHEDULE OF INSURANCE

Eligibility Waiting Period: You are eligible on one of the following dates, but not before the Group Policy Effective Date:

If you are a Member on the Group Policy Effective Date, you are eligible on the first day following 90 consecutive days as a Member.

If you become a Member after the Group Policy Effective Date, you are eligible on the first day following 90 consecutive days as a Member.

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

Your Eligibility Waiting Period will be reduced by any continuous period as an employee of the Employer immediately prior to the date you become a Member.

STD Benefit: 66 2/3% of the first \$819 of your Predisability Earnings, reduced by Deductible Income.

Maximum: \$546 before reduction by Deductible Income.

Minimum: \$25

Benefit Waiting Period:

For Noncontributory insurance, Contributory insurance for Members who apply during the Enrollment Period, and for Members who were required to submit Evidence Of Insurability to become insured and it was approved:

For Disability caused by accidental Injury: 7 days

For Disability caused by Physical Disease, Pregnancy or Mental Disorder: 7 days

For Contributory insurance for Members who do not apply during the Enrollment Period:

For Disability caused by accidental Injury: 7 days

For Disability caused by Physical Disease, Pregnancy or Mental Disorder:

During the 12-month period beginning on the date your insurance becomes effective: 60 days; and thereafter: 7 days

Enrollment Period for Contributory insurance:

The 31-day period beginning on the date you become eligible.

Maximum Benefit Period:

26 weeks. However, STD Benefits will end on the date long term disability benefits become payable to you under a group plan provided by your Employer, even if that occurs before the end of the Maximum Benefit Period.

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

PREMIUM CONTRIBUTIONS

Insurance is: Noncontributory

PREMIUM AND RENEWALS

Premium Rate: \$0.439 monthly per \$10.00 of STD Benefit, before reduction by Deductible Income.

Premium Due Dates: October 1, 2009 and the first day of each calendar month thereafter.

Initial Rate Guarantee Period: October 1, 2009 to October 1, 2012

Minimum Participation Number: 10 insured Members

Minimum Participation Percentage: 100% of eligible Members

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 Proof Of Loss satisfactory to us.

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BECOMING INSURED

To become insured you must be a Member, complete your Eligibility Waiting Period, and meet the requirements in **Active Work Provisions** and **When Your Insurance Becomes Effective**.

You are a Member if you are a citizen or resident of the United States or Canada and one of the following:

1. A regular salaried employee of the Employer, other than police personnel who is Actively At Work at least 40 hours each week; or
2. A regular hourly employee of the Employer and police personnel who is Actively At Work at least 32 hours each week.

For purposes of the Member definition, Actively At Work will include regularly scheduled days off, holidays, or vacation days, so long as you are capable of Active Work on those days.

You are not a Member if you are a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.

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

(VAR MBR DEF) ST.BI.OT.1

WHEN YOUR INSURANCE BECOMES EFFECTIVE

A. When Insurance Becomes Effective

Subject to the **Active Work Provisions**, your insurance becomes effective as follows:

1. Insurance Subject To Evidence Of Insurability

Insurance subject to Evidence Of Insurability becomes effective on the date we approve your Evidence Of Insurability.

2. Insurance Not Subject To Evidence Of Insurability

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

a. Noncontributory Insurance

Noncontributory insurance not subject to Evidence Of Insurability becomes effective on the date you become eligible.

b. Contributory Insurance

You must apply in writing for Contributory insurance and agree to pay premiums. Contributory insurance not subject to Evidence Of Insurability becomes effective on:

- i. The date you become eligible if you apply on or before that date; or
- ii. The date you apply if you apply after the date you become eligible.

Note: If you do not apply during the Enrollment Period, then until you have been insured under the Group Policy for 12 consecutive months, you will have a longer Benefit Waiting Period for Disabilities caused by Physical Disease, Pregnancy or Mental

Disorder. The Enrollment Period and applicable Benefit Waiting Periods are shown in **Coverage Features**.

B. Takeover Provisions

1. If you were insured under the Prior Plan on the day before the effective date of your Employer's coverage under the Group Policy, your Eligibility Waiting Period is waived on the effective date of your Employer's coverage under the Group Policy.
2. You must submit satisfactory Evidence Of Insurability to become insured if you were eligible for insurance under the Prior Plan for more than 31 days but were not insured.

C. Evidence Of Insurability Requirement

Evidence Of Insurability satisfactory to us is required:

- a. For Members eligible for more than 31 days but not insured under the Prior Plan.
- b. For reinstatements if required.

Providing Evidence Of Insurability means you must:

1. Complete and sign our medical history statement;
2. Sign our form authorizing us to obtain information about your health;
3. Undergo a physical examination, if required by us; and
4. Provide any additional information about your insurability that we may reasonably require.

(VAR EOI_WITH 60 DAY PD) ST.EF.NJ.3

ACTIVE WORK PROVISIONS

A. Active Work Requirement

You must be capable of Active Work on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are incapable of Active Work because of Physical Disease, Injury, Pregnancy or Mental Disorder 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 with reasonable continuity the Material Duties of your Own Occupation at your Employer's usual place of business.

B. Changes In Insurance

This Active Work requirement also applies to any increase in your insurance.

ST.AW.OT.1

WHEN YOUR INSURANCE ENDS

Your insurance ends automatically on the earliest of:

1. The date the last period ends for which a premium contribution was made for your insurance.
2. The date the Group Policy terminates.
3. The date your employment terminates.
4. The date you cease to be a Member. However, your insurance will be continued during the following periods when you are absent from Active Work, unless it ends under any of the above.
 - a. During the first 90 days of a temporary or indefinite administrative or involuntary leave of absence or sick leave, provided your Employer is paying you at least the same Predisability Earnings paid to you immediately before you ceased to be a Member. A period when you are absent from Active Work as part of a severance or other employment termination agreement is not a leave of absence, even if you are receiving the same Predisability Earnings.
 - 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 temporary leave of absence approved by your Employer in advance and in writing and scheduled to last 30 days or less. A period of Disability is not a leave of absence.
 - d. During the Benefit Waiting Period and while STD Benefits are payable.

ST.EN.OT.1

REINSTATEMENT OF INSURANCE

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

1. If you cease to be a Member because of a Disability that is not covered solely because of the exclusion for work related Disabilities, your insurance will end. However, if you become a Member again immediately after workers' compensation temporary benefits end, the Eligibility Waiting Period will be waived.
2. If your insurance ends because you cease to be a Member for any reason other than item 1 above, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.
3. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
4. 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.
5. In no event will insurance be retroactive.

(NONOCC) ST.RE.OT.4

DEFINITION OF DISABILITY

You are Disabled if you meet the following Own Occupation definition of Disability.

You are required to be Disabled only from your Own Occupation. You are Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder:

1. You are unable to perform with reasonable continuity the Material Duties of your Own Occupation; and

2. You suffer a loss of at least 20% in your Predisability Earnings when working in your Own Occupation.

Note: You are not Disabled merely because your right to perform your Own Occupation is restricted, including a restriction or loss of license.

You may work in another occupation while you meet the Own Occupation definition of Disability. However, you will no longer be Disabled when your Work Earnings from another occupation exceed 80% of your Predisability Earnings.

Your Work Earnings may be Deductible Income. See **Return To Work Provisions** and **Deductible Income**.

Own Occupation means any employment, business, trade, profession, calling or vocation that involves Material Duties of the same general character as the occupation you are regularly performing for your Employer when Disability begins. In determining your Own Occupation, we are not limited to looking at the way you perform your job for your Employer, but we may also look at the way the occupation is generally performed in the national economy. If your Own Occupation involves the rendering of professional services and you are required to have a professional or occupational license in order to work, your Own Occupation is as broad as the scope of your license.

Material Duties means the essential tasks, functions and operations, and the skills, abilities, knowledge, training and experience, generally required by employers from those engaged in a particular occupation, that cannot be reasonably modified or omitted. In no event will we consider working an average of more than 40 hours per week to be a Material Duty.

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RETURN TO WORK PROVISIONS

A. Return To Work Responsibility

No STD Benefits will be paid for any period of Disability when you are able to work in your Own Occupation and able to earn at least 20% of your Predisability Earnings, but you elect not to work.

B. Return To Work Incentive

You may serve your Benefit Waiting Period while working if you meet the Own Occupation definition of Disability.

You are eligible for the Return To Work Incentive on the first day you work after the Benefit Waiting Period if STD Benefits are payable on that date.

Your Work Earnings will be Deductible Income as determined in 1., 2. and 3.

1. Determine the amount of your STD Benefit as if there were no Deductible Income, and add your Work Earnings to that amount.
2. Determine 100% of your Predisability Earnings.
3. If 1. is greater than 2., the difference will be Deductible Income.

C. Work Earnings Definition

Work Earnings includes earnings, sick pay, vacation pay, annual or personal leave pay or other salary continuation earned or accrued while working for your Employer, other employment or self-employment obtained after the date of your Disability, and earnings from employment which existed prior to the date of your Disability, if the earnings are other than regularly scheduled increases.

Earnings from work you perform will be included in Work Earnings when you have the right to receive them. If you are paid in a lump sum or on a basis other than weekly, we will prorate your

Work Earnings over the period of time to which they apply. If no period of time is stated, we will use a reasonable one.

In determining your Work Earnings we:

1. Will use the financial accounting method you use for income tax purposes, if you use that method on a consistent basis.
2. Will not be limited to the taxable income you report to the Internal Revenue Service.
3. May ignore expenses under section 179 of the IRC as a deduction from your gross earnings.
4. May ignore depreciation as a deduction from your gross earnings.
5. May adjust the financial information you give us in order to clearly reflect your Work Earnings.

If we determine that your earnings vary substantially from week to week, we may determine your Work Earnings by averaging your earnings over the most recent four-week period. You will no longer be Disabled when your average Work Earnings over the last four weeks exceed 80% of your Predisability Earnings.

ST.RW.NJ.1

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.

ST.RA.OT.1

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 applicable allowable period. See **Definition Of Disability**.

A. Allowable Period

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

B. Effect Of Temporary Recovery

If your Temporary Recovery does not exceed the Allowable Period, the following 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. No STD Benefits will be payable after benefits become payable to you under any other disability insurance plan under which you become insured during your period of recovery.
5. 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.OT.2

WHEN STD BENEFITS END

Your STD Benefits end automatically on the earliest of:

1. The date you are no longer Disabled.
2. The date your Maximum Benefit Period ends.
3. The date you die.
4. The date long term disability benefits become payable to you under a group long term disability policy, even if that occurs before the end of the Maximum Benefit Period.
5. The date benefits become payable to you under any other disability insurance plan under which you become insured through employment during a period of Temporary Recovery.
6. The date you fail to provide proof of continued Disability and entitlement to STD Benefits.

(REV LTD LIM) ST.BE.OT.3

PREDISABILITY EARNINGS

Your Predisability Earnings will be based on your earnings in effect on your last full day of Active Work. 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), 408(p), or 457 deferred compensation arrangement; or
 - b. An executive nonqualified deferred compensation arrangement.
2. Commissions averaged over the prior 52 weeks or over the period of your employment if less than 52 weeks.
3. Shift differential pay.
4. 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. Stock options or stock bonuses.
4. Your Employer's contributions on your behalf to any deferred compensation arrangement or pension plan.
5. Any other extra compensation.

If you are paid on an annual contract basis, your weekly rate of earnings is 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.

(REG WITH COM_NO STOCK) ST.PD.OT.1

DEDUCTIBLE INCOME

Subject to **Exceptions To Deductible Income**, Deductible Income means:

1. Your Work Earnings, as described in the **Return To Work Provisions**.
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 or are eligible to receive because of your disability under another group insurance coverage.
4. That portion of any disability or retirement benefits or lump sum refund, withdrawal or distribution of contributions and earnings attributable to your Employer's contributions that you receive under your Employer's retirement plan. You and your Employer's contributions will be considered as distributed simultaneously throughout your lifetime, regardless of how funds are distributed from the retirement plan.
5. Any earnings or compensation included in Predisability Earnings which you receive or are eligible to receive while STD Benefits are payable.
6. Any amount you receive or are eligible to receive which is attributable to your employment with the Employer under any unemployment compensation law or similar act or law.
7. 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.

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EXCEPTIONS TO DEDUCTIBLE INCOME

Deductible Income does not include:

1. Any cost of living increase in any Deductible Income other than Work Earnings, if the increase becomes effective while you are Disabled and while you are eligible for the Deductible Income.
2. Reimbursement for hospital, medical, or surgical expense.
3. Reasonable attorneys fees incurred in connection with a claim for Deductible Income.
4. Benefits from any individual disability insurance policy.
5. Group credit or mortgage disability insurance benefits.
6. Accelerated death benefits paid under a life insurance policy.
7. Benefits from the following:
 - a. Profit sharing plan.
 - b. Thrift or savings plan.
 - c. Deferred compensation plan.
 - d. Plan under IRC Section 401(k), 408(k), 408(p), or 457.
 - e. Individual Retirement Account (IRA).
 - f. Tax Sheltered Annuity (TSA) under IRC Section 403(b).
 - g. Stock ownership plan.
 - h. Keogh (HR-10) plan.

(PUB_NO OTHR OFFST) ST.ED.OT.1

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.

D. 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.

ST.RU.OT.1

BENEFITS AFTER INSURANCE ENDS OR IS CHANGED

During each period of continuous Disability, we will pay STD Benefits according to the terms of the Group Policy in effect on the date you become Disabled. Your right to receive STD Benefits will not be affected by:

1. Any amendment to the Group Policy that is effective after you become Disabled; or
2. Termination of the Group Policy after you become Disabled.

ST.BA.OT.1

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 **Disabilities Excluded From Coverage** and **Limitations** sections, will apply to the new cause of Disability.

ST.ND.OT.1

DISABILITIES EXCLUDED FROM COVERAGE

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 paid by a worker's compensation act or similar law.

D. Felony Or Illegal Occupation

You are not covered for a Disability caused or contributed to by your committing or attempting to commit a felony or engaging in an illegal occupation.

E. Loss Of License Or Certification

You are not covered for a Disability caused or contributed to by the loss of your professional license, occupational license or certification.

(NONOCC) ST.XD.NJ.1

LIMITATIONS

A. Care Of A Physician

You must be under the ongoing care of a Physician in the appropriate specialty 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 in the appropriate specialty.

B. Occupational Benefits

No STD Benefits will be paid for any period when you are eligible to receive benefits for your Disability 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. Paid Sick Leave Or Other Salary Continuation

No STD Benefits will be paid for any period when you are receiving paid sick leave pay, annual or personal leave pay, or other salary continuation, including donated amounts, (but not vacation pay) from your Employer.

D. Imprisonment

No STD Benefits will be paid for any period of Disability when you are confined in a penal or correctional institution because of your conviction of a crime.

E. Return To Work Responsibility

No STD Benefits will be paid for any period of Disability when you are able to work in your Own Occupation and able to earn at least 20% of your Predisability Earnings, but you elect not to work.

F. Rehabilitation Program

No STD Benefits will be paid for any period of Disability when you are not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by us unless your Disability prevents you from participating.

(NONOCC_RTW RSP_MAND REHB) ST.LM.NJ.1

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. 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.

For claims of Disability due to conditions other than Mental Disorders, we may require proof of physical impairment that results from anatomical or physiological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

D. Documentation

Completed claims statements, a signed authorization for us to obtain information, and any other items we may reasonably require in support of a claim must be submitted at your expense. If the required documentation is not provided within 45 days after we mail 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 30 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. Notice Of Decision On Claim

We will evaluate your claim promptly after you file it and pursuant to New Jersey Statutes Annotated 17B: 27-44.

H. Review Procedure

If all or part of a claim is denied, you may request a review. You must request a review in writing within 60 days after receiving 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 90 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.

I. Assignment

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

(REV PUB WRDG) ST.CL.NJ.2

GRANT OF DISCRETION

Your Policyholder or Employer has delegated to us the discretion to determine eligibility for benefits and to construe and interpret the terms and provisions of the Group Policy, subject to any and all remedies that may exist under State and Federal law.

ST.AL.NJ.1

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 time within which Proof Of Loss is required to be given.

ST.TL.OT.1

INCONTESTABILITY PROVISIONS

A. Incontestability Of Insurance

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

No misrepresentation will be used to reduce or deny a claim or contest the validity of insurance unless:

1. The insurance would not have been approved if we had known the truth; and
2. We have given you or any person claiming benefits a copy of the signed written instrument which contains your misrepresentation.

After insurance has been in effect for two years, during the lifetime of the insured, we will not use a misrepresentation to reduce or deny the claim, unless it was a fraudulent misrepresentation.

B. Incontestability Of The 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 your 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.OT.1

CLERICAL ERROR, AGENCY AND MISSTATEMENT

A. Clerical Error

Clerical error by the Policyholder, your Employer, or their respective employees or representatives will not:

1. Cause a person to become insured.
2. Invalidate insurance under the Group Policy otherwise validly in force.
3. Continue insurance under the Group Policy otherwise validly terminated.

B. Agency

The Policyholder and your Employer act on their own behalf as your agent, and not as our agent. The Policyholder and your Employer have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy.

C. Misstatement Of Age

If a person's age has been misstated, we will make an equitable adjustment of premiums, benefits, or both. The adjustment will be based on:

1. The amount of insurance based on the correct age; and
2. The difference between the amount paid and the amount which would have been paid if the age had been correctly stated.

ST.CE.OT.1

TERMINATION OR AMENDMENT OF THE GROUP POLICY

The Group Policy may be terminated by us or the Policyholder according to its terms. It will terminate automatically for nonpayment of premium. The Policyholder may terminate the Group Policy in whole, and may terminate insurance for any class or group of Members, at any time by giving us written notice.

Benefits under the Group Policy are limited to its terms, including any valid amendment. No change or amendment will be valid unless it is approved in writing by one of our executive officers and given to the Policyholder for attachment to the Group Policy, or by amendment to the Group Policy signed by the Policyholder and one of our executive officers. If the terms of the certificate differ from the Group Policy, the terms stated in the Group Policy will govern. The Policyholder, your Employer, and their respective employees or representatives have no right or authority to change or amend the Group Policy or to waive any of its terms or provisions without our signed written approval.

We may change the Group Policy in whole or in part when any change or clarification in law or governmental regulation affects our obligations under the Group Policy, or with the Policyholder's consent.

Any such change or amendment of the Group Policy may apply to current or future Members or to any separate classes or groups of Members.

ST.TA.NJ.1

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**.

Contributory means insurance is elective and Members pay all or part of the premium for insurance.

Employer means an employer (including approved affiliates and subsidiaries) for which coverage under the Group Policy is approved in writing by us.

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

Hospital means a legally operated hospital providing full-time medical care and treatment under the direction of a full-time staff of licensed physicians. Rest homes, nursing homes, convalescent homes, homes for the aged, and facilities primarily affording custodial, educational, or rehabilitative care are not Hospitals.

Injury means an injury to the body.

L.L.C. Owner-Employee means an individual who owns an equity interest in an Employer and is actively employed in the conduct of the Employer's business.

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**.

Mental Disorder means any mental, emotional, behavioral, psychological, personality, cognitive, mood or stress-related abnormality, disorder, disturbance, dysfunction or syndrome, regardless of cause (including any biological or biochemical disorder or imbalance of the brain) or the presence of physical symptoms. Mental Disorder includes, but is not limited to, bipolar affective disorder, organic brain syndrome, schizophrenia, psychotic illness, manic depressive illness, depression and depressive disorders, anxiety and anxiety disorders.

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

P.C. Partner means the sole active employee and majority shareholder of a professional corporation in partnership with the Policyholder.

Physical Disease means a physical disease entity or process that produces structural or functional changes in your body as diagnosed by a Physician.

Physician means a licensed M.D. or D.O., acting within the scope of the license. Physician does not include you or your spouse, or the brother, sister, parent, or child of either you or your spouse.

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.

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

ST.DF.NJ.1

POLICYHOLDER PROVISIONS

A. Premiums

The premium due on each Premium Due Date is the sum of the premiums for all persons then insured. Premium Rates are shown in the **Coverage Features**.

B. Contributions From Members

The Policyholder determines the amount, if any, of each Member's contribution toward the cost of insurance under the Group Policy.

C. Changes In Premium Rates

We may change Premium Rates whenever:

1. A change or clarification in law or governmental regulation affects the amount payable under the Group Policy. Any such change in Premium Rates will reflect only the change in our obligations.
2. Factors material to underwriting the risk we assumed under the Group Policy with respect to an Employer, including, but not limited to, number of persons insured, age, Predisability Earnings, gender, and occupational classification, change by 25% or more.
3. The premium contribution arrangement for Members is changed or varies from that stated in the Group Policy when issued or last renewed.
4. We and the Policyholder or the Employer mutually agree to change Premium Rates.

Except as provided above, Premium Rates will not be changed during the Initial Rate Guarantee Period shown in the **Coverage Features**. Thereafter, except as provided above, we may change Premium Rates upon 31 days advance written notice to the Policyholder. Any such change in Premium Rates may be made effective on any Premium Due Date, but no such change will be made more than once in any contract year. Contract years are successive 12 month periods computed from the end of the Initial Rate Guarantee Period.

D. Payment Of Premiums

All premiums are due on the Premium Due Dates shown in the **Coverage Features**.

Each premium is payable on or before its Premium Due Date directly to us at our home office. The payment of each premium by the Policyholder as it becomes due will maintain the Group Policy in force until the next Premium Due Date.

E. Grace Period And Termination For Nonpayment

If a premium is not paid on or before its Premium Due Date, it may be paid during the following Grace Period of 31 days. The Group Policy or an Employer's coverage under the Group Policy will remain in force during the Grace Period.

If the premium is not paid during the Grace Period, the Group Policy will terminate automatically at the end of the Grace Period.

The Policyholder is liable for premium for insurance under the Group Policy during the Grace Period. We may charge interest at the legal rate for any premium which is not paid during the Grace Period, beginning with the first day after the Grace Period.

F. Termination For Other Reasons

The Policyholder may terminate the Group Policy by giving us written notice. The effective date of termination will be the later of:

1. The date stated in the notice; and
2. The date we receive the notice.

We may terminate the Group Policy as follows:

1. On any Premium Due Date if the number of persons insured is less than the Minimum Participation shown in the **Coverage Features**.
2. On any Premium Due Date if we determine that the Policyholder has failed to promptly furnish any necessary information requested by us, or has failed to perform any other obligations relating to the Group Policy.

The minimum advance notice of termination by us is 31 days.

G. Premium Adjustments

Premium adjustments involving a return of unearned premiums to the Policyholder will be limited to the 12 months just before the date we receive a request for premium adjustment.

H. Certificates

We will issue certificates to the Policyholder showing the coverage under the Group Policy. The Policyholder will distribute a certificate to each insured Member. If the terms of the certificate differ from then Group Policy, the terms stated in the Group Policy will govern.

I. Records And Reports

The Policyholder or Employer will furnish on our forms all information reasonably necessary to administer the Group Policy. We have the right at all reasonable times to inspect the payroll and other records of the Policyholder or Employer which relate to insurance under the Group Policy.

J. Agency And Release

Individuals selected by the Policyholder or by any Employer to secure coverage under the Group Policy or to perform their administrative function under it, represent and act on behalf of the person selecting them, and do not represent or act on behalf of Standard. The Policyholder, Employer and such individuals have no authority to alter, expand or extend our liability or to waive, modify or compromise any defense or right we may have under the Group Policy. The Policyholder and each Employer hereby release, hold harmless and indemnify Standard from any liability arising from or related to any negligence, error, omission, misrepresentation or dishonesty of any of them or their representatives, agents or employees.

K. Notice Of Suit

The Policyholder and Employer shall promptly give us written notice of any lawsuit or other legal proceedings arising under the Group Policy.

L. Entire Contract, Changes

The Group Policy and the application of the Policyholder constitute the entire contract between the parties. A copy of the Policyholder's application is attached to the Group Policy when issued.

The Group Policy may be changed in whole or in part. No change in the Group Policy will be valid unless it is approved in writing by one of our executive officers and evidenced by endorsement to the Group Policy, or by amendment to the Group Policy signed by the Policyholder and one of our executive officers. No agent has authority to change the Group Policy, or to waive any of its provisions.

M. Effect On Workers' Compensation, State Disability Insurance

The coverage provided under the Group Policy is not a substitute for coverage under a workers' compensation or state disability income benefit law and does not relieve the Employer of any obligation to provide such coverage.

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