



**ADMINISTRATIVE
INSTRUCTIONS**

INTRODUCTION

Ease of administration is a critical part of any Employee Benefit Program. In the following pages we have tried to answer most of the questions an employer may have in administering this plan. If you have further questions, please call **CTGROUP** at 1-800-803-8585 or email us at ctgroup@ctgroupins.com.

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NEW EMPLOYEE

Immediate enrollment of new employees is the key to efficient operation of your plan. Have each new employee fill out an application when he or she becomes eligible. Use the form specified in the "Table of Forms". If a part-time employee becomes eligible by starting to work full-time, the date employed should show the date he or she became a full-time employee. Part-time employees who begin working full-time will be eligible to apply for coverage after fulfilling the required service waiting period. If the employee's application is approved, the date insured will be the date the said waiting period is completed.

IMPORTANT: If an employee is required to share in the cost of plan benefits and delays his or her application more than 31 days after his or her eligibility date, he or she must furnish evidence of good health at his own expense. Also, an employee who cancels his insurance while remaining in your employ will be required to furnish evidence of insurability before he or she can become insured again.

ALL APPLICATIONS SHOULD BE COMPLETED IN FULL**REINSTATEMENT**

If an employee is rehired after a prior termination of employment, use the most recent employment date as the date employed. If such an employee is rehired within one year, he or she becomes eligible for insurance on the date rehired. Be sure to mark "Reinstatement" on the back of such applications.

ENROLLMENT CARDS

A file of enrollment cards should be maintained on all employees, both those currently insured and those whose insurance is terminated. Cards for the latter group should be appropriately marked and maintained separately. It is recommended that the enrollment cards be noted as to all transactions and corresponding dates. This file may be established on your own forms or upon forms furnished by the Insurance Company.

For coverage provided on a guaranteed issue basis, the employee should complete the Group Enrollment Card*. Where satisfactory evidence of insurability is required, the Application for Group Insurance Requiring Evidence of Insurability* must be completed.

Coverage is effective on the date the employee's application is approved, or the effective date of the company's plan, whichever is later. If the employee is not working full-time on the effective date, coverage begins when he or she returns to work full-time.

If an employee is required to pay any part of the premium and decides not to enroll for insurance, he or she must sign a Waiver of Insurance Card*. For your protection, you should retain the waiver card as evidence that the employee was offered the insurance but declined it.

LATE APPLICATION

IMPORTANT: If an employee is required to share in the cost of plan benefits and delays application more than 31 days after the date he or she is first eligible to apply for insurance, evidence of good health must be furnished, at the employee's expense, before the employee can be insured. Have the employee fully complete the Application for Group Insurance*.

MISCELLANEOUS CHANGES

If an employee's name, class or beneficiary changes, have the employee complete the enrollment card*. On the front of the card show the new name, class or beneficiary. On the reverse side, check the appropriate boxes and provide the necessary information. Whenever dates are requested, show the month, day and year. For change of beneficiary, be sure to include the full first name (given name) of any beneficiary. Send the form to **CTGROUP** Department. Be sure to enter the new name, class or beneficiary on the front of the form.

*See Table of Forms

**TERMINATION
OF INSURANCE**

When an employee terminates, draw a single line through their name and indicate the date of termination.

All insurance on an employee terminates when he or she ceases to be an employee of your firm or when you stop paying premiums on their behalf. For Life Insurance, premium payments may be continued indefinitely for an employee who is absent from work because of sickness or injury provided the Insurance Company is notified. Also for Life Insurance, premium payments may also be continued for a maximum of two months for an employee who is absent from work because of lay-off or leave of absence. Although you may decide when to continue coverage in these instances, the same rules must apply to all employees.

**WAIVER OF
PREMIUM -
GROUP LIFE**

If an employee is totally and permanently disabled before age 60, his or her insurance will continue, without charge, for as long as the disability continues; however, coverage will terminate at the earlier of an insured's date of retirement or upon an insured's attainment of age 70. Satisfactory proof that total disability existed without interruption for at least nine months must be provided to the Insurance Company.

**WAIVER OF
PREMIUM -
LONG TERM
DISABILITY**

No premiums will be due on an employee's disability coverage during the period he or she is receiving benefits under the plan.

**LIFE
CONVERSION
PRIVILEGE
AFTER
EMPLOYMENT**

When an employee terminates employment for any reason, he or she is entitled to convert the Life Insurance under your plan to an Individual Life Insurance policy.

The employee should be given a "conversion of insurance" form* at the time employment terminates. If he or she exercises this privilege and pays the first premium within 31 days following the termination date, he or she will not be required to take a medical examination or to submit evidence of good health.

*See Table of Forms

PREMIUMS

Each month you will receive a premium statement. Return the remittance stub along with your check in the envelope provided.

Your insurance will automatically lapse unless your payment is mailed so that it reaches the Insurance Company within 31 days after the start of the billing period shown on the premium statement. Premium statements should be paid as billed. Occasionally, a particular statement may not be completely up-to-date with all employee additions, terminations or other miscellaneous changes. When this occurs, the Insurance Company will automatically adjust for the change on a subsequent bill.

CERTIFICATES OF INSURANCE

Initially, and at any time there is a change in name or coverage, each employee is given a certificate which contains a description of insurance benefits. Each certificate is numbered. This number should be used to identify an employee in any correspondence.

RENEWAL OF PLAN

Your plan is renewable annually, subject to the Insurance Company's right to revise the rate levels. The Insurance Company may cancel this plan if fewer than 75% of the eligible employees will be insured on any anniversary of the plan, or if the number of Insureds drops below the minimum level.

The foregoing describes the Company's current renewal practice. The renewal provisions of your policy may be less specific because of state requirements.

ACCELERATED DEATH BENEFIT

When the benefit is provided in your insurance plan, proceeds are payable upon the employee's diagnosis of a terminal illness. This diagnosis must result in a life expectancy not to exceed 12 months. To file a claim or exercise this benefit, call us toll free at (800) 803-8585. We will then send the appropriate Application/Claim form.

LIFE CLAIM PROCEDURE

Upon the death of an insured employee, where Life Insurance is provided in your insurance plan, notify the Insurance Company without delay. Complete a "Proof of Death" form.* Obtain a copy of the certified death certificate required by law and attach it to the "Proof of Death" form*. Send both forms and the employee's certificate to the **CTGROUP** Claims Department.

DISABILITY CLAIM PROCEDURE

A claim form* should be completed by the Employer, where applicable. It should next be given to the employee who should complete his portion of the form and then the employee should give the form to his or her physician. When the claim form has been fully completed by the employer, the employee and the physician, it should then be submitted to the **CTGROUP** Claims Department.

*See Table of Forms

SPECIAL NOTICE

Congress has enacted legislation which extends the FICA (Social Security) tax to **Sick Pay** payments for the first six months of disability. The law applies whether you pay the **Sick Pay** yourself or an insurance company pays it under an employer-paid disability policy. Under its provisions, Social Security taxes must be withheld by the party responsible for payment of the benefit to the employee.

We, as your insurance carrier for Short Term Disability Insurance benefits, are responsible for:

1. Withholding the employee share of Social Security taxes from the disability benefits we pay.
2. Prompt forwarding of the taxes withheld to government.
3. Notifying you of the amount of taxes withheld for each employee who received disability benefit payments. We accomplish this by providing you with both quarterly and annual reports. Examples of each report, Exhibits A and B, are provided on the following pages.

You, as the employer, are responsible for payment of the employer portion of FICA on the disability benefits paid.

Where an employee pays part of the premium for the disability benefit plan, no withholding is required on the portion of the disability benefit attributable to the employee's contribution. If the employee and employer share the cost of the disability plan on a 50%-50% basis, we withhold FICA taxes on the 50% portion of the benefit which is paid for by the employer.

Exhibit A

April 3, 2002

ABC Company
123 First Avenue
Anywhere, USA 01234

10-19999

Re: ABC Company

Dear Sir/Madam:

Federal law requires that we withhold FICA taxes on the portion of disability benefits paid by the employer for the first 6 months of disability. It further requires that the employer match this amount withheld and report it to the Federal government on line 9 of Form 941.

For the quarter ending 03/31/2002 the following FICA was withheld:

<u>Soc. Sec.#:</u>	<u>Claimant</u>	<u>Gross Claim</u>	<u>FICA</u>	<u>Federal</u>	<u>Net Claim</u>
12354678	Doe, Jane	\$1,850.00	\$70.77	\$0.00	\$1,779.23
	Total:	\$1,850.00	\$70.77	\$0.00	\$1,779.23

If you have any questions, please don't hesitate to contact me.

Yours very truly,

William M. Morris

William M. Morris
Group Administration Manager

Exhibit B

January 3, 2003

ABC Company
123 First Avenue
Anywhere, USA 01234

10-19999

Re: ABC Company

Dear Sir/Madam:

Federal law requires that we withhold FICA taxes on the portion of disability benefits paid by the employer for the first 6 months of disability. It further requires that the employer match this amount withheld and report it to the Federal government on line 9 of Form 941. (Additionally, any benefit or any portion thereof, paid for by an employer must be included in the employee's W-2.)

In 2002 the following benefits were paid and FICA was withheld:

<u>Soc. Sec.#:</u>	<u>Claimant</u>	<u>Gross Claim</u>	<u>FICA</u>	<u>Federal</u>	<u>Net Claim</u>
12354678	Doe, Jane	\$1,850.00	\$70.77	\$0.00	\$1,779.23
	Total	\$1,850.00	\$70.77	\$0.00	\$1,779.23

If you have any questions, please don't hesitate to contact me.

Yours very truly,

William M. Morris

William M. Morris
Group Administration Manager

TABLE OF FORMS

Enrollment Card.....50008

Application for Group Insurance (Requiring Evidence of Insurability).....50611

Waiver of Insurance.....50012

Life Conversion Request.....50081

Life Proof of Death50086

Life Waiver of Premium50087

Short-Term Disability Claim Form.....50088

Long-Term Disability Claim Form.....50105

Preliminary Group LTD Claim Notice50150

Requisition for Supplies.....50152

Refer to the specimen Certificate for detailed information concerning your plan of insurance.

For prompt service, all Applications for Insurance, Waiver of Insurance Forms and other communications regarding your insurance plan should be directed to:

CTGROUP
Commercial Travelers Building
70 Genesee Street
Utica, NY 13502

For your convenience, pre-addressed envelopes have been included in your Administrative Kit

or

Log on to our web-site at www.ctgroupins.com