

NIS

The benefit summaries in this brochure are offered only as brief descriptions of available plans. Full plan description can be found in the certificates of insurance. Each plan will be subject to all of the limitations and conditions as stated in the full certificate. No limitations or conditions of any plan certificate shall be waived or modified due to omission from or description in this brochure. The full certificate for any plan is available upon request.



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for Michigan school employees

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Administrator of Schools Insurance Fund

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for the public sector since 1969.

## Welcome!

This is an exciting time for us at NIS. We've served the Michigan educational marketplace since the 1970s, and now, in 2006, we are introducing our menu of optional benefits.

Why did we wait so long? Well, changes and choices are available to Michigan schools like never before. Many are seeking out and taking advantage of new health insurance programs. And sometimes changing the health insurance plan means having to change the association-sponsored Options package that has been in place for so long.

We think this creates an opportunity. Since innovative new plans are available for health insurance, why not new innovations to the Optional packages of life and disability benefits?

That's where we come in. We've taken the same basic structure of the typical Options plans, and added more choices for employees, higher available coverage amounts, at lower rates than most of what's out there in the school marketplace.

We hope you find our new Options package better meets your needs and fits your budget. And we back it all with the personal service and expertise of our staff.

All of us at NIS look forward to serving you.

Sincerely,

National Insurance Services  
Administrator of Schools Insurance Fund

## About National Insurance Services

National Insurance Services (NIS), administrator of Schools Insurance Fund, was founded in 1969. We got our start by providing cost-effective, customized Long-Term Disability insurance to Wisconsin school employees.

Since then, NIS has expanded to serve over 1,200 schools in 25 states. In Michigan alone, we service more than 200 group life, disability, and retirement plans for public educational employees.

We believe NIS to be the best combination of price, innovation, and service available to the public educational marketplace. But don't take our word for it: beginning in 2000 our annual independent survey of active clients, conducted by MRA – The Management Association, Inc., has demonstrated consistently that 99% of respondents would recommend NIS to other educational employers.

## About NIS Options

This package of voluntary employee benefits was created primarily as an alternative to the association-type programs traditionally available to Michigan school employees.

Our plans are designed to offer the following advantages over other programs:

- Higher coverage amounts
- Competitive pricing
- Continuity of coverage to enrollees under a prior carrier's plan
- Similar structure to other "association-type" programs, allowing for a simple transition for employer and employees.

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## Basic Life and Accidental Death & Dismemberment Insurance (AD&D)

### Purpose:

Provides lump-sum payment to your beneficiary in the event of your death. The modest amount of Basic Life/AD&D is required on all eligible employees in order to participate in the Options package, and is typically paid for by the school board as part of the overall benefit package.

Often, it is included as part of the overall amount of Group Life/AD&D insurance mandated by employment contract or collective bargaining agreement.

### Features:

<b>Eligibility</b>	No minimum hourly work week to be eligible for coverage
<b>Amount of Coverage</b>	Plan 1: \$5,000 Plan 2: \$10,000 <i>(One of the two options is chosen by the employer for each employee classification)</i>
<b>Age Reductions</b>	No reductions in coverage due to age
<b>Retiree Coverage</b>	Early retirees may continue coverage until age 65
<b>AD&amp;D</b>	Double indemnity for death due to accident. Payments made for losses including but not limited to limb, sight, and hearing.

## Dependent Life (Family Unit Plan)

### Purpose:

To provide simple, basic, inexpensive group life insurance to spouse and children under one plan.

### Features:

<b>Eligibility</b>	No minimum hourly work week to be eligible for coverage
<b>Premium payment</b>	Employee or employer-paid
<b>Minimum participation</b>	None, unless employer-paid.
<b>Amount of Coverage</b>	Plan 1: Spouse - \$2,000 Child - \$2,000 Plan 2: Spouse - \$5,000 Child - \$2,500
<b>Dependent Child(ren)</b>	Age 14 days to age 19 (age 25 if a full-time student).
<b>Enrollment</b>	Plan 1: One-time open enrollment without health questions during initial plan implementation. After that, new hires have 30 days to enroll without health questions. Plan 2: All applications for coverage are subject to health questions before coverage can be approved, unless employer-paid with 100% participation.

## Optional Life/AD&D for Employee and Dependents

### Purpose:

To allow employees to purchase additional life insurance on themselves, their spouse, and their child(ren), at age-banded group rates.

### Features:

<b>Eligibility</b>	No minimum hourly work week to be eligible for coverage
<b>Minimum Participation</b>	None
<b>Enrollment</b>	Amounts of coverage in force immediately prior to the effective date of this plan will be covered without health questions, subject to plan maximums and Actively-at Work provisions.
<b>Amounts of coverage</b>	<b>Employee</b> - Choice of any amount between \$5,000 and the lesser of 5x Salary or \$300,000, in \$1,000 increments <b>Spouse</b> - Lesser of 50% of Employee's amount or \$150,000 <b>Child</b> - Lesser of 25% of Employee's amount or \$20,000
<b>Age Reductions</b>	Amount of coverage reduces 50% at age 70 and terminates at retirement
<b>Portability</b>	Coverage can be continued at affordable group rates for the lesser of 24 months or to age 65
<b>AD&amp;D</b>	Employee only. Amount equal to Optional Life amount.
<b>Qualifying Event</b>	Employees <b>enrolled in NIS Options Optional Life</b> may increase their amount of coverage by up to 10% (subject to plan maximum) without health questions within 30 days of one of the following Qualifying Events: <ul style="list-style-type: none"> <li>• Change in marital status;</li> <li>• Birth/adoption of a child;</li> <li>• Permanent increase in hours worked of at least 10 hours per week (can occur no more than one time per 12-month period); or</li> <li>• Permanent change in job classification that results in a salary increase of at least 20%.</li> </ul>

## Short-Term Disability Insurance

### Purpose:

Provides income to enrollees who become disabled and cannot work. The weekly benefit amount is flexible, and is chosen by the employee. This plan is typically chosen by employees who do not have employer-paid Short-Term Disability benefits, and have not accumulated enough sick leave to carry them through a lengthy disability. There is a choice of elimination period, which is the period of time from the start of disability during which no benefits are paid. Benefits are offset with other sources of income such as Social Security and MPSERS, if applicable.

### Features:

<b>Eligibility</b>	No minimum hourly work week to be eligible for coverage
<b>Minimum Participation</b>	None
<b>Elimination Period – Accident</b>	0 Consecutive Calendar Days
<b>Elimination Period – Sickness</b>	<b>Option 1:</b> 7 Consecutive Calendar Days <b>Option 2:</b> 28 Consecutive Calendar Days
<b>Benefit Duration</b>	52 weeks (plus an additional 52 weeks at half the benefit amount if no LTD is available and employee is confined to a hospital)
<b>Benefit Amount</b>	Elected in \$10 increments, subject to a maximum based on employee wages
<b>Benefit Maximum</b>	\$1,200 weekly benefit
<b>Pre-existing Conditions</b>	Enrollees continuously covered under a prior plan and having satisfied that plan's pre-ex will not be required to satisfy a new one. For new enrollees, pre-existing conditions are not covered for the first 12 months. A condition is considered pre-existing if treatment (including medication) or consultation was received in the 12 months prior to the employee's effective date.
<b>Limitations</b>	Benefits not payable during summer vacation (unless hospital confined) within 30 days of eligibility.

### Enrollment

Amounts of coverage in force immediately prior to the effective date of this plan will be covered without health questions, subject to plan maximums and Actively-at Work provisions. A one-time open enrollment will be held to allow new enrollees to elect coverage or existing enrollees to increase coverage without health questions. New hires can enroll without health questions if they do so within 30 Days of eligibility

### Qualifying Event

Employees **enrolled in NIS Options Short-Term Disability** may increase their amount of coverage by up to 10% (subject to plan maximum) without health questions within 30 days of one of the following Qualifying Events:

- Change in marital status;
- Birth/adoption of a child;
- Permanent increase in hours worked of at least 10 hours per week (can occur no more than one time per 12-month period); or
- Permanent change in job classification that results in a salary increase of at least 20%.

## Coordinated Short-Term Disability Insurance

### Purpose:

Provides income to enrollees who become disabled and cannot work. Coordinated Short-Term Disability (STD) insurance works in conjunction with your employer-paid Long-Term Disability (LTD) insurance by providing a weekly benefit during your employer-paid LTD insurance elimination period. Benefits are offset with other sources of income such as Social Security and MPERS, if applicable.

*Coordinated STD insurance is available only if you have employer-paid LTD insurance.*

### Features:

Eligibility	No minimum hourly work week to be eligible for coverage
Minimum Participation	None
Elimination Period –	
Accident	0 Consecutive Calendar Days
Hospitalization	0 Consecutive Calendar Days
Elimination Period –	15 Consecutive Calendar Days
Sickness	
Benefit Duration	Benefits are payable for either 60, 90, 120, or 180 days, whichever coordinates with your employer-paid LTD elimination period. Benefit duration is chosen by the employer for each employee classification.
Benefit Amount	66.67% of your weekly salary
Benefit Maximum	\$1,200 weekly benefit
Pre-existing Conditions	Enrollees continuously covered under a prior plan and having satisfied that plan's pre-ex will not be required to satisfy a new one. For new enrollees, pre-existing conditions are not covered for the first 12 months. A condition is considered pre-existing if treatment (including medication) or consultation was received in the 12 months prior to the employee's effective date.
Limitations	Benefits not payable during summer vacation (unless hospital confined)

### Enrollment

Amounts of coverage in force immediately prior to the effective date of this plan will be covered without health questions, subject to plan maximums and Actively-at-Work provisions. A one-time open enrollment will be held to allow new enrollees to elect coverage or existing enrollees to increase coverage without health questions. New hires can enroll without health questions if they do so within 30 days of eligibility.

### Qualifying Event

Employees enrolled in NIS Options Coordinated Short-Term Disability may increase their amount of coverage by up to 10% (subject to plan maximum) without health questions within 30 days of one of the following Qualifying Events:

- Change in marital status;
- Birth/adoption of a child;
- Permanent increase in hours worked of at least 10 hours per week (can occur no more than one time per 12-month period); or;
- Permanent change in job classification that results in a salary increase of at least 20%.

# Long-Term Disability Insurance

## Purpose:

Provides a monthly income to enrollees who become disabled for an extended period of time. Benefits begin after 52 weeks or the end of Short-Term Disability benefits, whichever is later (if applicable). The monthly benefit amount is flexible, and is chosen by the employee. Benefits are coordinated with other sources of income such as Social Security and MPERS, if applicable.

<b>Eligibility</b>	No minimum hourly work week to be eligible for coverage
<b>Minimum Participation</b>	None
<b>Elimination Period</b>	52 weeks or the end of STD benefits, whichever is later
<b>Benefit Duration</b>	<b>Plan 1:</b> 5 years <b>Plan 2:</b> To age 70
<b>Benefit Amount</b>	Elected in \$100 increments, not to exceed 60% of pre-disability earnings
<b>Benefit Maximum</b>	\$5,000 monthly
<b>Pre-existing Conditions</b>	Enrollees continuously covered under a prior plan and having satisfied that plan's pre-ex will not be required to satisfy a new one. For new enrollees, pre-existing conditions are not covered for the first 12 months. A condition is considered pre-existing if treatment (including medication) or consultation was received in the 12 months prior to the employee's effective date.
<b>Limitations</b>	24 month benefit duration per occurrence for Nervous and Mental or Substance Abuse related disabilities.
<b>Enrollment</b>	Amounts of coverage in force immediately prior to the effective date of this plan will be covered without health questions, subject to plan maximums and Actively-at Work provisions. A one-time open enrollment will be held to allow new enrollees to elect coverage or existing enrollees to increase coverage without health questions. New hires can enroll without health questions if they do so within 30 days of eligibility.

## Qualifying Event

Employees enrolled in NIS Options Long-Term Disability may increase their amount of coverage by up to 10% (subject to plan maximum) without health questions within 30 days of one of the following Qualifying Events;

- Change in marital status;
- Birth/adoption of a child;
- Permanent increase in hours worked of at least 10 hours per week (can occur no more than one time per 12-month period); or;
- Permanent change in job classification that results in a salary increase of at least 20%.

## LTD/STD Exclusions, Limitations and Terminations:

### General Exclusions

The policy does not cover any total disability:

1. due to war, declared or undeclared, or any act of war;
2. due to any act of international armed conflict or conflict involving the armed forces of any country;
3. while you are in the armed forces of any country or international authority;
4. due to your attempted suicide while sane or insane;
5. as a result of your intentionally self-inflicted injuries;
6. as a result of your committing of or attempting to commit a felony or any type of assault or battery;
7. as a result of your participation in a riot;
8. as a result of your engaging in an illegal activity.

### Pre-existing Condition Exclusion

The policy will not cover any total disability: 1) caused by, contributed to by, or resulting from a pre-existing condition; and 2) which begins in the first 12 months after your effective date. "Pre-existing condition" means a sickness or injury for which you had received medical treatment, consultation, care or services including diagnostic measures, or had taken prescribed drugs or medicines in the 12 months prior to your effective date. If you are totally disabled due to a pre-existing condition on the day which is 12 months after your effective date; and after that day, return to active service for at least five days in a row; and again become disabled due to the same pre-existing condition; then this pre-existing condition exclusion shall not apply to the new period of total disability.

### Mental Illness Limitation

"Mental or emotional illness" means any neurosis, psychoneurosis, psychopathy, psychosis and all other mental or emotional illness of any type including, but not limited to, substance abuse or addiction and the use of any hallucinogen. "Substance abuse" includes alcoholism and the taking of a prescription or controlled drug in a manner not prescribed or recommended by a physician.

After the two year period following the elimination period, benefit payment will be made only: 1) If you are still totally disabled by the mental or emotional illness; and 2) While you are confined as an in-patient in an institution licensed to treat that illness.

### LTD/STD Terminations

You will cease to be insured on the earliest of the following dates:

1. The date the policy terminates.
2. The date the employer's Joinder Agreement terminates.
3. The date you are no longer in an eligible class.
4. The date your class is no longer included for insurance.
5. The last day for which you made any required contribution.

## Life/AD&D Exclusions and Terminations:

### General Exclusions

With respect to the Accidental Death and Dismemberment Benefit only, the policy does not provide benefits for any loss caused by or resulting from:

1. declared or undeclared war or any act of war;
2. service in the armed forces of any country;
3. suicide or intentionally self-inflicted injury;
4. flying in a company owned, operated, leased or chartered aircraft;
5. commission of or attempt to commit a felony; or being engaged in an illegal occupation;
6. operation of any motorized vehicle while intoxicated. Intoxicated means that the blood alcohol level equals or exceeds the legal limit for operating a motor vehicle in the state where the accident occurred;
7. sickness or disease, ptomaine or bacterial infection (except infections occurring through an accidental cut or wound).

### Life/AD&D Terminations

Your insurance will end on the earliest of the following:

1. When the policy is cancelled;
2. When the insurance is cancelled for the class of insureds to which you belong;
3. The beginning of the period for which premium is not paid, subject to the grace period;
4. On the date you are no longer in active service in any class or classes insured under the policy; except as a result of a condition for which you are eligible under the Waiver of Premium Benefit;
5. On the 16th day after you enter the armed forces of any country or international authority.

An insured dependent's insurance will end on the earliest of the following:

1. On the date your insurance ends;
2. The beginning of the period for which premium is not paid, subject to the grace period;
3. As to an insured dependent child, on the premium due date immediately prior to the insured dependent child's 19th birthday (25th birthday, if attending school on a full-time basis), marriage or entry into the armed forces;
4. Termination of the insured dependent provisions of the policy.