

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20020950

1. REQUESTED MOTION:

ACTION REQUESTED Award RFP-02-04 LONG-TERM DISABILITY INSURANCE, to the proposer whose proposal was evaluated by the Evaluation Committee as being in the best interest of Lee County, Liberty Mutual, for the prices listed on the Pricing Template (see attachment #3). The County intends to enter into a contract period of five (5) years.

WHY ACTION IS NECESSARY: Pursuant to Administrative Code AC-4-4 Lee County Contract Manual, approved by the Board on September 25, 2001, Committee recommendations and award shall be approved by the Board.

WHAT ACTION ACCOMPLISHES: Proposer will provide to the County Long-Term Disability Insurance.

2. DEPARTMENTAL CATEGORY:

01 County Manager
COMMISSION DISTRICT #:

C6A

3. MEETING DATE:

09-03-2002

4. AGENDA:

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED:

5. REQUIREMENT/PURPOSE:
(Specify)

- STATUTE
- ORDINANCE
- ADMIN. CODE AC-4-4
- OTHER

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER _____
- B. DEPARTMENT _____
- C. DIVISION Human Resources
BY: George Williams, Director

7. BACKGROUND:

The Human Resources Office submitted a request to Contracts Management to obtain proposals for LONG-TERM DISABILITY INSURANCE.

The deadline for receipt of proposals was July 16, 2002. A total of six (6) proposals were received by the established deadline. All six (6) proposals were considered at the Evaluation Committee meeting held on July 25, 2002. The Evaluation Committee consisted of the following staff members: William Hammond, Deputy County Manager as Chairman; Lori Parsons, Risk Management and Charlotte Veaux, Project Manager. At the Committee meeting it was requested by the Committee that clarifications be received regarding submittals and that the Committee would reconvene for review of those clarifications and final evaluation. The Committee reconvened on August 1, 2002, and it was the consensus of the Committee to recommend award to Liberty Mutual, whose proposal was evaluated by the Evaluation Committee as being in the best interest of Lee County, for the prices listed on the Pricing Proposal Template (see attachment #3). The County intends to enter into a five (5) year contract.

- Attachments: 1. Overall Rating Sheet
2. Overall Pricing Sheet
3. Liberty Mutual Proposal

8. MANAGEMENT RECOMMENDATIONS:

9. RECOMMENDED APPROVAL:

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
					OA	OM	Risk	GC	
<i>George A. Williams 8/20/02</i>	<i>[Signature]</i>	N/A		<i>[Signature]</i>	<i>RK 8/20</i>	<i>[Signature] 8/21/02</i>	<i>[Signature] 08/21/02</i>	<i>[Signature] 8/20/02</i>	<i>[Signature]</i>

10. COMMISSION ACTION:


- APPROVED
- DENIED
- DEFERRED
- OTHER

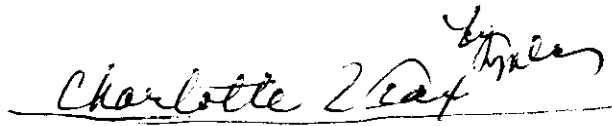
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**EVALUATION CRITERIA
FOR
RFP-02-04, LONG TERM DISABILITY INSURANCE**

	STANDARD	Liberty Mutual	LUNUM	FCL	American United Life	Met Life
A. Minimum Qualifications to be considered:						
1. Licensed in State of Florida						
2. AM Best Rating A- through A++ or equivalent rating from other recognized firm.						
B. Price - 50%						
1. Cost to LC for Long Term Disability Ins. 35%	20	35				27
3. Multi-Year Rate Guarantees 15%	15	15				10
C. Duplication of Current Program 20%	20	20				20
1. Adherence to current definitions & plans provisions			None		None	
2. Plan design improvements which do not impact rates			Respective		Respective	
D. Reputation 15%	10	15				15
1. References & experience of insurer with gov. disability Ins Programs			Failed to provide Financials		Did not provide financials	
2. Comments from current and former clients		10			Did not provide sample reports	
E. Administration 15%	15					10
1. Data & Plan Administration					no Admin	
2. Service						
3. Underwriting & experience data provided to LC						
4. Willingness to provide meaningful performance standards						
TOTAL POINTS	80	95	—	—	—	82


Committee Chairman


Charlotte Zeigler
Benefits Manager


Leri P. Parsons
8/1/02

**Lee County Government
Long Term Disability Comparison**

	<i>Liberty Mutual Current</i>	<i>Liberty Mutual Proposed</i>	<i>America United Life</i>	<i>Florida Combined Life</i>	<i>Metlife</i>	<i>Standard</i>	<i>UNUM</i>
Monthly Benefit (% of Salary)	60%	60%	60%	60%	60%	60%	60%
Maximum Benefit	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Definition of Disability	Own Occ 2 Years	Own Occ 2 Years	Own Occ 2 Years	Own Occ 2 Years	Own Occ 2 Years	Own Occ 2 Years	Own Occ 2 Years
Elimination Period	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days
Waiver of Premium	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Survivor Benefit	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days	90 Days
Pre-existing Condition	3/12	3/12	3/12	3/12	3/12	3/12	3/12
Partial Disability Provision	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mental Health Substance Abuse Limits	2 Years	2 Years	2 Years	2 Years	2 Years	2 Years	2 Years
Social Security Integration	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rate Guarantee	N/A	3 Years	2 Years	2 Years	2 Years	3 Years	2 Years
Rate Per \$100 Covered Payroll	\$0.56	\$0.33	\$0.47	\$0.40	\$0.43	\$0.47	\$0.46
Monthly Covered Payroll	\$6,550,969	\$6,550,969	\$6,550,969	\$6,550,969	\$6,550,969	\$6,550,969	\$6,550,969
Monthly Cost	\$36,685	\$21,618	\$30,790	\$26,204	\$28,169	\$30,790	\$30,331
Annual Cost	\$440,225	\$259,418.37	\$369,474.65	\$314,446.51	\$338,030.00	\$369,474.65	\$363,971.84



PROPOSAL NO.: RFP-02-04

**LEE COUNTY BOARD
OF
COUNTY COMMISSIONERS**

**A Proposal For:
DISABILITY MANAGEMENT RESOURCES
A COMMITMENT TO CONTROLLING DISABILITY COSTS**

Prepared By:

**Michele Clearo, Executive Disability Sales Consultant
July 9, 2002**



QUESTIONS AND CORRESPONDENCE

All correspondence and questions may be directed to:

Michele Clearo
Group Life and Disability Sales Consultant
Liberty Mutual Insurance Group
3235 Satellite Boulevard, Suite 600
Duluth, Georgia 30096
(800) 852-6662, extension 337
(770) 814-7384 Fax
Michele.Clearo@LibertyMutual.com

CONFIDENTIALITY

NO DATA OR DETAILS OF THIS BID RESPONSE ARE TO BE SHARED WITH OUTSIDE PARTIES, FOR ANY PURPOSE, WITHOUT THE PRIOR WRITTEN APPROVAL OF LIBERTY LIFE ASSURANCE COMPANY OF BOSTON. THE QUESTIONNAIRE RESPONSES, EXHIBITS, PROVIDER INFORMATION AND FINANCIAL SPREADSHEETS SHOULD BE TREATED AS CONFIDENTIAL BUSINESS DOCUMENTS AND MAY NOT BE SHARED WITH OUTSIDE PARTIES, WITHOUT THE PRIOR WRITTEN APPROVAL OF LIBERTY LIFE ASSURANCE COMPANY OF BOSTON.

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LEE COUNTY'S ACCOUNT TEAM

ACCOUNT SERVICE

Michele Clearo
Group Life and Disability Sales Consultant
Atlanta, Georgia

Michele joined Liberty in 1997. Prior to joining our company, Michele spent five years in group benefits with a leading health care provider. Michele specializes in hospital clients and will be your primary interface with Liberty, supporting Lee County with plan design recommendations, resolution of any issues that may arise, and your overall satisfaction with your coverage and customer service.

Shelia Hunt
Account Relations Representative
Norcross, Georgia

Shelia joined Liberty in 1973. Sheila's responsibility is to provide ongoing attentive and consistent customer service to Lee County. As part of her role, she facilitates the smooth installation of your account. In addition, she assists in education programs to ensure that benefit plans and processes are clearly understood. Shelia is also a liaison for your billing and claims questions.

CLAIM MANAGEMENT

John Lemire
Claims Operations Manager
Charlotte, North Carolina
Dover, New Hampshire

John is the Operations Manager for our Charlotte and Dover Claims Office. He oversees the entire claims operation in Dover as well as in Charlotte. John has been with Liberty for 12 years and has vast experience in insurance claims management including that of an operations manager for one of Liberty's workers compensation offices. As manager of our Charlotte and Dover claims operations, John not only oversees the case management staff, but is also responsible for approval and denial liability on claims, as well as all other aspects of claims and service management. In addition, John creates proper claims process, procedures control and auditing, and manages the installation of new business.

Joanne Kimball, BS RN
Disability Consultant
Charlotte, North Carolina

Joanne has 22 years of acute care nursing focusing on but not limited to emergency, operating room, intensive and cardiac care, and labor and delivery room nursing. Joanne entered the insurance field in 1987 as a claims analyst in individual and group STD and LTD. Joanne graduated with her Bachelor's degree in Business from the University of New

England. She has played several roles in both the workers compensation and group disability worlds. Prior to joining Liberty in 1998 she managed the workers compensation program for the state of Maine.

Joanne's primary role is to act as a liaison between Lee County, the claim office, and the sales office. In addition, Joanne is responsible for ensuring a smooth claim installation for all new business. This ensures that the claim team is familiar with the contract and any special nuances with the case. She is also responsible for all renewal activity at the claims level. *Joanne gathers information that will assist sales in the renewal, such as how many cases are in vocational rehabilitation, if any trends are developing on the cases, etc.* Joanne also acts as a contact for all customer inquiries from sales. This process allows the case manager to focus on claim management while the consultant supports our customers and sales force by identifying claim trends and responding to requests from sales and customers.

Dr. Edward Crouch
Medical Director, Disability Products
100 Liberty Way
Dover, New Hampshire 03820
(800) 210-0268 ext. 38615

Dr. Crouch joined Liberty in 1998 and acts as medical consultant to our managed care department. He has been board certified since 1983 in internal medicine. Dr Crouch's disability management experience includes several industry-related positions. From 1986-1994, Dr. Crouch was an attending physician at New England Rehabilitation Hospital (now Health South). From 1994-1996, he was the Second Vice President and Medical Director for a major carrier. He also served as physician member of that carrier's LTD redesign team which established initial liability case management units for LTD coverage. The unit also provided complex claims support. Immediately before joining Liberty, Dr. Crouch served as a medical consultant for another major disability carrier.

Carolyn Bouchard
Manager, Vocational Case Management Services
Dover, New Hampshire

Carolyn is responsible for developing, managing, and overseeing our vocational case management program. Carolyn joined Liberty in 1997 with ten years of vocational rehabilitation experience. She has significant experience working with individuals who have suffered traumatic injuries or illnesses. Carolyn is credentialed as a nationally certified rehabilitation counselor and as a Massachusetts licensed rehabilitation counselor. She is also a member of the National Association of Rehabilitation Professionals in the Private Sector and the Boston Chapter of the National Spinal Cord Injury Association.

Stephen McCarthy
Manager of Special Investigations
Dover, New Hampshire

Steve is the fraud consultant in the Disability Claims Technical Services Department. He joined Liberty in July of 1996. Steve has over 12 years of experience in the area of insurance fraud. Before joining Liberty, Steve worked for investigative firms in Massachusetts as an investigator, supervisor, and operations manager. He then operated his own business for four years, providing investigative services to the insurance industry. Steve is a member of

the National Health Care Anti-Fraud Association, the HIAA sub-committee on Fraud and Abuse, and is the Group Market representative for the National Insurance Crime Bureau.

Kim Creamer

Manager, Social Security Assistance Program

Dover, New Hampshire

Kim is the Social Security specialist consultant for our Disability Claims Department. She is responsible for developing and managing the Social Security program. Kim has 17 years of insurance industry experience primarily in the field of disability claims. Kim came to Liberty from another major disability carrier where her positions included disability benefit specialist, senior benefit analyst, claim manager, and quality assurance consultant.

LIBERTY MUTUAL

CREED

With our policyholders we are engaged in a great mutual enterprise. It is great because it seeks to prevent crippling injuries and death by removing the causes of home, highway, and work accidents. It is great because it deals in the relief of pain and sorrow and fear and loss. It is great because it works to preserve and protect the things people earn and build and own and cherish. Its true greatness will be measured by our power to help people live safer, more secure lives.

MISSION

Helping people live safer, more secure lives.

VISION

To be an organization of people who are committed and know how to meet the changing needs of our customers and who trust, understand and support one another in that effort.

To maintain and enhance our leadership in the property and casualty insurance and insurance service business, and strengthen our position in other insurance and financial service markets.

To achieve market returns and maintain earnings stability, so that earnings growth is a normal expectation and internally generated capital is sufficient to finance normal growth.

CULTURE

We treat each other with the utmost respect and dignity, with complete honesty, and with genuine compassion. It is part of our tradition, and we will continue to do this because that is how we want to be treated.

ABOUT LIBERTY MUTUAL GROUP

Liberty Mutual Group is a diversified international financial services group of companies employing 37,000 people in more than 900 offices throughout the world. One of the largest multi-line insurers in the property/casualty field, Liberty Mutual has been the leading provider of workers compensation insurance, programs and services for nearly 65 years. Liberty Mutual is based in Boston, Massachusetts, where it was founded in 1912.

Liberty Mutual Group's continuing mission is to "help people live safer, more secure lives." This commitment is embodied by the Liberty Mutual Research Center, located in Hopkinton, Massachusetts. The facility consists of the Safety Research Center, dedicated to developing approaches for preventing illness and injury at work, home and on the highway; and the Center for Disability Research, founded in 1999 to study the causes, consequences and prevention of disability, as well as the optimal methods of returning workers to productive employment.

Liberty Mutual ranks 111th on the Fortune 500 list of largest U.S. corporations. The company has received financial strength ratings of "Superior" (A+) from the A.M. Best Company, "Excellent" (Aa3) from Moody's Investors Service and "Very Strong" (AA-) from Standard & Poor's.

With \$13.6 billion in consolidated revenue, more than \$54 billion in consolidated assets and more than \$67 billion in assets under management, Liberty Mutual Group has the financial strength to provide a wide array of products and services, including:

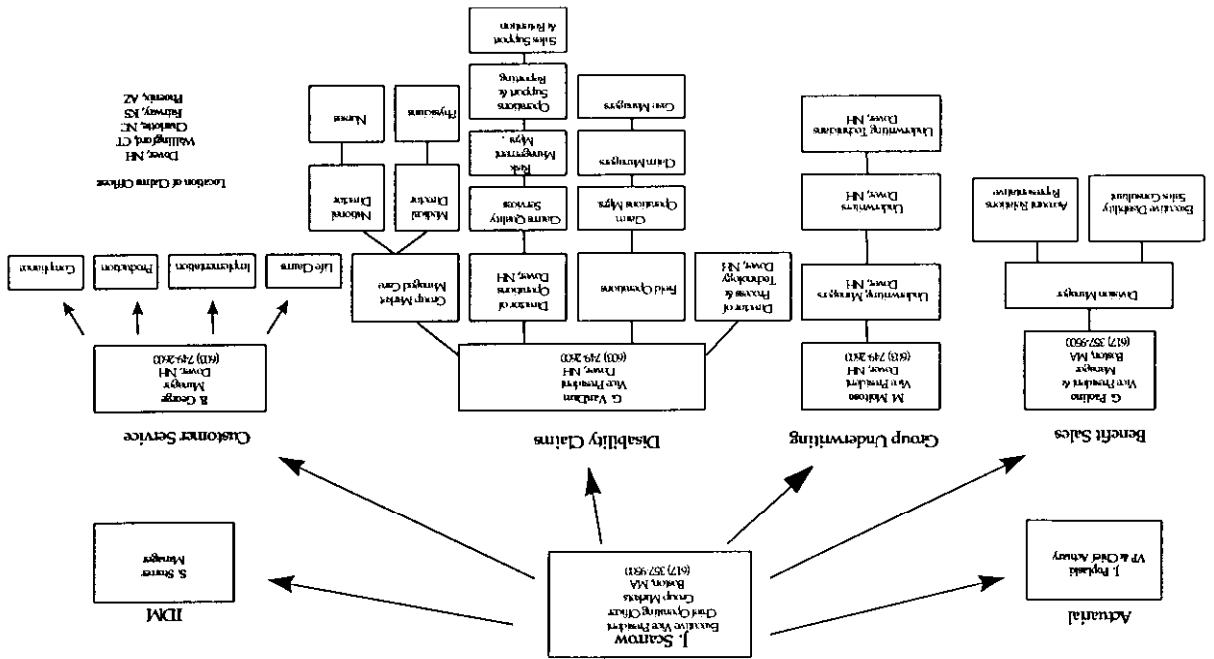
Commercial Insurance and Services

Liberty Mutual Group's largest business segment provides sophisticated risk and disability management and risk transfer services under such well-known brand names as Liberty Mutual and Wausau. Along with being the leading provider of workers compensation insurance, programs and services, the Group's commercial insurance operations provide a wide-range of products and services, including general liability, commercial auto, business property, bonds, and wrap ups for large construction projects. It also is one of the few companies with the engineering expertise capable of providing Highly Protected Property programs for commercial accounts.

Group Products

A specialized unit of the Commercial Market manages a portfolio of high-quality short- and long-term disability products and group life insurance for businesses throughout the United States through Liberty Life Assurance Company of Boston. Liberty Mutual's Group Market business unit has responsibility for more than 1.2 million lives under group disability management, and has annual revenue for Group products and services of more than \$300 million.

Group Markets



Personal Insurance

With more than \$2.9 billion in direct written premium, Liberty Mutual is one of the top 10 providers of property and casualty coverages for individuals and households in the United States and Canada. Full lines of coverage for homeowners, automobile, valuable possessions and personal liability are sold through more than 400 direct-sales offices and marketed through payroll deduction and direct billing to more than 6,500 companies and associations.

Individual Life Products

Liberty Life Assurance Company of Boston offers a wide range of traditional and variable life insurance and annuity products through career representatives, financial institutions and independent brokers. In addition to having \$12.7 billion of life insurance in-force, Liberty Life is the seventh-largest writer of structured settlement annuities in the world. With a long-standing commitment to professional standards of conduct in the advertising and sale of life insurance products and services, Liberty Life is an accredited member of the Insurance Marketplace Standards Association (MSA).

Regional Agency Markets

Regional Agency Markets (RAM) is a group of regional property and casualty companies that distribute their products and services to the small commercial marketplace and related personal markets in 41 states through partnerships with more than 8,000 independent agents and brokers. Each RAM franchise is led by its own management team, and focuses on fulfilling the product and service needs of the independent agents in its respective region. RAM companies have a combined direct written premium of \$2 billion.

RAM companies that are members of the Liberty Mutual Group include Golden Eagle Insurance Corp., Pacific Region; Montgomery Insurance Companies, Southeast Region; Colorado Casualty Insurance Co., Mountain Region; Peerless Insurance Companies, Northeast Region; and Indiana Insurance Companies, Midwest Region. The group also is represented by two specialty insurers: Summit Holdings Southeast, offering workers compensation products and services; and GoAmerica Auto Insurance, offering specialty auto insurance.

International Services

Liberty International provides insurance products and services through subsidiary companies in Argentina, Bermuda, Brazil, Ireland, Colombia, Mexico, the United Kingdom, Venezuela and Singapore, and through branch operations in Australia, Canada and Japan. Through these operations, Liberty International tailors the strengths and expertise of Liberty Mutual in commercial and personal lines insurance. Additionally, through Liberty International Underwriters, specialty casualty, marine, energy and engineering lines of insurance are offered.

LARGE CASE EXPERIENCE

Liberty specializes in working with large employers. 94% of our covered lives are with customers who have more than 1,000 employees.

Of our five largest customers, one is a large national retailer employing 145,000 employees; a university employing 90,000 employees; two financial institutions employing 64,000 and 43,000 employees and a large national office products company with 27,000 employees. Our next five largest customers range in size from 17,000 to 25,000.

FINANCIAL RATINGS

<u>Rating Agency</u>	<u>Rating</u>	<u>Date Rating Issued</u>
A.M. Best	A+ (superior)	May, 2000
Moody's	A1	December, 2001
Standard & Poor's	A+ (strong)	December, 2001

CUSTOMER SERVICE

Success is measured by delivering service excellence, customer by customer, day after day. As a Liberty policyholder, Lee County will be provided with customer service that is best in its class. We proactively partner with our customers by providing superior service. We anticipate and solve problems with responsive, innovative and flexible solutions to achieve Lee County's desired outcomes. Our expertise, dedication, and commitment to your needs are unsurpassed in the industry.

Our Customer Service Organization

Our customer service organization consists of our corporate office, based in Dover, NH, and your local account management team in the Atlanta, Georgia office, Michele Clearo, your Group Life and Disability Sales Consultant, and Shelia Hunt, your Account Relations Representative, who is dedicated to your account. Your local team provides day to day account service supported by the comprehensive resources of Liberty Mutual, working as one system, seamlessly serving Lee County's needs.

Our corporate customer service organization consists of the following specialized areas:

Premium Billing and Accounting

This area is responsible for premium statements, remittance, and collection. Billing operations is staffed by an operations manager and customer billing representatives. Your designated customer billing representative, Colette Dusseault, will work closely with Lee County to discuss any issues regarding your premium statement or remittance. Colette Dusseault is also responsible for the accounting and balancing of financial information, banking arrangements, and production of your annual 5500/Schedule A information.

Compliance and Contract Administration

Our compliance analysts maintain all state filed documentation according to regulations. They review legislation to determine its impact on our products and the impact legislation may have on groups domiciled in any of the 50 states. They are an invaluable resource for compliance-related issues on both new and in-force business.

Our contract team reviews, provides consultation, and documents contract-related issues for new and existing clients. This unit issues contracts, policies, employee booklets, amendments and riders.

The employees that staff this unit are located in our Dover, New Hampshire home office.

Quality Assurance

Our comprehensive formal quality assurance controls and ongoing training process ensure Lee County will receive superior service. In assuring our customer's satisfaction, we employ the following methods:

Training Initiatives

Our commitment to providing a superior level of customer service and satisfaction to Lee County is backed by a comprehensive and on-going training process coupled with formal

quality assurance controls. Through these programs, we work to ensure consistently excellent disability management practices.

We have created a well-rounded training process for our group market employees. In addition to developing and honing claims management abilities, our program provides our employees with team building and empowerment skills. We also support the professional growth of our employees with mentoring and performance counseling.

To confirm that our training is effective, we review the work of our employees on a regular basis. We use audits and formal controls as a standard practice to measure specific and overall performance. Our controls include:

Internal Audits

All operating departments are subject to audit by our corporate auditing department. For example, we audit our claims department to verify compliance with established operating and financial procedures.

Department Standards

Department management monitors their department according to established standards on a continual basis.

Customer Service Department

Customer Service monitors compliance with the service specifications created for each customer to ensure satisfaction.

Claim Manager Audits

In addition to our Quality Assurance Program for all case managers, we randomly audit our case managers' workload to verify compliance with operating and financial procedures. As part of the audit, we document and discuss minimum acceptable performance levels. We use audit results for performance and process refinement.

Nurse Case Management

We have published standards and protocols for all areas of nurse case management, including:

- Appropriateness of assignments
- Adherence to performance standards
- Reporting
- Timely handling of all aspects of rehabilitation
- Expense Management

Personnel Evaluations

Management reviews the performance of all employees on a semi-annual basis. Adherence to department procedures and customer service are integral parts of this evaluation.

Liberty considers all these performance areas to be critical to quality service. We hold our professionals to these standards and evaluate their performance on their ability to deliver them to our customers.

Customer Satisfaction Surveys

As we are dedicated to providing excellent customer service, we measure your satisfaction. The frequency of measuring employer satisfaction is on-going. Recently, we completed an employer survey and obtained feedback from 47% of 123 of our largest customers. The information gathered from the responses will be used for short and long-term plans. In addition, we share the survey results and action items with respondents.

We received particularly high marks for excellent responsiveness, our professional staff, and our well-regarded claims process. This was echoed by the response we received from individual employees. Over 90% of employees surveyed rated Liberty's handling of their claim as very good.

Our most recent customer survey was completed in May of 1999. Of all employers surveyed, 91% responded with overall satisfaction for Liberty's performance.

We understand your need to stay informed of your benefits plan's progress. Michele Clearo and Shelia Hunt will meet with you quarterly to review claims management process, our overall performance, procedural issues and new product options.

Michele Clearo and Shelia Hunt will also meet with Lee County's representatives annually to perform a structured review of your account. This meeting provides a way for both parties to focus on results and successes, raise and resolve any issues and further strengthen our business relationship.

IMPLEMENTATION

We believe in getting it right the first time. A smooth transition and implementation is our promise to Lee County. From start to finish, our implementation process is a collaborative effort.

Installation Lead Times

Your installation process is customized based on mutually agreed upon timelines and responsibilities. We will review Lee County's case with you and negotiate a completion date.

Based upon your product and service selections, the amount of lead time preferred may vary as follows:

Product/Service Selection	Liberty Mutual Preferred Lead Time
Fully Insured LTD	30 Days prior to effective date

THE LIBERTY TEAM APPROACH

The Installation Meeting

During your installation meeting, your Group Life and Disability Sales Consultant, Michele Clearo, and your Account Relations Representative, Shelia Hunt, will meet with you to determine Lee County's service requirements, such as claims procedures, reporting options, timelines for contract delivery, and employee booklets.

After our meeting, we will assemble Liberty experts from throughout our organization in the areas of:

- Compliance
- Claims
- Information Systems
- Contracts
- Underwriting
- Billing
- Tax Services

Your Liberty team will ensure that all the components of your installation are accurate and complete.

Lee County will be assigned a designated installation manager. Shelia Hunt, your assigned installation manager, is responsible for managing your initial installation and expected account activity. Shelia Hunt is your primary link to Liberty's Claims, Billing, Contracts, Systems, and other integral units. Shelia will work with you to evaluate your satisfaction and address any installation needs.

Tools To Guide You Through the Installation Process

Installation Calendar

Once your product and service needs have been identified, your Account Relations Representative, Shelia Hunt, will create an installation calendar. Lee County's implementation will be managed according to the target dates on our mutually agreed upon timelines. Throughout the process, you will receive updated calendars detailing completion dates and responsibilities.

Disability Reference Manual & Installation Training Manual

Shelia Hunt will provide you with a Disability Reference Manual. Lee County's customized manual will verify the products and service options you have selected. It will also detail the claims process and all other procedures we will implement for Lee County. You will also receive a customized installation training manual to guide you through the specifics of administering your plan. Available in both paper and electronic form, your manual provides an ongoing administrative reference with easy access to standard process information. It is also a very effective tool for training your management staff on initial and ongoing claims procedures.

Enrollment Support

We can support your enrollment efforts by providing you with professional materials and program presentations by our benefits experts. Your local account service team is available to participate in at least four enrollment meetings. They will distribute benefits materials, provide an explanation of the need for coverage as well as describe important product information, and answer any questions your employees may have.

After the Installation Process is Complete

Our commitment to service excellence does not end when the installation process is complete. Michele Clearo, your Group Life and Disability Sales Consultant, who has primary account management responsibility, and Shelia Hunt, your Account Relations Representative, who focuses specifically on customer service, work together to ensure Lee County's overall satisfaction with Liberty's services. This local team is responsible for the day to day service of your account.

Renewal Strategy

We believe that the retention of your business starts on the day you partner with Liberty for your benefits program and not just when your rate guarantee expires.

Our renewal strategy is based on meeting your needs and expectations. We do this through ongoing communication such as quarterly on-site consultations to evaluate the success of your benefits program and any areas for improvement.

CLAIM MANAGEMENT

Lee County's employees can submit their claims on the forms we provide to you, by standard mail or fax.

On or about the fifth day of absence, your employee, or someone acting on his or her behalf, should contact the appropriate benefits or human resources representative at your company. Your benefit representative must fill in the employer section of the claim form and send it to the employee with instructions for completion.

Your employee must complete his or her section of the form, sign the authorization and have the attending physician fill in his or her section of the form. The physician or your employee must send us the completed form with copies of any office notes, including chart notes, x-ray reports and diagnostic test results.

Determination

After receiving all required data, the case manager reviews the claim, weighing the medical evidence against the material and substantial duties of your employee's occupation, to determine if your employee is unable to work. The case manager also determines if your employee's claim meets the contractual definition of disability. If discrepancies arise, the case manager requests written documentation from the employee's physician such as office chart notes, diagnostic test results, and lab results. The case manager may also request job descriptions from Lee County.

For cases meeting our managed disability services criteria, a nurse case manager evaluates the claim and may contact the attending physician or Lee County to discuss the information provided. Upon thorough review of all the information provided, we use our proprietary triage tool guidelines, modified return to work opportunities, and the aggressiveness of the treatment plan to determine the appropriate duration.

Non-Verifiable Symptoms

Our case managers have been trained to identify claims that do not fit the criteria of an established diagnosis. When a case manager identifies a non-verifiable diagnosis, they will discuss the claim with one of our nurse case managers as well as the claim manager. The case manager, nurse, and claim manager will determine whether or not the benefit limitation applies. If so, the case manager will notify the employee and Lee County.

This limitation may be applied when a condition does not fit the criteria of an established diagnosis such as back pain without any association to a distinct diagnosis. This does not mean that all subjective diagnoses qualify for this limitation. We would not place limits on conditions that have established diagnoses and known criteria. The benefit may be limited to 12 or 24 months, depending on how the plan is underwritten.

Notification

If we approve the LTD claim, Liberty sends a letter of notification to your employee that includes the date through which we approved the claim. You are copied on this correspondence. This letter indicates whether a nurse case manager will be contacting the

disabled employee. The letter also informs the employee of any additional information he or she will need to provide if the claim continues beyond the expected duration. In addition to this letter, we attempt to contact your employee by telephone.

If we deny the claim, our case manager sends a letter notifying your employee of the denial and explaining the reasons. We will call you first before denying the claim. This denial letter, which satisfies all ERISA requirements, clearly outlines:

- the specific reasons for the denial;
- the governing policy or plan language upon which the denial is based;
- additional information which may be submitted to appeal the claim decision;
- the party to whom additional information should be submitted;
- the claim review procedure (or appeal process);
- where to send the appeal; and
- the format and timing of the appeal.

In addition to this letter, we attempt to contact your employee by telephone.

For pending claims, Liberty sends a letter to your employee stating that we have received insufficient information to make a claim determination. This letter explains that if we do not receive the required information within 14 days, we will deny the claim but reopen it if we receive additional information. Unless specifically requested, we do not contact your employee by phone for a pending claim.

Referral to Nurse Case Manager

At Liberty, our goal is to implement the appropriate return to work plan for each disabled employee on the first day of disability. Our case managers review each new claim to determine if your employee may benefit from immediate referral to any of our disability services. We recognize that applying our resources early allows us greater success in returning your employees to work.

Liberty has established standard criteria for referring claims to a nurse case manager. The criteria for automatic review by a nurse case manager is when one or more of the following occur:

- multiple diagnosis
- multiple treating providers
- diseases exceeding disability duration guidelines
- combined mental health & medical diagnoses
- treatment does not appear to be appropriate
- low motivation on the part of the employee
- medical notes and/or treatment results require more clarification
- employee is motivated to return to work but assistance is needed
- low motivation on the part of the employee who may have a partial work capacity

We also refer claims if the diagnosis is one or more of the following:

- Aids/HIV and associated conditions
- Mental Illness

- Arthritis
- Back Injuries
- Chronic Fatigue Syndrome
- COPD
- Fibromyalgia
- Stroke
- Heart Disease
- Transplants
- Diabetes

Follow Up

How often we follow up with your disabled employee depends upon his or her medical condition, return to work plan, Social Security status, and rehabilitation potential. Based on the diagnosis, the expected claim duration and the type of disability management services provided, our case manager re-examines the claim every 15 to 180 days, and if needed, requests updated medical information. For your employees who have reached maximum medical improvement and are receiving Social Security, our case manager follows up every 180 days.

When requesting follow up information, we may ask for medical chart notes, diagnostic tests, a physical capacity evaluation, or an updated attending physician's statement.

INTERACTION WITH CLINICAL PROFESSIONALS

Case managers work very closely with our nurse case managers. Because we value the time and expertise our nurses give to each case, it is worthwhile for these professionals not to be involved in administrative aspects of the claim. Instead, our nurses focus solely on your disabled employee's claim and recommend an appropriate direction and return to work plan. Nurse case managers also work directly with treating sources to clarify diagnosis, prognosis, restrictions, limitations, abilities, and treatment plans.

For some complex cases, our medical director may become involved with an issue concerning an attending physician. However, our experience to date indicates that for the majority of claims, the case manager or nurse case manager can successfully interact with your disabled employee's physician.

When a claim is referred, the nurse contacts the attending physician within 48 hours of notification and, if necessary, after each visit. As part of the initial contact with the attending physician, the nurse and physician reach an agreement on a treatment or rehabilitation plan suited to your employee's diagnosis. Our nurse works with the physician to establish a target return to work date that agrees with our return to work criteria, and posts that date in our claim management system. Our nurse follows up with your employee after each provider visit.

Our nurse case manager will contact you within 48 hours of case referrals and follow up to keep you informed of your employees' status. The nurse records all information in the claim management system. If your employee's restrictions and limitations require further clarification, our nurse case managers may refer the case to our medical director for consultation, peer review, or recommendation for an independent medical examination. Our goal is to have our nurse case managers review 20% to 25% of all disability claims.

Our medical director also works with our nurse case managers to enhance their knowledge of disabilities and their treatments. Our medical director establishes protocols and evaluates unusual or deteriorating conditions.

TRAINING AND EXPERIENCE

Case Managers

Liberty trains their claim professionals to recognize the important role they play in returning disabled employees to maximum productivity. Our basis operating philosophy is to treat your disabled employees with the respect and dignity they deserve and to manage claims in a prompt, accurate manner. In addition to strict professional requirements, we select case managers based on their friendly, positive and supportive attitudes. Our case managers have either a four year college degree or business related equivalent experience.

The average number of years experience of:

- Case manager handling simple cases - 1-2 years
- Case manager handling complex cases - 2-4 years
- Case manager handling severe cases - 5+ years
- Managers - 15 years
- Nurse Case Managers - 10 years

Liberty provides training to all case managers in basic concepts of insurance, contract interpretation, and claim management. Initial training involves an intensive six week session of full-time training, with no claim management assignments. After the initial training period, case managers are moved to the floor, and assigned a mentor to continue their on-the-job training.

If a case manager is assigned to the more complex claim management team, additional training is provided to sharpen their skills in disability evaluation. Training focuses on interpreting medical restrictions and limitations with respect to the employee's occupation, and providing the case manager with the skills necessary to act as a coordinator for the employee's return to work. These skills emphasize working with the employer, employee, and the attending physician, to return the employee to gainful, productive employment as soon as medically feasible. Creative approaches to job modifications and alternative solutions are stressed. Specialty programs dealing with such aspects as Social Security and vocational rehabilitation are also provided on an on-going basis.

Annual "refresher" sessions keep the case managers current on specific state statutes and trends in the disability industry. Specialized training in customer service techniques is also provided to all staff members, office support personnel to senior claim managers.

Nurse Case Managers

Our nurses are graduates of accredited nursing schools and have an average of over 15 years clinical experience (we require at least five years of experience). Each nurse must hold a current registered nurse license for the state in which the position is based, and other assigned states as required by law. We hold all nurses responsible for maintaining active licenses.

Liberty's nurses must obtain and maintain additional certifications such as C.R.R.N., C.I.R.S., and C.C.M. where required by law. We require that our nurses have strong analytical and interpersonal skills and the ability to make sound nursing judgements.

Our nurse case managers are generalists but are skilled in different areas, including:

- infectious disease
- rehabilitation nursing
- clinical psychiatry
- home healthcare
- orthopedics
- surgery
- emergency medicine
- head injury

Nurse case manager training consists of two weeks of classroom training. Subjects include contract training and system training. The third week is spent job shadowing with a disability case manager and nurse case manager. The next three weeks consist of 100% mentoring and audit.

Medical Director

Liberty has a full time medical director located in our Dover, New Hampshire office. Dr. Edward Crouch joined Liberty in 1998 and currently oversees and advises on all of our managed disability services. He conducts weekly roundtables with each claims office to discuss complex claims. He is a resource to our managed care nurses in each claims office. He also assisted in the development of our proprietary triage tool.

Dr. Crouch has been board certified since 1983 in internal medicine. His disability management experience includes several industry related positions. From 1986-1994, Dr. Crouch was an attending physician at New England Rehabilitation Hospital (now Health South). From 1994-1996, he was the Second Vice President and Medical Director for a major carrier. He also served as physician member of that carrier's LTD redesign team which established initial liability case management units for LTD coverage.

In addition to our medical director, Liberty also has access to medical advisors and peer review physicians who are credentialed annually based on the following:

- valid license
- board certified or eligible in a specialty (board certified for appeals)
- Clinic practice if seeking part-time review
- malpractice insurance as required minimum by specialty in state(s) of license
- UR and/or Quality Assurance experience preferred
- available 8-12 hours per week, minimum, to perform reviews
- meet performance standards at the end of a 30 day preceptorship.

With the exception of our full time physician(s), most physician reviewers have an active practice and/or an appointed position at a college or university; however, all specialties are represented by a physician at any given time.

SYSTEMS

We manage all non-occupational disability claims from the same claim management system. Our platform strategy is comprised of three computing tiers: mainframes, desktop workstations and mid-range servers. This strategy allows us to integrate with selected internal computing platforms.

Our system supports a variety of functions and interfaces. While the following functions are resident on our system, there are varied degrees of access available depending on the Liberty employee's responsibility. These functions include:

- Customer administration
- LTD claim adjudication
- Automated check and EOB production
- Federal tax computing and reporting
- Internal interfaces with reporting, reserving, financial and medical case management systems
- LTD plan loading
- LTD claim management
- Banking and non-banking arrangements
- Standard customer reporting
- Next check preview
- Diagnosis code lookup

Our claim management system also includes an automated diary feature to assure timely, effective and ongoing monitoring, including intervention points.

Another feature included in our system is an automated duration guideline. When we enter the primary diagnosis for a new claim into the system, the duration guideline automatically populates the case manager's screen. Our case managers use these duration guidelines to determine reasonable claim duration's based on occupation and physical job demands.

To facilitate communication and coordination between our nurse case managers and case managers, our claim management system and nurse case management system support bidirectional data movement. Nurse and case manager activity is shown by both systems. Our case managers and nurses pass information regarding critical activity or changes in status from one system to another.

DISABILITY SERVICES

When Disability Management Services Begin

At Liberty, our goal is to implement the appropriate return to work plan for each disabled employee early in the disability. Our case managers review each new claim to determine if your employee may benefit from immediate referral to any of our disability services. We recognize that applying our resources early allows us greater success in returning your employees to work.

Early Intervention-The Role of the Employer

Our goal is to partner with employers who understand the concept of managed disability and how it can benefit both you and your employees. Up front, Liberty will work with Lee County to discuss return to work avenues within your company--such as potential modified duty arrangements. Managing disabilities early helps your disabled employees return to work sooner and more safely.

POWER®

Liberty's innovative POWER® program seeks to keep your employees on the job despite disabling injuries. This program uses your employee's actual job as part of therapy and rehabilitation. While your employee continues the recuperative or rehabilitative phase of a disability, we help you alter job duties or working hours to return your employee to work in some capacity.

On-Site Rehabilitation

We employ our own on-site rehabilitation nurses across the United States. In some instances face to face meetings with the disabled employee and his or her medical provider produces a much higher level of accuracy in assessing the degree of disability. This may also be the most appropriate means for facilitating a return to work. We establish a return to work target date with your employee and his or her medical provider. Our on-site nurse monitors this date locally. Our nurses may also meet with you to investigate modified work possibilities.

Medical Advisors

Since disability management is a local business, we have established a network of 116 physicians across the country. These licensed medical providers provide ongoing support and expert medical opinion in case management, utilization review, clinical treatment, and peer review situations. They also participate and advise in the development of duration guidelines, treatment protocols, and case definition.

Peer Review

We access a national network of physician reviewers to help us assess your employee's restrictions and limitations and in some instances, treatment protocols of attending physicians. The qualifications and standards of our review personnel are rigorous in order to deliver the results sought through medical utilization review programs.

Liberty Research Center

Since its founding in 1954, our Research Center's mission has been to research the causes of injuries and illness at work, at home, and on the highway and find practical applications of that research to reduce their incidence and severity. One result of this center has been the development of "The Boston Elbow," an innovative prosthetic device that operates by using myoelectric impulses from the wearer. The center works closely with our Loss Prevention Department in formulating recommendations to improve your employees' safety.

Loss prevention services

Our national network of specially trained occupational health consultants is available to work with you at your facilities to identify potential health exposures and other potential sources of loss due to disability. You may also contract with these individuals to evaluate job demands and create modified duty programs.

VOCATIONAL REHABILITATION

Liberty Mutual's disability management philosophy is based on our corporate mission of "helping people lead safer, more secure lives." To this end, the primary goal of our vocational case management program is to assist claimants in returning to gainful employment--an achievement that can help provide them with financial security.

PROVIDER STANDARDS

To ensure that each of our vocational rehabilitation providers meets our professional standards, Liberty evaluates each provider based on these primary areas of performance:

- **Timeliness**
We review both the provider's activities with a disabled employee as well as subsequent reporting to Liberty on those activities.
- **Documentation**
We expect initial contact with the disabled employee to occur within two weeks and monthly reports on activity.
- **Quality of Work**
We monitor each provider to ensure that the provider is making forward progress to the goal of returning the disabled employee to work.
- **Cost-effectiveness**
We examine all provider bills and associated documentation for each activity.

CLINICAL INNOVATIONS/STRENGTHS

Liberty's approach to managing disability is based on over 85 years of experience and proprietary research. Our foundation of knowledge is strengthened by our company-wide experience handling disability cases. Recognizing that disabling conditions can happen both on and off the job, our internal processes and capabilities are structured to achieve prompt and effective disability management results regardless of where or when the disability occurred.

RESEARCH AND REHABILITATION CENTERS

Liberty Mutual Group's continuing mission is to "help people live safer, more secure lives." Liberty owns and operates the Liberty Mutual Research Center for Safety and Health, located in Hopkinton, Massachusetts, to develop approaches for preventing illness and injury at work, home and on the highway.

The Liberty Mutual Research Center for Safety and Health also has global research alliances with Harvard University, the University of Aberdeen (Scotland), Shanghai Medical University (China), and Health and Safety Laboratories (Sheffield, England).

VOCATIONAL CASE MANAGEMENT PROVIDERS

When we require the services of a vocational specialist, the case manager refers the claim to one of our in-house vocational consultants. Where required, the in-house consultant will choose a local vocational rehabilitation provider to meet with your employee.

All of our vocational consultants are Masters level counselors who have achieved national certification for rehabilitation--such as Certified Rehabilitation Counselor (CRC) and/or Certified Disability Management Specialist (CDMS)--and have at least five years of experience in the field. The network of providers includes Cascade Vocational Rehabilitation, Inc., a Liberty Mutual-owned company, as well as CRA and Crawford & Co. We also utilize a nation-wide network of independent vocational rehabilitation providers with whom we have established trusted professional relationships.

PROVIDER QUALITY ASSURANCE

Liberty's in-house vocational rehabilitation consultants monitor and direct the vocational services we provide to your disabled employees. As part of any vocational rehabilitation effort, our in-house rehabilitation consultants maintain close contact with disabled employees to help ensure that the services are meeting their needs and our expectations. If provided services do not meet our standards or the needs of the employee, our in-house consultants will intervene to re-direct services or assign the case to a new provider.

VOCATIONAL ASSESSMENT SKILLS

A variety of services are provided by our vocational case management program:

- Vocational Assessment
A comprehensive analysis of employability, taking into consideration medical status, vocational status, labor market information, and earning capacity.
- Transferable Skills Analysis
An analysis used to identify occupations for which the employee is qualified, given their work and education history, and capable of, based on their physical and cognitive capabilities.
- Labor market survey
A study of a labor market to determine if employment opportunities for a specific occupation exist in a particular geographic location.
- Vocational testing
An objective testing of aptitudes, interests, values, and attitudes used to help a disabled employee explore vocational alternatives.
- Vocational counseling and guidance
An employee counseling process based on the information gathered through vocational assessment and testing, aimed at identifying the employee's best vocational options.
- Job seeking skills training
Assistance with preparation for a job search--for example, resume and cover letter development, interview skills, and training on how to develop job leads.

- Job placement
Assistance with developing job leads and setting up interviews.

IDENTIFYING CLAIMS REQUIRING VOCATIONAL CASE MANAGEMENT

We train our case managers to recognize the triggers of a case requiring vocational case management services. This enables them to identify those claimants who might benefit from Liberty's vocational rehabilitation services as early as possible in the life of a claim. Among the reasons to refer a disabled employee to vocational case management are:

- The claimant is motivated to return to work.
- The claimant is in stable or improving medical condition.
- The attending physician recommends vocational rehabilitation.
- There is an indication that part-time work is an option.

VOCATIONAL CASE MANAGEMENT PROCESS

When your employee has been referred for vocational services, our in-house vocational rehabilitation consultant will review the claim file, and then conduct an initial interview--telephonically--with the employee to determine the type and extent of services needed. Often we will offer further vocational assistance over the telephone. For example, the vocational specialist will consult by telephone on resume and cover letter writing, and interview skills.

However, if more complex services are required, we will refer the employee to a local provider from within our network of professionals. This provider will work closely with your employee, our in-house vocational consultant, and the case manager in developing the most appropriate vocational plan.

Return To Work Consulting for Group Disability

Liberty's disability management objective is to help disabled employees recover quickly and return to productive lifestyles as soon as medically possible. This helps employers minimize lost time, control program costs, and provide a valuable benefit to their workers. To fulfill this mission, Liberty takes an early intervention, case management approach with the specific objective of early return to work.

With decades of success in developing return to work best practices for workers compensation programs, Liberty's clinical and occupational health professionals now bring that knowledge and experience to group disability.

Return To Work Consulting is a simple, flexible program designed to assist Lee County in developing and using an internal return to work program. Emphasizing a more strategic approach, Liberty's Return To Work Consulting Program addresses the impact of Lee County's lost time beyond your benefits plan. In step with the concept of early intervention, the development of a formal return-to-work program will provide the map for Lee County to administer and manage disability absences.

The components of a successful Return To Work Policy are simple:

- A formal, written policy which outlines the mission of the Return To Work program as well as the roles and responsibilities of the employer, the employee's supervisor, the employee, and Liberty- in the event of an employee's disability.
- A procedural guideline for use in the event of an employee's disability.
- Sample documentation to be used in the Return To Work process
- A clear and concise program implementation outline which documents the recommended steps to be taken towards the implementation and further development of a formal Return To Work program.

Liberty's Return To Work Consulting Practice will perform the following steps to assist Lee County in the development of their return to work Policy:

Baseline Assessment

This step is a simple information and data collection process performed by Liberty. This process includes the review and gathering of data surrounding the corporate structure of Lee County, employee demographics and current human resource policy information.

On-Site Assessment and Analysis

Following the initial data collection, we will conduct a worksite analysis. This analysis is comprised of a series of interviews and observation of work performed at Lee County's worksite. Interviews may include representatives from benefits administration, line management, individual contributors and former disability recipients. Work practice observations typically focus on frequently performed jobs.

This step is concluded with a formal, written analysis of the findings that will include observations, recommendations and implementation guidance.

Implementation

The primary responsibility of implementation will lie within Lee County. During the implementation phase, Liberty will provide a limited amount of telephonic consultation on technical advice and implementation coaching. We are able to provide more intensive implementation assistance at additional cost.

Measurement Against Baseline

Using the information obtained in the initial phase of the program, Liberty will assist Lee County in measuring the successful implementation of the Return To Work program. This measurement includes the difference between Lee County's previous and newly installed return to work capability. It also will assist Liberty's disability case managers to understand Lee County's internal roadmap for return to work and help to identify quality improvement needs for the further refining of the program.

In the end, Liberty's Return To Work Consulting Program will provide you with:

- A toolkit that includes templates for a mission statement; policy wording; employee's and supervisor responsibilities; job demand and work release.
- A professional experienced in return to work programs, review that will encompass a review of the current programs and practices, provide guidelines for policy development; recommend methods to identify job demands; help identify alternate modified work opportunities; recommend a strategy to educate employees about the program; and identify the needs for additional Liberty Mutual resources.

REPORTING

To provide our customers with updated information regarding their employee's claims, we have created an innovative array of online reporting to serve this purpose. All of our online reporting is centered in our extranet site, InfoSOURCE.

InfoSOURCE

InfoSOURCE is a secure and customizable website for Liberty Group customers. It provides online access to a wide range of information about the customer's specific disability, life, and FMLA plans and services. The InfoSOURCE homepage is the gateway to:

- ClaimTrac – our individual claim lookup application
- DRS reports
- Forms to view and download
- Service team information
- Contract and ASO agreements
- Links to other pertinent Liberty Mutual websites
- MyLibertyMail secure email

ClaimTrac

This is a web-based, self-contained product that provides timely, claimant specific information on demand. This product allows authorized users access to such information as:

- Current claim status
- Claimant's expected or actual return to work date
- Employer information (e.g., subsidiary, location, benefit class, etc.)
- Employee information (e.g., home address, phone number, etc.)
- Claim status information
- Payment detail (e.g., tax information, check amounts, offset information, etc.)
- Check status information

The user can search for a specific claim or group of claims by claimant's last name, first name, Social Security number, claim number, or employee ID.

DRS Reports Online

Using InfoSOURCE, Lee County is able to download all standard reports as they are published.

Forms To View and Download

Lee County is also able to view and download all the forms associated with their disability program, including claim forms and physician forms.

Service Team Information

All of the contact information for the customer is posted on InfoSOURCE for easy reference.

Contracts and ASO Agreements

All of the relevant contracts and/or ASO agreements are accessible for online viewing.

Links to Other Pertinent Liberty Mutual Websites

InfoSOURCE also includes links to other Liberty websites so the customer has a 'one-stop shopping' experience.

MyLibertyMail

MyLibertyMail is a secure messaging service provided through InfoSOURCE, our customer extranet site. Using MyLibertyMail, Lee County can exchange secure messages with anyone on the Group Benefits Service Team. As an added convenience, Lee County will receive a message in regular e-mail announcing a new message in their personal MyLibertyMail message box.

We take action before, during, and after a claim event to achieve effective disability management. Liberty's comprehensive array of reports provide Lee County with claim information and trend statistics which can be directly applied to your corporate structure. By providing actionable and pertinent information, Liberty's reports provide your management team with the tools to complete a thorough analysis of your data. This analysis identifies claim trends and provides a basis for making changes that can produce a positive impact on the overall cost of your disability program.

Liberty's Disability Customer Information Services (DCIS) reports encompass four main categories: financial information, activity levels, source of losses, and demographics. DCIS Reports are available for long term disability benefits programs. The standard frequency for LTD reports is semi-annual. DCIS can provide the following reports to Lee County through Liberty's Disability Reporting System (DRS):

Open Claims Report

The open claims report provides the basic information relevant to all open claims by individual claimant including the claimant name, cause of disability, benefit amount and total paid to date, as well as the return to work date estimated by the Liberty case manager. Claims in pended status can also be included.

Closed Claims Report

The closed claims report provides the basic information relevant to all closed claims by individual claimant including the claimant name, cause of disability, benefit amount paid, date and reason the claim closed.

Age at Onset Report

The age at onset report provides open and closed claim counts within specific age bands categorized by fifteen major diagnostic types developed by the World Health Organization. These categories are internationally recognized and documented in the ICD-9-CM coding manual, generally accepted as the standard for summarization and reporting.

Nature of Disability

The nature of disability report provides total benefit dollar amounts and percents for both open and closed claims categorized by fifteen major diagnostic types.

Duration of Disability

The age at onset report provides open and closed claim count by specific duration periods categorized by fifteen major diagnostic types. In addition to the specific duration periods, this report provides an average duration by diagnostic type. Examples of diagnostic types used include back, cancer, and respiratory system.

Distribution Options

Liberty has many convenient, efficient methods of report distribution. Options available include paper, direct fax through our automated fax system, and internet delivery. Michele Clearo will assist you in determining the method that fits your needs.

General Pricing Philosophy

For traditional, non-participating contracts, Liberty Mutual utilizes a prospective rating method. That is, when determining a rate for any line of coverage, we base that rate on the anticipated claims liability and retention charges associated with the operation of the plan. We do not include charges or factors in our rating methodology that attempts to regain or recoup any underwriting losses.

Liberty's retention for a particular case is based on expected incurred claims, claims incidence and the actual administrative services provided to the customer. This allows us to accurately price for costs associated with administering a specific case.

RENEWAL UNDERWRITING

Throughout the renewal presentation, we will refer to specific underwriting terms used in the pricing of your Group Disability and Group Life renewal rates. Below is a brief explanation of each of these terms.

Manual Rate

A general definition of manual rates is the rates we would charge in the absence of credible experience. They represent our "average" or standard premium rates and are based on statistical analysis of claims, adjusted for basic demographic and employer characteristics.

Experience Rate

Experience rating allows for analysis of the past claims performance in order to determine future liability. Experience data is used to determine both the expected incurred claims and retention through a detailed experience analysis and retention calculation. When the two are combined, the result is a projection of future costs or liability.

The experience analysis utilizes the past two to four years of claims, reserves, and premium to determine the expected experience incurred claims. This value represents the amount of total claims liability we expect to have in the upcoming year based on how the case has performed in the past. The credibility or "believability" of experience is used to determine how much of the expected experience incurred claims should be used on a particular case. Credibility is impacted by case specifics such as group size, claims incidence, risk assessment factors, and occupational composition. The expected experience incurred claims is blended with the expected manual incurred claims (based on the credibility) to determine the blended incurred claims. This is the formula benchmark for expected incurred claims for the case.

Credibility

Credibility is the degree of belief given to experience. This concept is based on the law of large numbers; generally, the larger the number of life years and/or incidence, the more credible or predictable the experience. The credibility of a particular group varies with the number of lives covered, age and gender distribution, occupational content, frequency of claims, and plan design.

Blending

The credibility or “believability” of experience is used to determine how much of the expected experience incurred claims should be used on a particular case. The expected experience incurred claims is blended with the expected manual incurred claims (based on the credibility) to determine the blended incurred claims. The formula case rate is the rate based on the expected incurred claims for the group plus Liberty’s retention for the in-force plan design.



PROPOSAL NO.: RFP-02-04

OFFICIAL PROPOSAL FORM

LEE COUNTY, FLORIDA PROPOSAL PRICE FORM FOR:

DATE SUBMITTED: July 8, 2002

VENDOR NAME: Liberty Life Assurance Company of Boston

TO: The Board of County Commissioners
Lee County
Fort Myers, Florida

Having carefully examined the "General Conditions", and the "Detailed Specifications", all of which are contained herein, the Undersigned proposes to furnish the following which meet these specifications:

The undersigned acknowledges receipt of Addenda numbers: 1

THE CONTRACT WILL BE FOR A PERIOD OF FIVE (5) YEARS AT THE SAME TERMS AND CONDITIONS, BY MUTUAL AGREEMENT BETWEEN BOTH PARTIES

Proposers should carefully read all the terms and conditions of the specifications. Any representation of deviation or modification to the proposal may be grounds to reject the proposal.

Are there any modifications to the proposal or specifications?

Yes X No

Failure to clearly identify any modifications in the space below or on a separate page may be grounds for the proposer being declared nonresponsive or to have the award of the proposal rescinded by the County.



MODIFICATIONS:

Proposer shall submit his/her proposal on the County's Proposal Price Form, including the firm name and authorized signature. Any blank spaces on the Proposal Price Form, qualifying notes or exceptions, counter offers, lack of required submittals, or signatures, on Lee County's Form may result in the Proposer/Proposal being declared non-responsive by the County.

ANTI- COLLUSION STATEMENT

THE BELOW SIGNED PROPOSER HAS NOT DIVULGED TO, DISCUSSED OR COMPARED HIS PROPOSAL WITH OTHER PROPOSERS AND HAS NOT COLLUDED WITH ANY OTHER PROPOSER OR PARTIES TO A PROPOSAL WHATSOEVER. NOTE: NO PREMIUMS, REBATES OR GRATUITIES TO ANY EMPLOYEE OR AGENT ARE PERMITTED EITHER WITH, PRIOR TO, OR AFTER ANY DELIVERY OF MATERIALS. ANY SUCH VIOLATION WILL RESULT IN THE CANCELLATION AND/OR RETURN OF MATERIAL (AS APPLICABLE) AND THE REMOVAL FROM THE MASTER BIDDERS LIST.

FIRM NAME: Liberty Life Assurance Company of Boston

BY (Printed): Michele Clearo

BY (Signature): *Michele Clearo*

TITLE: Executive Disability Sales Consultant

FEDERAL ID # OR S.S.# 04-6076039

ADDRESS: 3235 Satellite Boulevard, Suite 600
Duluth, GA 30096

PHONE NO.: 1-800-852-6662, ext. 2337

FAX NO.: (770) 814-7384

CELLULAR PHONE/PAGER NO.: (678) 662-5500

LEE COUNTY OCCUPATIONAL
LICENSE NUMBER: _____

E-MAIL ADDRESS: Michele.Clearo@LibertyMutual.com



PROPOSER'S WARRANTY

The undersigned person, by the undersigned's signature affixed hereon, warrants that:

1. The undersigned is an authorized representative of the firm and the enclosed proposal is submitted on behalf of the firm.
2. The undersigned has carefully reviewed all the materials and data provided on the firm's proposal and, after specific inquiry, warrants all the material and data to be true and correct.
3. The proposal offered by the firm is in full compliance with the scope and provisions set forth in the RFP, except as specifically noted.
4. The firm authorizes Lee County, its staff, its members or consultants, to contact any of the references provided in the proposal and specifically authorizes such references to release either orally, or in writing, any appropriate data with respect to the firm offering this proposal.
5. The undersigned has been specifically authorized to issue a contract in full compliance with all requirements and conditions as set forth in this RFP other than those deviations noted above.
6. If this proposal is accepted, contracts will be issued as negotiated.

Liberty Life Assurance Company of Boston
COMPANY NAME

By (PRINTED): Michele Clearo

By (Signature): *Michele Clearo*

Title: Executive Disability Sales Consultant

Date: July 8, 2002



PRICING TEMPLATE

Rate/\$100 covered payroll	
Year 1	\$.33
Year 2	\$.33
Year 3	\$.33
Year 4	Not offering
Year 5	Not offering
Monthly Covered Payroll	
Monthly Cost	\$21,782
Annual Cost	\$261,384
Rate Guarantee *	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	

* If not a flat rate, provide maximum increase.



PROPOSAL NO.: RFP-02-04

DEVIATIONS AND EXCEPTIONS

Disclose all Deviations and Exceptions herein. If not disclosed, proposer agrees proposed plan is identical to those offered currently. Proposer must offer all benefits currently provided.

Our deviations are as follows:

- Our quote is based on a three year rate guarantee
- We do not agree to Section 12 “Authority to Piggyback”. Each case is evaluated on its own merits
- Our quote is based on Liberty’s standard termination language
- Liberty Mutual carries insurance policies for bodily injury and property damage for its employees traveling to customer sites. We carry limits of 5,000,000 primary. We carry a commercial blanket bond with very high limits per occurrence and in the aggregate, although there is no specific per employee limit. We provide coverage for any one employee for very high limits. Only the total policy aggregate limits the per employee limit. We can issue a certificate of insurance showing these limits. Liberty Mutual Group self insures its professional liability exposure as do many large corporations. A vendor is generally requested to provide evidence of insurance to customers who are concerned with the vendor's ability to pay for any damages caused by its negligence in performing services. Liberty Mutual has assets of more than \$65 billion and is therefore financially capable of paying for any damages for which we are responsible.
- We will provide 180 days notice for renewal rate changes
- Section 11 of the General Requirements—Liberty will have 90 days to present or file a claim.
- We do not agree to Section 13d of the General Conditions. Although Liberty Mutual hires applicants without regard to the protected categories, Section 13(d) of the RFP requires Liberty to provide information on its diversity statistics or benchmarks and to permit inspection of its books, records, accounts, other sources of information and its facilities. As a matter of policy, Liberty Mutual does not provide such information and does not permit such access.
- We do not agree to the following Article listed in the service provider agreement:
 - Article 3.5 Liability-Provider to Hold County Harmless
 - Article 4.3 Method of Payment
 - Lee County’s billing will be self administered
 - If disputed amount can not be resolved, Liberty reserves the right to cancel the contract and bring suit
 - Article 5.03 Provider Work Schedule—this is not applicable to our quote
 - Article 7 Assignment, Transfer and Subcontracts—Liberty may subcontract for certain services in managing a disability claim including but not limited to IMEs, Peer Review, and Fraud investigation. As this is a fully insured plan, Liberty will not seek approval prior to using these services
 - Article 9 Non-Discrimination—Liberty does not discriminate against individuals on the mentioned protected categories in employment and hiring. However, Liberty reserves the right to deny insurance coverage to Lee County employees and retirees based on legitimate actuarial considerations, potentially including pre-existing health conditions.
 - For Article 10 and 11, please refer to our insurance coverage listed in bullet 3 above
 - Paragraph 2 and 3 of Article 13 are not applicable as this is a fully insured plan
 - Article 18, Liberty’s standard termination language will apply

QUESTIONNAIRE



ATTACHMENT A

(For YES/NO Answers, if "NO", explain why or define)

General Questions

1. Provide your most recent ratings for claim payment ability and/or financial size:

AM Best	A Excellent
Standard & Poors	A+ Strong
Moody's	A1 Very Good
Duff & Phelps	Not Rated.
Other	

(Provide a copy of your most recent financial report)

We have provided a copy of our most recent financial report in the appendix of this proposal.

2. References: Provide references from your local sales office for the following:

New Business, completed installation, over 1,000 lives	
Company Name District School Board of Pasco County	
Contact Name Michael Hudson	Title Employee Benefits Manager
Phone 727-774-2277	Fax 727-794-2173
E-Mail mHUDSON@pasco.k12.us.fl	Contract Since: 1/1/01
Established Business, over 1,000 lives	
Company Name Royal Caribbean International	
Contact Name Maria Martin	Title Benefits Manager
Phone 305-982-2945	Fax 305-539-6168
E-Mail mmartin@rccl.com	Contract Since: 1/1/98
Established Business, over 1,000 lives	
Company Name TECO Energy	
Contact Name Wendy McCoy	Title Administrator, Health Plans
Phone 813-228-4117	Fax 813-228-1219
E-Mail wlmccoy@tecoenergy.com	Contract Since: 1/1/01

Liberty values our relationships and respects the privacy of our existing and prior customers. As a courtesy to our customers and in deference to their schedules, Liberty has agreed to provide advance notice concerning who will be calling for a reference and when to expect their call. If Lee County would contact Michele Clearo at 1-800-852-6662 ext. 337, Liberty will make sure our references are available when requested.

A. ACCOUNT SERVICES

1. Describe the Account Management service function, and your Account Management service goals.

To support our commitment to provide outstanding service to Lee County, the benefit professionals in our Duluth, Georgia office will direct the day to day servicing of the account. This team includes Michele Clearo, the disability sales consultant, who has primary account management responsibility, and Pam Jenkins, the account service manager, who focuses specifically on customer service. Together, these individuals work to ensure Lee County's overall satisfaction with all that Liberty has promised to provide.

Our account management focuses on superior customer service for every customer. That is one reason our account service managers only carry an average service load of 25 customers. Because we focus on the large case market, we understand the complexities of this size market and the need for accessible, knowledgeable account managers. Pam Jenkins, Lee County's account service manager, will meet with you quarterly to review claims management process, our overall performance, procedural issues, and new product options. Liberty's account managers are trained to understand and communicate relevant feedback regarding Lee County's plan performance. The account service manager will be supported by an Underwriter who will help analyze and report account information.

Pam will also meet with Lee County annually to perform a structured review of the account. This meeting provides a way for both parties to focus on results and successes, raise and resolve any issues, and further strengthen our business relationship.

2. Where will the Account Manager assigned to Lee County be located?

Michele Clearo and Pam Jenkins are located in Duluth, Georgia.

3. Where will the accounting and general administrative (non-claims) services be provided?

The accounting and general administrative services for Lee County will be provided in our Home Office located in Dover, New Hampshire.

4. Lee County believes that lengthy claim start-up times are unacceptable. Will the account manager personally step in and assist expediting matters? What percentage of fees might be placed at risk for slow resolution when the carrier is at-fault?

Yes, Michele Clearo will consistently work with Lee County's claim team to ensure timely claim management. Our quote does not include a performance guarantee with fees at risk.

B. IMPLEMENTATION

1. Please include a schedule of activities for the implementation of a new program such as this. Identify the responsibilities of your firm and Lee County. Assume your

company is awarded the Agreement in keeping with the schedule provided in this RFP.

Since we are the incumbent disability carrier, no implementation process would be needed.

2. **If your company is requested to provide administration for current open claimants, how will your company inform such claimants that your company has assumed responsibility of the administration of their claims?**

Since we are the incumbent disability carrier, we would continue to manage the current open claims.

3. **Please describe your willingness or commitment to provide a Reserve Buyout alternative for current open claims.**

This is not applicable as we are the current carrier.

C. REPORTS

1. **Please provide a sample of the standard Long Term Disability reports provided by your company.**

We have provided samples of these reports in the appendix of this proposal.

2. **Your standard reports must be available for specific Lee County agencies, as well as on a consolidated basis. All monthly and annual statements should be sent directly to the County.**

Confirmed.

3. **Will your summary utilization reports include comparisons to norms? What is the source of these norms? Can the normative data be varied to reflect only the experience of groups that are similar to Lee County?**

While Liberty has available a tool that allows us to create customized reports benchmarking individual customer outcomes against prior data as well as against industry data, we currently only track this for short term disability claims. Due to the comparative nature of these reports, they are not valid for unusual plan designs that do not correlate to the normative data. In addition, they are only statistically valid once a certain threshold of claims have been reported . (The threshold varies by report and by company size.)

D. SYSTEMS SUPPORT

1. **Is your system a computerized, on-line, direct access claim adjudication?**

Yes. SystemOne, our claim management system, is a fully integrated STD, statutory disability (STAT), and LTD claim adjudication system with interfaces to Liberty's nurse case management, financial, workflow, client reporting, and administrative systems. Designed and developed in-house by disability management experts, SystemOne supports the seamless management of STD and LTD claims, eliminating the need to transfer data once a claim reaches LTD. We recently introduced SystemOne.nxt, a complete rewrite of SystemOne's user interface in a web-based architecture, which will allow users to navigate quickly and easily within and across claims.

2. Are plan summaries stored on-line? Provide a sample printout showing the level of detail maintained on-line. Does the claims staff have access to written description of the plan?

Yes. We have online policies located on a server, to which the claim staff has access. Also, specific information is programmed into the administrative portion of SystemOne. This gives the claim staff easy access to specific benefit related information. While we consider printouts of our SystemOne screens to be proprietary, we include information such as class descriptions, benefit percentages, and integration methods in this administrative portion of our system.

3. Does your system include on-line, automated assistance for determining the appropriate length of a disability and treatment process? Describe the clinical protocols that are the basis of the on-line assistance.

Yes. Our duration guidelines are intended to be a realistic representation of outcomes by ICD-9 code, description, and job type. Developed by our medical directors and a team of in-house claim experts, our duration guidelines are based on the latest published medical research and treatment experience, established Presley-Reed duration guidelines, and our own historical data. Available to all claims personnel via an on-line application, our case managers use this duration as a guideline to set an initial target duration, incorporating their knowledge of the physical demands of the disabled employee's job, co-existing medical conditions, availability of alternative work arrangements, and the disabled employee's physical and mental capacity for work. That expected duration is communicated by the case manager to the employee and the employer.

4. Does your system provide automated screening for claims that are candidates for rehabilitation management? Describe the criteria that are evaluated.

Our system does not automatically screen for these claims. Our case managers are trained to recognize claims that can benefit by a referral to vocational case management services. This enables them to identify those claimants who might benefit from Liberty's vocational rehabilitation services as early as possible in the life of a claim. Among the reasons to refer a disabled employee to vocational case management are:

- The claimant is motivated to return to work.
- The claimant is in stable or improving medical condition.
- The attending physician recommends vocational rehabilitation.

- There is an indication that part-time work is an option.

E. ADMINISTRATION

1. Will you provide Lee County with written notification of approvals?

Yes.

2. What procedures do you use to detect fraudulent claims?

Our case managers play the primary role in effective detection of fraud. The tools they use to assist them are:

Fraud "flags"

We have trained our case managers to be familiar with a variety of factors that may serve as a "first alert" to a fraudulent situation--such as physical alterations to the claim or physician form, the behavior of the claimant or unusual circumstances surrounding the claim.

Telephone detection techniques

One of the most effective tools used by our case managers in fraud detection is the telephone. Our case managers listen carefully and analyze the information provided during phone interviews with the claimant. They are trained to properly probe at inconsistencies in a claim as well as questionable or vague responses from the claimant.

Investigation

The claim professional decides whether to refer the claim for further on-site investigation. We use the services of 180 Liberty Mutual field investigators who are located throughout the country and operate from 12 geographic regions. Their job is to obtain information regarding claimant activity, conduct claimant interviews, or interview other parties having information about the claim in question.

If the case manager determines that the claim is suspicious, the claim file is reviewed by a claims manager and our internal Special Investigative Unit personnel who may authorize further investigation. Based on this units findings, the case manager will determine whether to request additional investigation, approve or continue disability benefits, or deny the claim. The claim determination is then sent to the fraud coordinator who tracks the outcome and, when applicable, acts as liaison to our legal department, state fraud bureaus, law enforcement, and prosecutors.

3. How do you handle reimbursement of overpayments?

To recover an overpayment, we write to the employee, explain the reason for the overpayment and request full repayment. If the employee is unable to immediately repay the amount due, we ask him or her to contact us to arrange a payment plan. If he or she does not repay the amount due or contact us, we send him or her a certified letter. If they still do

not contact us, we stop payment on any future benefits. If no benefits are due, we use a collection agency to recover the overpayment.

4. What is your normal payment cycle? Weekly? Every other week?

For LTD claims, our normal payment cycle is monthly.

5. How are requests for follow-up data handled? Is the request made directly to the policyholder, to the claimant, or the attending physician?

Depending on the information needed, we will directly contact the policyholder, the claimant, or the attending physician. We request this information as needed, and through the most expeditious means possible.

6. If an updated physician statement is not received on schedule, what action will be taken with regard to ongoing payments?

Our case manager periodically requests information from the employee regarding his or her current restrictions and limitations, current treatment or therapy, prognosis, medication, and any recent test results. We generally give the employee 30 days to respond with this information. To avoid termination of benefits, when we receive no response to our request, we make every attempt to contact the employee or physician by phone. If the employee does not respond in any way after our third request, made at 90 days, we suspend his or her benefits. We are, however, usually able to speak with the employee and identify the reason his or her medical information is late.

7. Will you release payment at Lee County's request, despite a lack of supporting data, assuming the client indicates that the required information is forthcoming?

Under a fully insured plan Liberty is the fiduciary. It is our responsibility to ensure proper documentation before releasing payments. We will work with Lee County when we do not have sufficient information to support a claim.

8. How do you handle follow-ups for data or suspense (i.e. pending requests) to ensure that a follow-up does occur?

Our follow-up with disabled employees depends on their medical condition, return to work plan, Social Security status, and rehabilitation potential. Based on the diagnosis, the expected claim duration and the type of nurse case management services provided, our case managers re-examine the claim every 14 to 180 days, and if needed, request updated medical information. Generally, our case managers follow up with the disabled employee approximately every 14 days. For employees who have reached maximum medical improvement and are receiving Social Security, our case managers follow up every 180 days.

We have a workflow system in place that monitors all claim activity in each claim office to ensure that our internal standards are met. It prioritizes work and moves it along the proper channels. The case manager has the option of entering individual follow-ups in our claim



management system in addition to the prompts by workflow. While workflow monitors all claims, our claim management system prompts a follow up for an individual claim.

The case manager will create an electronic follow up in the system to indicate when information should be followed up in a timely manner.

9. How often do you normally provide FICA reports?

Liberty Life will forward quarterly tax reports.

10. You will prepare supplemental W-2's for Lee County at the close of each calendar year, as required and mail directly to employees. Annual payments information has to be forwarded to Payroll no later than the 10th of January for the preceding calendar year. The cost for this service will be included in your rates.

Yes No If no, explain.

11. Please describe briefly the various claim management reports that can be generated routinely from your short-term disability claim system. Samples should be included with your Proposal. If an additional charge is assessed for any of these reports, please note the charge on the report.

We will provide the following LTD reports semiannually:

- Itemized Open LTD Claims Detail
- Itemized Closed LTD Claims Detail
- LTD Claims by Nature of Disability
- LTD Claims by Duration of Disability
- LTD Claims by Age at Onset of Disability

Since Liberty is the incumbent carrier, we have provided these reports throughout the disability process based on specific Lee County data. If Lee County wishes to see additional samples of these reports, we would be pleased to provide them.

12. Can you provide management reports which identify:

a. nature of disability (number and value of claims)

Yes.

b. primary diagnosis by ICD-9 (CM)

Yes.

c. diagnosis by DSM-IV

Yes.

d. demographics of claimants in each disability category

Yes.

e. duration of disability compared to norms

Yes. However, these reports are based on short term disability claims only.

f. identification of physician certifying excessive disability durations?

No.

F. LTD CLAIM PROCESSING

1. How soon after the onset of an absence from work do you recommend that a claim be submitted to the Disability administrator? Explain your rationale.

Approximately half way through the elimination period, the disabled employee should contact the appropriate benefits or human resources representative at Lee County. This allows for the appropriate timeline to ensure all information is gathered to make a disability determination.

2. How will you assist a claimant and Lee County in filing a LTD claim? Does your company require the completion of a paper claim form, or do you routinely collect the information necessary to begin the process via phone? If a claim form is not required, how do you obtain permission from employees for the release of medical information?

We are quoting a paper claim intake. If Lee County or their employees have questions about filing a claim, we would be pleased to assist Lee County or their employees in this by answering questions or providing the necessary information

3. If you are proposing to provide short-term disability also, please describe your process of managing the claim.

Our quote does not include short-term disability.

4. Describe the initial intervention process (before the claim has reached the sixth month). At what point in a disability do you typically evaluate the possibility that the claim may exceed six months? List the guidelines that would trigger a claim to be considered for LTD management.

When we also provide STD claim management services, every claim is triaged, using proprietary Liberty protocols and technology, to determine the appropriate claim

management track based on the claim's expected duration and anticipated level of management complexity. Our triage tool will determine the level of initial case management required, taking into consideration the employee's diagnosis, work requirements, and any complicating factors. The Liberty Triage Tool suggests an expected duration for each claim and is a combination of proprietary duration guidelines and information intended to:

- Clarify duration guidelines
- Assist with developing questions for the attending physicians
- Provide factors to consider as we construct the medical assessment and manage the claim.

Based on the initial assessment, the claim is assigned to a case manager with the appropriate expertise. In general:

- Standard Case Managers will manage all claims with expected duration of six weeks or less.
- Complex Case Managers will manage all claims with expected duration of between six and 26 weeks
- Severe Case Managers will manage claims with the potential to become a long-term disability claim. They manage these claims for the life of the claim (STD and LTD period)

The assigned case manager continually evaluates the disability to ensure proper and timely communication regarding a transition to LTD status. Our case management approach allows us to focus on the overall liability of the claim and begin managing appropriately from day one. We do not wait for a certain time period before evaluating whether a claim may continue to an LTD status. This is evaluated at the beginning of the claim as well as throughout the claim management process.

5. Describe your LTD claim review/approval process, including required medical information and employee notification/interaction.

Intake

When we manage only Lee County's long term disability claims, Lee County's employees can submit their claims on the forms we provide, by standard mail or fax.

Approximately half way through the elimination period, the disabled employee should contact the appropriate benefits or human resources representative at Lee County. Lee County's benefit representative completes the employer section of the claim form and sends it to the employee with instructions for completion.

The disabled employee completes his or her section of the form, signs the authorization, and has the attending physician fill in his or her section of the form. The physician or employee sends us the completed form with copies of any office notes, including chart notes, x-ray reports, and diagnostic test results. All LTD claims are assigned to a case manager handling severe claims. They have the knowledge and experience to manage these complex claims.

The case manager reviews the claim within five business days and begins the claim management process.

Determination

The criteria to qualify for disability is based on two key elements: contractual and medical. The case manager first evaluates the information received to ensure that the employee meets the contractual requirements, such as meeting the elimination period. The case manager then reviews the submitted medical information to ensure that all necessary information is present. Once our case manager obtains medical documentation that clearly presents the employee's medical condition (diagnosis, treatment plan, prescriptions, restrictions, limitations, abilities, prognosis, etc.) he or she compares that information with the physical and (when appropriate) psychological and environmental demands of the employee's job. At this point in the investigation, the case manager renders a decision and/or refers the claim for clinical case management.

If we approve the LTD claim, Liberty sends a letter of notification to the employee that includes the date through which we approved the claim. We send a copy of this correspondence to Lee County. The letter also informs the employee of any additional information he or she will need to provide if the claim continues beyond the expected duration.

If we deny the claim, our case manager sends a letter notifying the employee of the denial and explaining the reasons. This denial letter, which satisfies all ERISA requirements, clearly outlines:

- the specific reasons for the denial;
- the governing policy or plan language upon which the denial is based;
- additional information which may be submitted to appeal the claim decision;
- the party to whom additional information should be submitted;
- the claim review procedure (or appeal process);
- where to send the appeal; and
- the format and timing of the appeal.

In addition to this letter, we will also contact Lee County and the employee by telephone when we deny a claim.

6. Describe your LTD claims procedures following claims approval, including periodic follow-up, employee notification/interaction, etc.

Our follow-up with disabled employees depends on their medical condition, return to work plan, Social Security status, and rehabilitation potential. Based on the diagnosis, the expected claim duration, and the type of nurse case management services provided, our case managers re-examine the claim every 14 to 180 days, and if needed, request updated medical information. Generally, our case managers follow up with the disabled employee approximately every 14 days. For employees who have reached maximum medical improvement and are receiving Social Security, our case managers follow up every 180 days.

We have a workflow system in place that monitors all claim activity in each claim office to ensure that our internal standards are met. It prioritizes work and moves it along the proper channels. The case manager has the option of entering individual follow-ups in our claim management system in addition to the prompts by the workflow system. While workflow monitors all claims, our claim management system prompts a follow up for an individual claim.

7. Do you treat certain disabilities, such as mental and nervous disorders, alcoholism, or drug addition, differently in your review, approval and follow-up procedures?

Like any other disability, when an employee has been diagnosed with a mental illness or alcoholism/substance abuse, we require that the employee is under the care of a physician, receiving appropriate treatment for the disabling condition, and complying with the recommended treatment plan.

Typically "stress" by itself is not a disabling diagnosis, unless it is caused by exposure to a traumatic event (as seen in Acute Stress Disorder or Post Traumatic Stress Disorder). Our protocols for subjective claim management require evaluating the details of the diagnosis and the situations surrounding the report of disability with the customer, their employee, and the provider.

Our nurse case manager works with the attending physician and the disabled employee to determine if the objective findings support a disabling diagnosis. The nurse verifies that appropriate care is provided, and that the employee is compliant with the recommended treatment plan. The nurse evaluates the onset of treatment and investigates any workplace events which may have occurred around the date of disability. When appropriate, we facilitate return to work interventions with Lee County.

We also have Behavioral Health Specialists review all mental/nervous claims as well as strict protocols which address how these claims should be managed. Our mandatory protocols for referral to clinicians are:

- Mandatory Psychiatric:
- Bipolar Disorder
- Schizophrenia
- Post Traumatic Stress Disorder
- Depression > 8 weeks
- Anxiety/Panic Disorder > 8 weeks

8. Do you integrate with Social Security before Social Security approves the disability or after approval?

During the claim determination process, our case manager asks the employee if he or she has applied for Social Security Disability benefits. If so, we require a copy of the application as proof that he or she has applied. We send a payment options form for the employee to complete and return. This form gives the employee the choice of having an estimated Social

Security amount offset from his or her benefit check until Social Security benefits are approved, or to continue receiving the full LTD benefit amount and accept responsibility for repaying Liberty when Social Security is approved.

If the employee does not provide a copy of the application or other proof that they have applied for Social Security Disability, or if they refuse to sign the payment options form, we deduct the estimated Social Security amount from his or her benefit check. When making this decision, the case manager considers all circumstances surrounding each claim situation.

9. How is the employee advised of a non-approved claim? In the case of a dispute, how is the employee appeal process initiated and who may initiate it?

When we deny a claim, Liberty sends a letter to the employee notifying him or her of the denial and explaining the reasons. This denial letter, which satisfies all ERISA requirements, clearly outlines:

- the specific reasons for the denial;
- the governing policy/plan language upon which the denial is based;
- additional information which may be submitted to appeal the claim decision;
- the party to whom additional information should be submitted;
- the claim review procedure (or appeal process)
- where to send the appeal; and the format and timing of the appeal.

In addition to this letter, we will attempt to contact the employee by phone. Further, when we deny a claim we will always contact Lee County by telephone.

Our case manager reviews any additional medical information within five days to determine if the information substantiates the disability or provides the necessary information to reopen the claim and accept or continue liability. If so, we reopen the claim and manage the disability as appropriate.

If the information is not sufficient or we receive a letter requesting a review, without additional claim information, we forward the file to our ERISA appeals staff for evaluation.

We review the file and render a decision within the appropriate ERISA time frames. Our ERISA appeals staff communicates the decision to Lee County, the employee, and our case manager.

On fully insured appeals, our coordination with the employer tends to be for informational purposes. When Liberty is the claim fiduciary, full and complete responsibility for administering the process lies with us.

10. How many attempts are made to contact a physician for additional information (and over what period of time) before the claim is suspended? Are the contacts via phone or in writing? At what point are employees notified of the attempts?

We generally give the employee 30 days to respond with this information. To avoid termination of benefits, when we receive no response to our request, we make every attempt to contact the employee or physician by phone. If the employee does not respond in any way after our third request, made at 90 days, we suspend his or her benefits. We are, however, usually able to speak with the employee and identify the reason his or her medical information is late.

- 11. What criteria are used to identify potential Workers' Compensation claims? What action does your company take if it believes a claim is occupational in nature and the claim has not been filed with the Workers' Compensation carrier?**

When a claim is initially received, the insurance administrator reviews the claim to determine if it might be work related. They review the employee's report of injury as well as any medical documentation submitted. If the claim appears to be work related, the insurance administrator then reviews the contract to determine if WC is an offset or exclusion under the LTD contract. If it's an exclusion, Liberty will send a letter to the claimant, with a copy to the employer, denying the claim as it appears to be work related. If WC is an offset, the claim would be triaged to a case manager and we would then follow up with the workers compensation carrier to determine the status of the WC claim. If a WC claim had not been filed, we would encourage the employee to do so.

- 12. Describe your process for evaluation of claims during the transition from "own occupation" to "any occupation".**

In our evaluation of the change in definition at Any Occupation, we begin an investigation six months prior to the change in definition date. We gather information regarding specific medical restrictions and limitations, as well as vocational information regarding the employee. We review jobs that the employee has held, as well as training and schooling in which the employee has participated. This information is then provided to our vocational consultant who performs a Transferable Skills Analysis, which identifies other occupations that an employee would be able to perform based upon skills they had acquired within their past experience. We will also perform a Labor Market Survey, which provides position-specific salary ranges to determine whether these new occupations would provide the employee with gainful income. We also utilize our vocational consultant to manage return to work planning and job search/placement assistance when appropriate.

- 13. Is a toll-free telephone number available to employees for claim questions and assistance? State the hours of operation and time zone.**

Yes. Our claim office is open from 8:00 a.m. to 5:00 p.m. EST.

- 14. During the initial contact with the disabled employee (i.e., while in the process of collecting information), describe the actions your company takes to focus the employee on eventually returning to work.**

Return to work efforts begin on day one. Our case managers are continuously evaluating a person's disability to determine if any type of work capacity exists. If it appears there is

some type of work capacity, our case manager will involve a nurse case manager and vocational rehabilitation consultant to initiate return to work discussions with Lee County and the treating physician(s). If the medical records indicate that part-time work may be feasible, we will discuss modifications or return to work schedules that would allow the employee to return to work with Lee County. If Lee County is in agreement, we will develop a return to work plan with the employee, Lee County, and the physician. Tools to assist the case manager in this process include the nurse case managers, vocational consultants, and our medical director if necessary. The elimination period does not affect this process.

- 15. Please describe any applicable pre-existing condition limitations and how they will be applied to: A) the initial group; and B) new enrollees.**

Our pre-existing condition as stated in the existing contract is as follows:

"Pre-Existing Condition" means a condition resulting from an Injury or Sickness for which the Covered Person is diagnosed or received Treatment within three months prior to the Covered Person's Effective Date.

- 16. Please confirm that you will grandfather service for employees who are currently meeting either an eligibility waiting period or pre-existing condition period under the present plan.**

This is not applicable as we are the incumbent carrier.

- 17. Will you offer conversion privileges? If yes, what is the applicable increment and what conversion options would be available?**

Yes. We will continue to offer the current conversion option with the \$4000 maximum benefit.

G. MEDICAL MANAGEMENT

- 1. What medical guidelines or protocols are in place to assure that the current treatment is appropriate for the disease or disability?**

We have specific guidelines for clinical review for both our nurses and physicians. A physician and nurse review all LTD claims. We also hold medical roundtable discussions that include the case manager, nurse case manager, physician, vocational case manager, and any other appropriate specialized areas.

- 2. What guidelines are in place to determine the length of disability?**

The management of LTD files is more dependent upon a solid action plan than it is duration guidelines. Most disabilities that extend beyond six months do not have applicable duration guidelines established. Depending upon the circumstances of the case, review and follow-up

can be as frequent as every 15 business days or as infrequent as every six months. The action plan takes into consideration the employee's diagnosis, prognosis, treatment plan, abilities, limitations, restrictions, and functionality. If a treatment plan indicates, for example, that an employee has a long road of recovery where perhaps several surgeries or radiation treatments are planned, we will follow-up after scheduled appointments to keep our action plan and medical information current. In such cases, return to work opportunities and goals usually are not yet appropriate to consider. We follow frequently an employee whose condition is changing and improving steadily and where a return to work action plan is under development. Depending on the employee's circumstances, as return to work approaches, we may contact the employee weekly.

3. What are the criteria for referring a claim to a nurse case manager?

Our nurse protocols include review of all claims at the following intervals:

- 100% of all claims still open at week 7: Our current protocols call for mandatory clinician review of all STD claims at or before week seven. Prior to enhancing our guidelines, we employed 100% nurse review of initial medical information obtained at claim intake. Our changes acknowledge that 100% nurse intervention at this early stage is of marginal value, and delivers a greater impact (and a higher return on investment) on select claims of specific diagnoses, and claims with actual durations approaching or exceeding seven weeks. By refining our protocols, we are able to apply clinical resources when they are most effective and provide a higher return on investment.
- 100% of all claims initially expected to exceed 7 weeks duration: In addition to traditional diagnosis-based RN intervention protocols, mandatory nurse case manager review occurs on all claims initially expected to exceed (based on duration guidelines), or subsequently exceeding, seven weeks.
- 100% of all STD claims reviewed at week 13 in medical roundtable file review: Additional nurse case management intervention occurs through mandatory medical roundtable file reviews at week 13 on all open STD claims. In all instances, RN intervention is mandatory.
- At request of claim case manager: Liberty's professional case managers maintain complete responsibility for their assigned claims. They have the authority and resources to request a clinician review at any stage of the claim.

4. Describe the process your company has found to be effective in working with clients to coordinate modifications to the worksite and the employee's duties in order to facilitate the employee's return to work.

Our goal is to partner with employers who understand the concept of managed disability and how it can benefit both you and your employees. Up front, Liberty will work with Lee County to discuss return to work avenues within your company--such as potential modified

duty arrangements. Managing disabilities as early as possible can help your disabled employees return to work sooner and more safely.

If the medical records indicate that part-time work may be feasible, we will discuss what type of modifications or return to work schedule would allow the employee to return to work Lee County. If there is agreement, we will develop a return to work plan with the employee, Lee County, and the physician. Tools to assist the case manager in this process include the nurse case managers, vocational consultants, and our medical director if necessary. The same process holds true if we are looking at returning the employee on a full time basis.

5. Describe any procedures your company has found to be particularly effective in returning employees with mental and nervous conditions to work.

When initiating a return to work plan for an employee with a mental nervous condition, we find volunteer work or part time work, where the employee can choose their schedule, to be particularly effective. We find a supportive environment with limited work pressures to be extremely important. If the employee is able to have some flexibility, we find that their confidence level increases because they are able to control the amount of pressure to which they are subjected. Gradually, as their confidence increases and they get used to being back in a productive work environment, they are able to increase their work hours—ultimately returning back to work in a full time capacity.

6. What are the criteria for referring a claim for an independent medical examination (IME)?

We may order an IME in the following situations:

- Incomplete medical records (i.e., lack of objective medical evidence)
- Contradicting clinical evidence relative to the subjective complaints
- Conflicting medical documentation from multiple attending physicians
- Inconclusive basis of disability, mental vs. physical
- Attending physician not appropriate specialist for diagnosed condition.

Because we use our full time staff of nurse case managers and our medical director to evaluate claims, IMEs are not often necessary. We may request an examination for a second opinion, specialist evaluation, decisions about treatment appropriateness or alternatives, evaluation of current restrictions and limitations, or for cases of a more subjective nature. Generally, less than 5% of cases require an IME.

7. What procedures are followed regarding return to work?

At the beginning of the claim, the disability case manager will work with the nurse case manager, the employee, Lee County, and the attending physician to establish an action plan. This plan is a series of milestones by which the claim is managed to reach the optimal outcome, hopefully a return to gainful employment. When we require the services of a vocational specialist, the case manager refers the claim to one of our vocational case



managers. Where required, the vocational case manager will choose a local vocational rehabilitation provider to meet with the employee.

8. What role does the claims examiner perform in the return to work process?

The disability case manager spearheads all claim activities. The disability case manager creates the action plan with input from the various parties within the claim process and will refer the claim to the appropriate resources such as the nurse case manager, our vocational rehabilitation program, or others as the need is seen.

9. What are the criteria for requesting a functional capacity examination (FCE)?

Our case manager reviews the medical information received from the attending physician to determine your employee's functional capacity. If our case manager needs further clarification, he or she may request a functional capacity evaluation.

10. Please describe the operation of your rehabilitation benefit.

Liberty's disability management philosophy is based on our corporate mission of "helping people lead safer, more secure lives." To this end, the primary goal of our vocational case management program is to assist claimants in returning to gainful employment--an achievement that can help provide them with financial security.

When we require the services of a vocational specialist, the case manager refers the claim to one of our vocational case managers. Where required, the vocational case manager will choose a local vocational rehabilitation provider to meet with the employee.

All of our vocational case managers are Masters level counselors who have achieved national certification for rehabilitation--such as Certified Rehabilitation Counselor (CRC) and/or Certified Disability Management Specialist (CDMS)--and have at least five years of experience in the field. The network of providers includes Cascade Vocational Rehabilitation, Inc., a Liberty Mutual-owned company, as well as CRA and Crawford & Co. We also utilize a nation-wide network of independent vocational rehabilitation providers with whom we have established trusted professional relationships.

Liberty's vocational case managers monitor and direct the vocational services we provide to the disabled employees. As part of any vocational rehabilitation effort, our vocational case managers maintain close contact with disabled employees to help ensure that the services are meeting their needs and our expectations. If services provided do not meet our standards or the needs of the employee, our vocational case manager will intervene to re-direct services or re-assign the case to a new provider.

Vocational Assessment Skills

A variety of services are provided by our vocational case management program:

Vocational Assessment

A comprehensive analysis of employability, taking into consideration medical status, vocational status, labor market information, and earning capacity.

Transferable Skills Analysis

An analysis used to identify occupations for which the employee is qualified, given their work and education history, and capable of, based on their physical and cognitive capabilities.

Labor market survey

A study of a labor market to determine if employment opportunities for a specific occupation exist in a particular geographic location.

Vocational testing

An objective testing of aptitudes, interests, values and attitudes used to help a disabled employee explore vocational alternatives.

Vocational counseling and guidance

An employee counseling process based on the information gathered through vocational assessment and testing, aimed at identifying the employee's best vocational options.

Job seeking skills training

Assistance with preparation for a job search--for example, resume and cover letter development, interview skills, and training on how to develop job leads.

Job placement

Assistance with developing job leads and setting up interviews.

When we refer an employee for vocational services, our vocational case manager will review the claim file, and then conduct an initial interview--telephonically--with the employee to determine the type and extent of services needed. Often we will offer further vocational assistance over the telephone. For example, the vocational specialist will consult by telephone on resume and cover letter writing, and interview skills.

However, if more complex services are required, we will refer the employee to a local provider from within our network of professionals. This provider will work closely with the employee, our vocational case manager, and the case manager in developing the most appropriate vocational plan.

11. Please describe the operation of your partial disability benefit.

Our contract language is as follows:

Proportionate Loss Monthly Calculation

For the first 12 months, the work incentive benefit will be an amount equal to the Covered Person's Basic Monthly Earnings multiplied by the benefit percentage shown in the Schedule of Benefits, without any reductions from earnings. The work incentive benefit will only be reduced, if the Monthly Benefit payable plus any earnings exceed 100% of the Covered

Person's Basic Monthly Earnings. If the combined total is more, the Monthly Benefit will be reduced by the excess amount so that the Monthly Benefit plus the Covered Person's earnings does not exceed 100% of his Basic Monthly Earnings.

Thereafter, to figure the Amount of Monthly Benefit the formula (A divided by B) x C will be used.

A = The Covered Person's Basic Monthly Earnings minus the Covered Person's earnings received while he is Partially Disabled. This figure represents the amount of lost earnings.

B = The Covered Person's Basic Monthly Earnings.

C = The Monthly Benefit as figured in the Disability provision of this policy plus the Covered Person's earnings received while he is Partially Disabled, (but, not including adjustments under the Cost of Living Adjustment Benefit, if included).

On the first anniversary of benefit payments and each anniversary thereafter, for the purpose of calculating the benefit, the term "Basic Monthly Earnings" is:

1. replaced by "Indexed Basic Monthly Earnings"; and
2. increased annually by 7%, or the current annual percentage increase in the Consumer Price Index, whichever is less.

The Monthly Benefit payable will not be less than the Minimum Monthly Benefit shown in the Schedule of Benefits. However, if an overpayment is due to Liberty, the Minimum Monthly Benefit otherwise payable under this provision will be applied toward satisfying the overpayment.

H. SOCIAL SECURITY ASSISTANCE

- 1. What is the procedure for assisting claimants in applying for Social Security disability benefits? When do claimants receive information regarding Social Security benefits? What information is provided?**

Our Social Security assistance program is structured to ensure that employees who are eligible for Social Security disability benefits receive these benefits as quickly and easily as possible.

Based on a review of the medical and vocational information on file, the case manager identifies employees who are potentially eligible for Social Security disability benefits. The case manager advises the employee to apply for Social Security disability benefits and provides them with instructions for initiating the Social Security application process. They explain the financial advantages of receiving Social Security benefits, the Social Security Administration's disability application and appeal process, and the integration of Social

Security benefits with their LTD benefit. The case manager monitors the status of the Social Security application or appeal to assure that appeals are filed on a timely basis and that the assistance of Social Security claimant representatives is offered if needed.

2. Who follows-up with the claimant to assist in the application and appeal process?

The case manager follows up with the claimant to discuss the status of the Social Security disability claim. The case manager refers employees to Social Security claimant representatives if they are incapable of completing an application or appeal for Social Security disability benefits and they have no one to assist them, or if they are at the hearing level of appeal.

3. Please provide any additional information describing your philosophy and approach to:

- **Disability prevention**
- **Early intervention**
- **Worksite stress management programs**

Liberty has developed a very structured action program to achieve effective disability management. This program addresses all sides of the claim event: before, during, and after.

Our pre-event planning includes plan design and service consultation, return to work program implementation and documentation, and EAP and employee wellness vendor coordination. We consult with employers to evaluate the appropriate plan design features which most efficiently meet their needs. We can assist employers with developing and defining modified and gradual work plans. Our national network of specially trained occupational health consultants is available to contract with Lee County at their facilities to identify potential health exposures and other potential sources of loss due to disability. Lee County may also contract these individuals to evaluate and create modified duty programs.

Event planning includes assigning the appropriate level of case management from day one, specific referral protocols for clinical intervention, and our own internal resources to manage claims. This allows the right resources to be applied to each claim at the most appropriate time for proper outcome management.

Post-event planning completes the monitoring process. Using our vast array of reporting resources, we evaluate outcomes to create the most efficient LTD plan utilization.

4. Does your company assist employees' return to work who are absent due to other reasons: for example, situations covered under FMLA other than the employee's medical condition?

While the case manager may take external circumstances into account while assisting the employee in returning to work, the case manager's primary focus is that of the disabling condition.



I. RATING AND FUNDING

1. Is your proposed program a participating or non-participating Contract?

Our proposed program is non-participating.

2. Is the proposed plan fully pooled or experience rated? Please describe the degree of credibility that will be applied.

The proposed plan is fully pooled. We applied 50% credibility to the experience.

3. How have your initial rates been developed? Please specifically address how census, manual rates, group specific experience, and other factors like industry, job classifications and the like, were applied.

To establish the quoted renewal rates we reviewed both the most recent four years of claims experience and the current manual rates. Manual rates were developed based on the census demographics, industry classification, and plan design. We developed a constant loss ratio by dividing incurred claims (paid claims and open claim reserves) by constant premium, or premium adjusted to the latest rate. We multiplied the constant loss ratio times the current or inforce rate. The result is the experience rate. This rate is blended with the manual rate and weighted by credibility.

4. For how long is your initial rate guaranteed? Are you willing to offer a three-year guarantee period?

We are offering a three-year rate guarantee.

5. What is your method for establishing IBNR reserves?

We do not establish an IBNR reserve for pricing purposes as we remove the IBNR period from our analysis.

6. What interest (discount) rates apply to reserves?

We assume a 5.0% interest rate and adjust this rate to reflect current economic conditions.

7. At renewal, what information will you require from Lee County to develop renewal rates?

We will require a complete census annually to reflect plan enrollment subsequent to each anniversary of 1/1. We will use this census, barring a significant change in exposure, in our renewal analysis.

8. Please confirm that you will provide renewal rates to Lee County at least 270 days prior to renewal date.



We will provide renewal rates 180 days prior to the renewal date.

J. FINANCIAL

1. When will the financial settlement be completed each year?

This is not applicable to our quote.

2. If the plan develops a deficit, does the renewal include a “deficit recovery” charge?

This is not applicable to our quote.

3. What interest rate is charged on deficits? How is that interest rate calculated?

This is not applicable to our quote.

4. In the event of termination of the Agreement, either on or off the policy anniversary date, will you fully account for all reserves, if any, and return any unused portion to the policyholder? How many months after termination will unused monies be returned to the policyholder?

This is not applicable to our quote.

5. Whose responsibility will be tax requirements? (e.g., employee and employer FICA payments, federal tax withholding, etc.)

Liberty will assume the responsibility for completing IRS form 941 and remitting the following applicable withholding amounts under our Employer Identification Number according to the tax deposit schedule outlined by the IRS;

- Federal Income Tax withheld (if any), and
- The employee's portion of FICA tax withheld (if any).
- Liberty will also report employee FICA wages via 941 filing.

Liberty will provide Lee County with the Disability Tax Detail Register on a quarterly basis. The responsibility for remitting the employer's share of FICA tax will shift to Lee County upon the notification from Liberty of the payment and FICA tax withheld. Lee County will also be responsible for the reporting of federal and state wage information. Liberty will furnish written statements detailing the wage and withholding information for the individual recipients. The wage and withholding information is provided through copies of Explanation of Benefit (EOB) Statements and quarterly detailed tax reports. Liberty does not charge for this service.

Lee County will be responsible for reporting and filing all other wage and tax obligations including Federal Unemployment taxes and State Unemployment taxes.



PROGRAM QUESTIONNAIRE

Briefly summarize the Plan you are proposing

LTD Benefits	Your Plan
Maximum Benefit	\$5000
Maximum Monthly Benefit	\$5000
Pre-existing Condition	3/12
Definition of Disability	Own Occ 2 years
Waiver of Premium	Yes
40 hour work week	Minimum hours requirement of 30 hours
Benefit Percentage	60%
Elimination Period	90 days
Own Occupation	2 years
Accumulation of Elimination Period	14 days
Temporary Recovery	Partial disability with proportionate loss calculation
Survivor Income Benefit	3 months
Duration of Benefits	Reducing benefit duration (ADEA I)
Definition of Earnings	Basic monthly earnings not including bonuses, commissions, overtime, or extra compensation.
Deductible Income	Full family integration
Exceptions to Deductible Income	Any income not indicated in the full family provision.
Conversion	Yes
Drug/Alcohol Limitation	24 months
Mental/Nervous Limitation	24 months
Soft Tissue/Musculoskeletal	
Self Reported/Subjective Limitations	
Gainful Occupation Test	
Own Occupation Test	
Child Care Expense Benefits	
Social Security Benefits Required	
Return to work incentive	12 month work incentive benefit
Residual Disability	Yes
Benefit Formula	
Reasonable Accommodation Benefit	
Rehabilitation Provision	
Do 3 rd Party Settlements or Automobile Settlements offset Benefits?	Subrogation rights included
Employers Share of FICA Taxes	Billed back to customer
Indexed Pre-Disability Earnings	Yes
COLA	
Return to Work Responsibility	
EAP	
Continuity of Coverage	

Lee County

Proposed Summary of LTD Benefits



Proposed Effective Date: 01/01/2003

Proposed Summary of Benefits

<i>Provision</i>	<i>Description</i>
Eligibility Class 1	All active full-time employees
Minimum Hours Per Week	30 Hours
Waiting Period (Eligibility)	60 days
Basic Monthly Earnings Definition	Standard, does not include bonuses, commissions, overtime pay or any other extra compensation
Benefit Percentage	60%
Maximum Monthly Benefit	\$5,000
Integration	Primary and Family
Elimination Period	90 Days
Duration Of Benefits	RBD
Survivor Benefit	3 Months
Mental And Nervous	24 Month Limitation
Substance Abuse	24 Month Limitation
Minimum Monthly Benefit	\$100 or 10%
Pre-Existing Condition	3/12
Definition Of Disability	24 Month Own Occ
Partial Disability	QRP +
Work Incentive Benefit	12 Months
Non-Verifiable	Unlimited
Workplace Modification	No Benefit
Rehab Incentive	No Benefit
% ER Contribution	Non-contributory

This proposal is valid for an effective date of 1/1/03.

Liberty reserves the right to reevaluate proposal terms and rates should the effective date change. Additionally, Liberty reserves the right to re-rate if on the eff. date or anytime during the policy year; a) the number of lives/volume change by more than +/- .15%; or b) the plan of benefits change; or c) when a division, associated company or affiliate is added or deleted from this group; or d) the requested level of services change.

This quote assumes our standard contract wording and provisions.

07/08/2002

Lee County

LTD Customer Profile and Rate Summary



Proposed Effective Date: 01/01/2003

Customer Profile

<i>Characteristic</i>	<i>Description</i>
Nature of Business	Public Admin.
SIC Code	9621
% of High Risk Occupations	40%
% Female	44%
% Age 50 and older	38%
% of CP for Age 50 and older	39%
Current Carrier	Liberty Mutual
Number of Lives	2,187
Monthly Covered Payroll	\$6,600,645

Rate Summary

<i>Rates & Premiums</i>	<i>Description</i>
Current Rate	\$.56/\$100
Proposed Rate	\$.33/\$100
Monthly Premium (Proposed)	\$21,782
Rate Guarantee	Through December 31, 2005

This proposal is valid for an effective date of 1/1/03.

Liberty reserves the right to reevaluate proposal terms and rates should the effective date change. Additionally, Liberty reserves the right to rerate if on the eff. date or anytime during the policy year; a) the number of lives/ volume change by more than +/-15%; or b) the plan of benefits change; or c) when a division, associated company or affiliate is added or deleted from this group; or d) the requested level of services change.

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07/08/2002