

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION OF AN
AGREEMENT BETWEEN THE VILLAGE OF DOWNERS GROVE AND
NATIONAL INSURANCE SERVICES OF WISCONSIN, INC. (Long Term Disability)**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois,
as follows:

1. That the form and substance of a certain Agreement (the “Agreement”), between the Village of Downers Grove (the “Village”) and National Insurances Services of Wisconsin, (“NIS”), for long term disability insurance, as set forth in the form of the agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Mayor and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk

**NATIONAL INSURANCE SERVICES OF WISCONSIN
INSURANCE TRUST JOINDER AGREEMENT
FOR
LONG-TERM DISABILITY INSURANCE**

The undersigned Group and the Administrator of the National Insurance Services of Wisconsin Insurance Trust (the "Trust") agree that the following choice of Plan and Options shall constitute its Program as an Employer.

The Plan is as follows:

Section I

| | |
|----------------------------------------------------|----------------------------------------------------------------|
| 1. Employer | DOWNERS GROVE VILLAGE |
| 2. Carrier Number (Employer's Group Number) | 1190 |
| 3. Eligible Class | 01-All Employees, excluding Collective Bargaining Units |
| 4. Effective Date | January 1, 2008 |
| 5. Initial Premium Rate (Monthly) | .275% of covered payroll |
| 6. Plan Renewal Date | January 1, 2009 |
| 7. Maximum Annual Covered Salary | \$120,000 |
| 8. Maximum Monthly Benefit | \$6,000 |

| | |
|-------------------------------------------------|--------------------------------------------------------|
| Conversion | See Section II |
| Rate Change Notification | 60 Days (Standard) |
| Subrogation | Applies per Endorsement No. 3 |
| Effective Date of Insurance - Employees | Per Policy |
| Employer Contribution | 100% Employer Paid |
| Min. Hour Requirement for Active Service | 30 hours per week |
| Continuity of Coverage | Per Policy |
| Elimination Period | 90 Consecutive Calendar Days |
| Definition of Disability | Three years regular occupation (See Section II) |
| Maximum Benefit Period | See Section II |
| Benefit Percent | 60% of Basic monthly earnings |
| Minimum Monthly Benefit | See Section II |
| Termination of Employee's Insurance | See Section II |
| Long Term Care Insurance | Policy Endorsement Applies |
| Probationary Period | 30 Days |

| | |
|------------------------------------------------|---------------------------------------------------------|
| Minimum Participation | 100% |
| Cumulative Elimination Period | See Section II |
| Claim Payment Method/Basic Earnings | Monthly (Per Policy)/Base Wage Only (Per Policy) |
| Monthly Benefit-All Sources Maximum | See Section II |
| Coordination With Other Income Benefits | Full Family/General Freeze (See Section II) |
| Sick Leave | See Section II |
| Recurrent Disability | Per Policy |
| Rehabilitation | See Section II |
| Survivor Benefit | See Section II |
| Partial/Residual Disability | See Section II |
| Maternity Coverage | Option B Applies |
| Pre-Existing Condition Exclusion | See Section II |
| Mental Illness Limitation | See Section II |
| Right of Recovery | Applies |



Section II

Definition of Total Disability:

Under 'SECTION I – DEFINITIONS' of the Policy, under item '(2)' of the definition of "Total Disability" and "totally disabled" the following is hereby added:

'(2) after benefits have been paid for 36 months, the Insured cannot perform each of the substantial and material duties of any gainful occupation for which he or she is reasonably fitted by training, education or experience; and'

Maximum Benefit Period:

| <u>Age At Disablement</u> | <u>Duration of Benefits</u> |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Before Age 60 | The day before attaining the Social Security Normal retirement Age as stated in the 1983 Revision or any later revision of the United States Social Security Act |
| Age 60 through Age 64 | To the later of the above or 36 Months |
| Age 65 through Age 67 | 24 months |
| Age 68 through Age 69 | 18 months |
| Age 70 through Age 71 | 15 months |
| Age 72 and Over | 12 months |

Minimum Monthly Benefit:

The Minimum Monthly Benefit provision applies to Insured's who regularly work at least 30 hours per week. The Minimum Monthly Benefit is \$100.00.

Cumulative Elimination Period:

Under 'SECTION III – BENEFITS' of the Policy, item 'G. CUMULATIVE ELIMINATION PERIOD' is hereby deleted in its entirety and replaced with:

'If an Insured has been Totally Disabled during the Elimination Period, then returns to Active Work and again becomes Totally Disabled from the same or a related cause while the Policy is in force, the Elimination Period will be affected as follows:

- If the Insured's return to Active Work is for a total of 15 consecutive days or less, the Company will count the Elimination Period from the first day of the original period of Total Disability. The Elimination Period will be increased by the number of days of return to Active Work.
- If the Insured's return to Active Work is for a total of 16 or more consecutive days, the Elimination Period will start over and apply to the new period of Total Disability.

Any part of a calendar day on which there has been a return to Active Work shall count as a whole day. Fractions of days shall not be added together for credit under this provision.'



Monthly Benefit:

Under 'SECTION III – BENEFITS' of the Policy, subsection 'B. MONTHLY BENEFIT' is deleted in its entirety and replaced with the following:

'To figure the amount of Monthly Benefit, follow these steps:

1. Multiply the Insured's Basic monthly earnings by the Benefit Percentage shown in this Joinder Agreement.
2. Take the lesser of:
 - a. the amount determined in step (1) above; or
 - b. the Maximum Monthly Benefit shown in this Joinder Agreement.
3. Deduct items '(1)' through '(5)' under 'SECTION III – BENEFITS', subsection 'C. OTHER INCOME BENEFITS', and the following, from the amount determined in step (2):

any salary, wages, partnership or proprietorship draw, commissions, or similar pay that the Insured receives, or is entitled to receive, from any gainful employment in which he or she actually engages. However, such amounts will not be considered for the 12 consecutive months beginning with the day the Insured becomes entitled to such amounts, as long as the sum of:

- a. the income described above,
- b. the amount determined in step (2) above, and
- c. benefits from any other source described in Other Sources,

is not more than 100% of the Insured's Basic monthly earnings. Any amount over 100% will be subtracted from the amount determined in step (2) above when determining the benefit under this plan.

After this 12 month period, the Company will consider 70% of the amount determined after reducing any salary, wages, partnership or proprietorship draw, commissions or similar pay that the Insured receives, or is entitled to receive, from any gainful employment in which he or she actually engages, by any Family Care Expense.

"Family Care Expense" means the expense incurred for the care of one or more dependent family members to allow the Insured to be gainfully employed. The family member must be under age 13, or be physically or mentally incapable of caring for him or herself, and be chiefly dependent upon the Insured for support and maintenance. To qualify the care must be provided by someone other than a relative of the Insured. The allowable Family Care Expense will not exceed \$350 per eligible family member per month. A prorated amount will apply to any period shorter than a month.

4. However, if the amount determined in step (2) above plus the amount of benefits and payments from Other Sources is more than 70% of the Insured's Basic monthly earnings, the Monthly Benefit will be further reduced by the excess.

The Monthly Benefit payable will never be less than the Minimum Monthly Benefit shown in this Joinder Agreement.

"Other Sources" include:

1. Item '(7)' listed in 'SECTION III – BENEFITS', subsection 'C. OTHER INCOME BENEFITS';
2. Any amount the Insured or his or her dependents receives, or is eligible to receive, because of the Insured's disability, under a group, franchise, association or wholesale policy (this does not include credit or mortgage disability insurance).'



Coordination With Other Income Benefits:

In the Policy, under 'SECTION III - BENEFITS', under section 'C. OTHER INCOME BENEFITS', the following sentence is hereby deleted:

'After the first deduction for Social Security benefits, the monthly benefit will not be further reduced due to any cost of living increase payable under Social Security.'

and is replaced with:

'After the first deduction for Other Income Benefits, the Monthly Benefit will not be further reduced due to any cost of living increase payable under any Other Income Benefits.'

Sick Leave:

Under 'SECTION III - BENEFITS', under section 'C. OTHER INCOME BENEFITS' of the Policy, subsection '(a)' under item '(6)' is deleted in its entirety. Subsection '(e)' under item '(6)' is also deleted in its entirety and replaced with, '(e) any other type of extra pay, however there will be no offsetting with Employer-sponsored sick leave;'

Survivor Benefit:

Under 'SECTION III - BENEFITS', subsection 'J. SURVIVOR BENEFIT' shall apply. However, the third and fourth paragraphs are deleted in their entirety and replaced with:

'The Company will pay a benefit to the Eligible Survivor when proof is received that an Insured died while receiving a Monthly Benefit.

The benefit will be an amount equal to three times the Insured's last monthly benefit.'

Pre-Existing Condition Exclusion:

Under 'SECTION IV - EXCLUSIONS AND LIMITATIONS' of the Policy, the language under item 'B. PRE-EXISTING CONDITION EXCLUSION' is hereby deleted in its entirety and replaced with:

"Pre-Existing Condition" means a sickness or injury for which the Insured had received medical treatment, consultation, care or services including diagnostic measures, or had taken prescribed drugs or medicines in the three months prior to his or her effective date.

No coverage is provided for a disability resulting from a Pre-Existing Condition unless:

- 1) the disability begins after a treatment-free period of 3 months, or
- 2) the disability begins after the employee has been Insured for 12 continuous months.'



Mental Illness Limitation:

Under 'SECTION IV – EXCLUSIONS AND LIMITATIONS', under subsection 'C. MENTAL ILLNESS LIMITATION', the following is hereby added as 'OPTION F' and shall apply:

'Payment of Monthly Benefits is limited to a total of 24 months during an Insured Employee's entire lifetime for Total Disability caused or contributed by his or her alcoholism, drug abuse or addiction or use of any hallucinogen, or a mental or emotional disorder. However, if the Employee is confined as an in-patient to a Hospital for such condition, this 24 month limitation will not apply while he or she remains continuously confined.

However, if the Insured Employee is so confined at the end of that 24 month period, Benefit payments for Total Disability will go on for up to 60 days in a row after the confinement ends. If the Insured Employee becomes re-confined during the recovery period for at least 10 days in a row, Benefit payments will continue for the confinement and another recovery period of up to 60 more days. If the Insured Employee continues to be Totally Disabled and become confined after the 24 month period and for at least 10 days in a row, Benefit payments will continue during the confinement.'

Termination of Employee's Insurance:

Under 'SECTION V – TERMINATION PROVISIONS', under 'A. TERMINATION OF EMPLOYEE'S INSURANCE', under '(6)', item '(c)' is hereby added as follows:

'(c) Insured Employees are eligible to continue their insurance due to the following leaves:

- i. an eligible employee may continue his or her insurance due to the Family Medical Leave Act (FMLA) for a duration of time specified by any state or federal law;
- ii. an eligible employee may continue his or her insurance due to a Leave of Absence or due to a temporary Lay-off until the end of the month following the month in which the leave commenced.'

Conversion:

If coverage under this Policy ends and the Insured has been Insured under the Policy for at least one year; then, without evidence of insurability, the benefits offered for conversion at that time will be available based upon the rates in effect for the conversion provision at that time. The Insured must apply for the conversion provision within 31 days following the Insured's termination of benefits under this Policy.

Rehabilitation:

Under 'SECTION III – BENEFITS', subsection 'H. REHABILITATION' is deleted in its entirety and replaced with the following:

'Rehabilitation for the Insured

The Insured may be eligible to receive vocational rehabilitation services. In order to be eligible for such services, the Insured must have the functional capability to successfully complete a rehabilitation plan.

Vocational rehabilitation services will include the preparation of a rehabilitation plan for the Insured with input from the Insured and the Insured's doctor. The Company, the Insured, and the Insured's doctor, or the Insured's Employer can begin the process of developing a rehabilitation plan. Vocational rehabilitation services may include, at the sole discretion of the Company, payment of the Insured's medical expense, education expense, moving expense, accommodation expense or family care expense.

While the Insured is participating with full cooperation in a rehabilitation plan, the Monthly Benefit will be increased by 10% of the Insured's monthly pay or \$1,000, whichever is less. During this period, the Monthly Benefit may exceed the Maximum Monthly Benefit as stated in the Joinder Agreement.

If the Insured returns to work as part of a rehabilitation plan while he or she is disabled, the Company will pay the Employer:



- * 100% of the Insured's salary, wages, partnership or proprietorship draw, commissions, or similar pay; or
- * the Monthly Benefit, if less,

for the first month after the Insured returns to work, or the remaining period of disability, if less.

If the disability ends while the Insured is participating with full cooperation in a rehabilitation plan, and he or she is not able to find gainful work, the Company will:

- * pay the Insured the amount of benefit, other than rehabilitation benefits, that would have been payable if the Insured had remained disabled until:
 - three months after the disability ends, or
 - the date the Insured is able to find gainful work, if earlier; and
- * provide or pay for reasonable job placement services for a period of up to three months after the disability ends.

Failure to participate with full cooperation in the rehabilitation plan, without good cause, will result in the reduction or the termination of the Insured's long term disability insurance benefits. If benefits terminate, the Insured's long term disability coverage under the Policy will end. Reduction of benefits will be based on the Insured's projected income if the Insured had met the goals of the rehabilitation plan. Benefits will be figured as though the Insured was:

- * Actually working in the occupation contemplated in the rehabilitation plan; and
- * Earning the projected income amount.

If such work at the projected income amount would have resulted in the termination of the Insured's long term disability insurance benefits, the Insured's benefits will terminate as of the expected completion of the rehabilitation plan.

"Good Cause" means a medical reason preventing implementation of the rehabilitation plan.

The Company will make the final determination of any vocational rehabilitation services provided, of the Insured's eligibility for participation, and of any continued benefit payments.

Rehabilitation for the Insured's Spouse

The Insured and his or her spouse may ask to participate in a rehabilitation plan for the Insured's spouse while the Insured is disabled if:

- * the Insured is receiving disability benefits from a social security plan, and
- * the Insured's spouse's earnings in the six calendar months prior to the Insured's disability averaged less than 60% of the Insured's monthly pay.

The Company has the sole discretion to approve or deny the request. The terms and conditions of the rehabilitation plan must be mutually agreed to by the Insured, his or her spouse and the Company.

The rehabilitation plan for the Insured's spouse may include, at our discretion payment of the Insured's Spouse's education expense, reasonable job placement expenses, and the family's moving expense, if any. It may also include the family care expense incurred by the Insured's Spouse, necessary in order for the Insured's Spouse to be retrained under the Rehabilitation Plan.

The Monthly Benefit payable will be reduced by 50% of any salary, wages, partnership or proprietorship draw, commissions, or similar pay from and work the Insured's spouse does as a result of participating in the Insured's Spouse's rehabilitation plan. If the Insured's spouse is working when the rehabilitation plan begins, the Company will only reduce the benefit by 50% of the increase in income that results from participation in this rehabilitation plan.



Residual Disability:

Under 'SECTION III - BENEFITS', section 'Q. RESIDUAL DISABILITY' is hereby deleted in its entirety and replaced with:

'If an Insured is working, and is not disabled under the definition of Total Disability, the Insured will be considered "Totally Disabled" during any month when he or she is not able, because of Injury, Sickness or pregnancy, to earn more than 80% of his or her Basic earnings. In determining how much the Insured is earning the following will be considered: wages, salary, commissions and similar pay from any gainful work (including partnership profits, where applicable), whether the compensation is paid in regular installments or in a lump sum, and any other income he or she receives or is eligible to receive. However, sick pay and salary continuance for periods not at work will not be included. Any lump sum payment will be pro-rated over the period of time for which the payment accrued.

The Basic earnings figure as used in accordance with the preceding paragraph, in order to determine if you are "Totally Disabled", will be increased by 7.5% on each anniversary of the date Total Disability began. This increase will not affect the amount of benefit we pay.

If any pro-rated payment plus other earnings received during any month is more than 80% of Basic earnings (including the 7.5% increase), the Insured will not be considered Totally Disabled for that month."



Joinder Agreement

The undersigned Group adopts and agrees to be bound by the terms and conditions of the National Insurance Services of Wisconsin Insurance Trust Agreement, (the "Trust Agreement"), and the insurance agreements covering its employees. Any amendment to said Trust Agreement must be agreed to in writing by the parties. The Group understands that the Trust is a vehicle for obtaining insurance to provide benefits under one or more of the Group's employee benefit programs. In this regard, the Group joins together with other groups under the Trust as a single policyholder in the purchase and maintenance of group insurance policies. The Trust's Administrator shall provide the Group with the information involving the insurance policies which is necessary for the Group to comply with applicable state and federal reporting requirements which relate to this group insurance. The Group agrees to be bound by actions taken pursuant to the powers granted under the Trust Agreement or the affected insurance policy.

This agreement can be terminated by either party upon 60 days written notice or for non-payment of required premium.

The signature by the Administrator of the Trust constitutes acceptance of the undersigned Group as an Employer under the Trust.

This Agreement and Trust Agreement shall be construed and enforced between the parties signing below according to the laws of the State of Illinois. Venue shall be proper only in the County of DuPage for state claims or the Northern District of Illinois for federal claims.

Dated this _____ day of _____, 20_____.

Downers Grove Village
Civic Center
Downers Grove, Illinois 60515-4776

By: _____

National Insurance Services of
Wisconsin Insurance Trust
Administrator - National Insurance Services
of Wisconsin, Inc.

By: 

This Program is underwritten by Madison National Life Insurance Company.