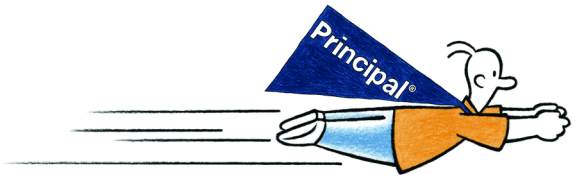

Group Disability Claims

Frequently Asked Questions

From what location will your organization process claims?

Life and Disability claims are primarily administered by Principal Life Insurance Company's home office in Des Moines, Iowa. Some Short-Term Disability claims are handled at our office in Indianapolis, Indiana. The claim area is staffed 7 a.m. to 5 p.m. Central Time. The Life & Disability Claim department has both a toll-free phone number, 800-245-1522, and a toll-free fax number, 800-255-6609. All staff have voice mail, allowing messages to be left 24 hours a day, 7 days a week. Additionally, our 800-fax number is available 24 hours a day, 7 days a week.

When should a Short-Term Disability (STD) or Long-Term Disability (LTD) claim be filed?

For STD, you should encourage the employee to file the claim as soon as you are aware that the employee will be off work beyond the elimination period. For LTD, we typically advise that the claim is filed no later than halfway through the LTD elimination period.

There are many advantages to filing a claim early. Early notification helps us be proactive in obtaining additional information that may be needed to make the initial claim decision. It also assists us in making timely decisions. Once the claim is filed, a claim manager is assigned to the claim. The claim manager will be your point of contact for any claim questions that may arise.

There are four sections to the claim form: the HIPAA Authorization, the Employer Section, the Employee section and the Physician section. All four sections must be completed. Note: If you have both STD and LTD coverages with Principal Life, and you have already filed an STD claim for your employee, you do not need to file a separate form for the LTD coverage.

How are claims submitted?

A Disability claim can be filed the following ways:

- **Online:** claim form from the Forms Library
- **Fax:** 1-800-255-6609
- **Mail:** Principal Life Insurance Company
  Attn: Group Life & Disability Claims Department
  Des Moines, IA 50392-0002
- Telephonic claim submission available upon employer request.

Once I have submitted the claim, will additional information be needed?

Having the claim form completed in its entirety will assist us in our claim evaluation, as well as reduce our need to contact you for additional information. If the insured completes the online claim form or the telephonic claim form is completed by the employee, we will contact the employer to obtain additional information.

If your benefits are based on W-2 earnings and an employee has been employed for more than one calendar year, we ask that the employer provide a copy of the prior year's W-2. For those employed less than one calendar year, we will need earnings for all completed months. If the claim is filed for an owner, please make sure to specify this on the form and we will contact you regarding what is needed for this situation.

To determine eligibility, we also request job descriptions. We need to know the physical demands of the occupation so we can compare them to the restrictions and limitations provided by the claimant's physician.

For customers who have contributory coverage and are self-accounting groups, we request a copy of their enrollment form. This form assists us in verifying that an employee enrolled for coverage on a timely basis. It also shows us what coverage the insured elected.

What is the timing goal for STD claim determinations?

Our goal for adjudicating STD claims is seven days from the receipt of the claim. In circumstances where additional information is needed to make a decision, we will pend the claim until we receive the additional information.

How often are STD benefit checks issued?

We issue STD benefits on a weekly basis. For routine maternities and some routine surgeries, we offer a lump sum payout for the approved duration period.

Why do you sometimes need additional information before making a decision on a claim?

To be eligible for benefits, a person must meet the definition of disability according to the insurance contract. Objective documentation such as physician's office notes, treatment records, hospital records or a physician statement may be required. If we are waiting for information from an outside source, the decision time will depend on when the information is received.

Are benefits guaranteed once a disability claim is filed?

No. The employee must meet the definition of disability as defined by the contract. Medical information submitted must support the definition of disability and cannot be based simply on a physician's opinion. Each claim is reviewed to determine if it meets the contractual requirements for benefit payment.

What is the timing goal for LTD claim determinations?

The claimant will be contacted with an acknowledgement letter within five business days of receipt of the LTD claim. A follow-up phone call will be made to conduct a phone interview to gather additional information. Our goal is to make the LTD decision by the later of 45 days from the receipt of the claim or by the completion of the elimination period.

If we have both STD and LTD coverage, will we need to file a second claim form for the LTD?

A new claim form is not required when moving from STD to LTD when you have an integrated disability program. Our goal is to provide integrated claim processing to streamline claim administration. Some of the features of our integrated process include: single notification of claim, one claim form, smooth and timely transition from STD to LTD whenever possible, early intervention and case management.

What options do employees have for receiving their LTD benefits?

Principal Life offers two monthly LTD payments options:

- Regular check – We will mail a check to the employee's address allowing sufficient time to reach the employee by the benefit due date. LTD payments are made on the 10th of the month.
- Electronic Funds Transfer (EFT) – Employees can elect EFT, which allows us to transfer the employee's LTD benefit to a bank account designated by the employee. We will transfer funds allowing sufficient time to reach the employee's account by the benefit due date.

How do you figure the employee's disability benefit?

The contract dictates the percent of benefit or defines a flat benefit the employee is entitled to. The benefit is calculated by multiplying the employee's pre-disability income by the benefit percent, less income from other sources as identified in the contract. The contract may also contain a maximum and minimum benefit payable.

What is integration with other income sources?

Our contract supports the integration of other income sources with the benefit the employee is eligible for. This means the employee's benefit is reduced by the amount of income received from other income sources, such as (see the contract for full details):

- Social Security, Employee and Family
- Worker's Compensation
- State Disability Benefits
- Salary Continuance

If returning to work on a part-time basis, how are part-time earnings provided?

We must receive part-time earnings information on a weekly basis for STD and a monthly basis for LTD. We will need the number of hours worked each week per month and the rate of pay. Use our form to submit this information to us via our 800-fax (800-255-6609). We can calculate the partial benefit once we receive this information.

What are benefit duration guidelines?

Principal Life uses several common industry resources to evaluate the length of disability, as well as our in-house nurses, physicians and outside consultants. We consider each claim to be unique and evaluate every claim individually. Additional factors are taken into consideration when applying duration guidelines, including the employee's age, occupation and possible secondary diagnosis.

How are phone calls handled?

We have a trained, dedicated Call Center to assist with general questions. More specific questions are transferred directly to the claim examiner. This ensures that the person talking to the employee will have the most knowledge concerning the claim.

Callers also have the ability to direct dial to the specific claim examiner that has been assigned to his or her claim. Our phone system allows calls that have not been assigned to be distributed randomly by "hunt groups" to allow for continuous coverage and back-up by trained claim staff.

Who screens claims for case management?

We prioritize our claims and develop an action plan on all claims, except for normal pregnancy and claims where the employee returns to work within the expected duration guidelines. The claim analyst, nurse consultant, vocational consultant and Social Security consultant participate in this process. We believe this team approach allows us to identify the appropriate case management resources for every claim as early as possible.

Do you have a formal rehabilitation program?

We have qualified rehabilitation professionals on staff to provide rehabilitation services to our claimants. We prefer to use our in-house professionals, rather than outside vendors, as it gives us greater control over the quality of services and better outcomes on cases. We utilize vendors when there are geographical issues best handled by someone locally.

Our primary goal is to help employees return to work at their regular occupation with their employer. If this will not be possible, we work with the employee to find alternate placement through a full spectrum of vocational and outplacement services.

Do you help disabled employees apply for Social Security disability benefits?

We emphasize referrals to our Social Security Coordinators as early as possible. If a claim has been identified as one that might meet the eligibility requirements for Social Security, our coordinators begin working immediately to refer the file to one of three highly respected Social Security vendors in the industry. Our vendors work directly with employees to assist with gathering information and submitting the application. They can explain the benefits of Social Security, including Medicare coverage, retirement savings protection, cost of living increases and other benefits. Even after receiving a Social Security denial, the vendor will work with the employee on the appeal process.

What information is needed when the employee returns to work?

We ask that we be notified as soon as possible once the employee returns to work to avoid overpayment. You may reach us at 800-245-1522. We will need the employee's name, the date he/she returned to work, and whether the employee returned to full- or part-time work.

If working ceases for disability or any other reason, do I need to notify Principal Life?

When an employee ceases to work for any reason, it is important for the employer to review the Continuation section of the applicable STD, LTD or Life insurance products you have with us. This will assist you in determining how long premiums are allowed to be continued for the employee's benefits. With regards to Life coverage, the employer should determine if they are responsible for offering the employee the right to convert their policy to an individual policy when appropriate.

WE'LL GIVE YOU AN EDGE℠

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

This overview of the claim process is not a guarantee of payment or complete statement of the guidelines and requirements of the claim process. Timing goals are not guaranteed.