

Klinge Corporation

Short-Term Disability

POLICY

.01 Klinge Corporation provides a self-funded Short-Term Disability Program to eligible full-time regular employees as approved by Klinge Corporation designed to assist those regular employees unable to work due to extended illness or disability lasting up to 180 days.

.02 All regular full-time employees with more than one year of continuous service based on the date of employment as a regular full-time employee are eligible for Short-Term Disability benefits.

.03 Employees may also be eligible for the Klinge Corporation's Long-Term Disability Plan, which provides benefit payments to regular full-time employees with at least 90 days of full time service, after 180 days of total disability.

.04 Any illness or impairment of health *verified by a certified doctor's written statement*, that requires an employee to be absent from work for 10 or more continuous working days, qualifies the eligible employee for consideration of benefits under the Short-Term Disability Program.

.05 Benefits are available only to an employee who is under a certified physician's care. A doctor must certify the starting, continuing, and ending dates of the employee's disability. Payment of the employee's Short-Term Disability benefits will be delayed or denied if we are unable to certify the initiation or continuing status of the disability period.

.06 Short-Term Disability benefits must be approved before benefits are paid. The fact that an employee presents a doctor's certificate indicating an illness/disability does not in and of itself establish eligibility for Short-Term Disability benefits.

.07 Klinge Corporation reserves the right to request additional information from the employee or the employee's physician and/or to request the employee to obtain certification of the illness/disability from a physician of Klinge Corporation's choice at Klinge Corporation's expense, prior to granting approval of Short-Term Disability benefits under this program.

.08 Benefits under this program must be requested by the employee through the Human Resources department and approved by the General Manager.

.09 Klinge Corporation may place employees on a medical leave of absence without pay if doubt exists to the bona fide nature of the illness/disability or if additional medical information is required to substantiate the claim. When additional medical information is requested, employees remain on medical leave of absence without pay until the illness/disability is certified and an effective date obtained based on the additional information from the employee's physician or a physician of Klinge Corporation's choice.

.10 Reconfirmation of disability or long-term illness by the patient's physician will be required by Klinge Corporation every two weeks unless a physician is able to project at the outset a total period of disability. These re-certifications may be subject to review by a physician called in at the company option and expense.

.11 Short-Term Disability benefits start on the date of the doctor's certificate or the first day of the eligible disability period as indicated by the effective date of the doctor's certificate.

.12 Maximum benefits under the Short-Term Disability Program are 60% of salary or wages based upon the full-time employee's scheduled work week. These benefits will be in force for up to 180 calendar days.

.13 All Klinge Corporation's Paid Time Off (PTO) benefits must be used prior to the payment of Short-Term Disability. PTO does not accrue for the time for which short term disability benefits are paid.

.14 Pregnancy is treated the same as is any illness under the Short-Term Disability Program. Commencement of Short-Term Disability benefits for a maternity leave must be based on actual disability of the individual, not the mere fact of the pregnancy.

15. Any payments made directly to or on behalf of the employee as a result of the injury/illness for lost work time from third parties including: insurance companies, government agencies, etc. must be reimbursed to Klinge Corporation up to the amount paid by Klinge Corporation as disability payment plus any amounts paid by Klinge as payroll taxes and insurance premiums or other benefits paid as a result of the employee's employment and disability payments. For example, an insurance company provides salary continuation to the employee for a lost work time injury at a rate of 100%, the employee and/or insurance company must reimburse Klinge Corporation for the 60% Short-Term Disability paid to the employee during the same timeframe, plus the payroll taxes and insurance premiums or other benefits paid as a result of the employee's employment and disability payments.

.16 The intent of this policy is to ensure that employees maintain 60% of their income throughout their Short-Term Disability period.

.17 If an employee returns to work on a part-time basis, Short-Term Disability payments will be pro-rated by deducting for time worked up to a 24 hour work week. Once the employee works 24 hours or more in a week, Short-Term Disability Payments will be terminated.