

**AGREEMENT**

**BETWEEN**

**WESCO**



**WESCO DISTRIBUTION, INC. AND**

**LOCAL UNION 1260**

**IBEW1260**



**OF THE**

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

**AFL-CIO**

**2020 - 2023**

**Hawaii District**

**EFFECTIVE DATE – February 1, 2020**

**TERMINATES – January 31, 2023**

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## **AGREEMENT**

This AGREEMENT by and between WESCO DISTRIBUTION, INC. Hawaii District, hereinafter called the "Company" and LOCAL UNION 1260, of the International Brotherhood of Electrical Workers, AFL-CIO, hereinafter called the "Union".

**WITNESSETH:**

### **SECTION 1**

#### **Duration of Agreement**

This Agreement shall be effective to and including January 31, 2023. It shall be deemed renewed thereafter from year to year unless either party hereto, within the period hereinafter designated, gives written notice to the other party hereto of its desire to amend, modify, or terminate the same; in such case such notice must be given by the party desiring to amend, modify, or terminate the Agreement not less than sixty (60) days nor more than seventy-five (75) days prior to the expiration date. In the event such notice is given, and only in such event, negotiations for a new Agreement shall commence within ten (10) days after the date on which such notice was received by the other party hereto.

### **SECTION 2**

#### **Agreement may not be Amended Except by Written Document**

The parties realize that not infrequently, after agreements similar in part to this Agreement have been executed, one party thereto will contend that the other party has at some time during the term of the Agreement orally agreed to amend, modify, change, alter, or waive one or more provisions of the Agreement or that by the action or inaction of such other party, the Agreement has been amended, modified, changed or altered in some respect. With this realization in mind and in order to prevent such contention being made by either party hereto, insofar as this Agreement is concerned, the parties have agreed and do hereby agree that no provision or term of this Agreement may be amended, modified, changed, altered, or waived except by a written document executed by the parties hereto. This Agreement may be amended at any time by mutual consent of the parties hereto.

### **SECTION 3**

#### **Successorship**

If during the term of this Agreement, the Company is reorganized so that (1) its operations and activities will be limited to the Islands of Oahu, Kauai, and Molokai, Hawaii, and (2) its current operations on the Island of Maui are assumed by Company known as WESCO DISTRIBUTION, INC., Maui, Hawaii, or a name similar hereto; and (3) its current operations on the Island of Hawaii are assumed by a company known as WESCO DISTRIBUTION, INC., Hilo, Hawaii, or a name similar thereto and (4) the latter two companies are independent of WESCO DISTRIBUTION, INC., Honolulu, Hawaii, then the parties agree that the Agreement herein will, effective on a date to be agreed on by the parties, be restricted to the Islands of Oahu, Kauai, and Molokai, and separate but identical Agreements will be executed effective on the same date, covering the employees, respectively, of the other two companies; provided however, that the employees of those two companies will be credited with all past service with WESCO DISTRIBUTION, INC., Honolulu, Hawaii.

### **Persons Covered by this Agreement**

The terms and provisions of this Agreement shall, to the extent hereinafter set forth, apply to all persons in the employment of WESCO DISTRIBUTION, INC., Honolulu, except executives, supervisory employees, guards, and watchmen, outside wholesale salespeople, confidential employees, engineers, and other professional employees.

All Inside Sales Personnel hired in training to be Outside Salespersons, and/or for other non-bargaining unit positions will be subject to a probationary period of one (1) year. After thirty (30) days, Union membership is required for continued employment.

### **SECTION 4**

#### **Recognition of Union as Bargaining Agency for Covered Employees**

- (a) The Union represents to the Company that the Union has the authority to enter into this contract which shall be considered as legally binding upon the Company and the Union.
- (b) The Company, relying upon such representation, hereby recognizes the Union as the sole and exclusive representative of its employees covered as shown in Exhibit A for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment, and other conditions of employment. All employees in the bargaining unit as shown in Exhibit A shall abide by the terms contained in this Agreement.
- (c) The Company agrees that it will inform each new bargaining unit employee to the fact that Local 1260, International Brotherhood of Electrical Workers, AFL-CIO has been legally recognized as the sole collective bargaining agent for all employees in the bargaining unit.
- (d) Each present regular employee covered by this Agreement who is a member of the Union in accordance with its constitution and by-laws on the effective date of this Agreement shall continue to remain a member of the Union as a condition of employment during the term of this Agreement.
- (e) Each employee who is not a member of the Union at the time of employment shall become a member of the Union not later than the thirty-first (31) day of their employment and shall thereafter continue to remain a member of the Union as a condition of employment during the term of this Agreement. In no event, however, shall any such new employee be required as a condition of employment to become a member of the Union sooner than thirty-one (31) days after the date of their employment. Any present regular employee who, on the effective date of this Agreement, is not a member of the Union shall not be required to become a member of the Union as a condition of continued employment. Any such employee, however, who during the term of this Agreement and after its date of execution, joins the Union must thereafter maintain their membership in the same manner as provided for regular employees who are members of the Union on the effective date or the date of execution of this Agreement.
- (f) Nothing herein contained shall require the Company to discriminate (1) against an employee for non-membership in the Union if such membership was not available to such employee on the same terms and conditions generally applicable to other members, or (2) against an employee with respect to whom membership in the Union shall have been denied or terminated for any reason other than their failure to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining membership in the Union.

## **SECTION 5**

### **Prohibition Against Discrimination by Company and Against Intimidation and Coercion by Union**

The Company will not discriminate against any employee because of their membership in the Union or for legitimate Union activity not prohibited by this Agreement and the Union agrees for itself and its representatives that there shall not be intimidation or coercion of any employee of the Company for the purpose of compelling any employee to join to the Union.

## **SECTION 6**

### **Rights of Management**

The supervision and control of all operations and the direction of all working forces, including the right to hire, to suspend or discharge for proper cause, or to promote employees or to transfer employees or to relieve employees from duty because of a lack of work, or for other legitimate reasons, are vested exclusively in the Company, subject to any specific provisions to the contrary contained in this Agreement. Based on the immediate needs of the Company, the Company has the right to adjust the schedule, including requiring overtime from time to time. In addition, the Company in conjunction with the Union has the right to accommodate an employee's request for modifying his or her regular working schedule on an individual basis based on the employee's circumstances and the Company's ability to function properly.

## **SECTION 7**

### **Posting Notice of Vacancies and New Positions**

- (a) When a vacancy occurs, or a new position is created, WESCO company policy and processes will be followed to create the position within WESCO's HR system. All employees have access to all jobs created and posted within WESCO and can create job alerts if actively looking.
- (b) The Company retains the right to expand its temporary forces at any time. The Union shall be consulted of any additions in advance.
- (c) Casual employees shall not be considered as being in the normal line of progression.

## **SECTION 8**

### **Seniority**

"Seniority" as used herein is that status accrued by length of service with the Company under specific rules and regulations as defined in this Agreement.

Seniority shall be deemed to accrue from the date when an employee last began continuous work for the Company and continuous work with the Hawaiian Electric Company, Limited, and/or The Hawaiian Electric Supply Company prior to December 31, 1955, and Westinghouse Electric Supply Company prior to March 1, 1994.

The seniority provisions of the Agreement shall not apply to casual and probationary employees until they have acquired regular status. An employee who acquires regular status will receive seniority credit for continuous service from the initial hiring date.

Upon request the Company will deliver to the Union the current wage rate list of bargaining unit employees.

## **Basic Factors**

It is the intention of the Company to promote well-qualified employees. It is understood and agreed that in all cases of transfer, promotion, increase or decrease of personnel or recall after layoff, the following factors shall be considered:

- Qualifications for open position
- Performance on present job
- Physical fitness
- Safety record
- Attendance record
- Length of continuous service

The relative merits of these factors will vary with different jobs. When these first five (5) factors are sufficient to meet the standards of the open position, length of continuous service shall govern continuous service for an open truck driver position; in the warehouse shall include only service as a truck driver and/or truck helper. However, the Company and the Union agree that an outstanding employee may be given preference for the open position. It is the intention of the Company to promote the employee with the longest continuous service when there are only minor differences in these first five (5) factors.

### **A. PROMOTIONS**

Qualified employees meeting the above mentioned "Basic Factors" will be given preference for promotion. The Company will follow union rules and guidelines for promotions but if circumstances warrant the Company reserves the right to do what is in the best interest of the Company. Any decisions will be in conjunction with the Union.

### **B. TRANSFERS**

Employees in the bargaining unit who have been transferred or advanced to positions within the bargaining unit and who, at that time, had one year or more company seniority, shall be entitled to be transferred back to their original positions, provided they have seniority over the person then occupying such position. If such employee does not have seniority over the person then occupying their original position, they shall be entitled to have the next best position in such department for which they have seniority and are otherwise qualified. If an employee requests to be transferred back to their original position the salary will also revert to that position's pay level. In the event that the employee's original position is no longer available they will be offered the "next best" available position that he/she is qualified for. If there is no other position available, they may continue in their present position or be released with no severance.

### **C. ILLNESS OR INJURY**

- (1) Seniority shall not be lost by reason of an involuntary layoff or break in continuous work due to no fault on the part of the employee, or to injuries incurred by an employee while on duty, provided, however, that in the event of such layoffs or breaks in continuous work, seniority shall not accrue for the period of such absence from work.
- (2) An employee of the Company who is ill or injured shall be entitled upon their recovery to return to their former position without loss of seniority, provided they are physically and mentally qualified, and the Union agrees on behalf of the employees

of the Company that any employees advanced or transferred during such absence will consent to such demotions as are necessary to make room for such employees returning to work, provided such loss of time due to injury or illness does not exceed one (1) year.

**D. PHYSICAL EXAMINATION**

Employees who are absent from work for a period of more than six (6) months by reason of curtailment of employment or injuries incurred while on duty or who become ill may be required by the Company to pass the regular physical examination required at that time by the Company for new employees.

**E. LAYOFFS**

- (1) The Company agrees to give two (2) weeks' notice to the employees and the Union in advance of a group layoff for lack of work and to make available for inspection the names of employees who are to be laid off. The notice will state the nature of the layoff to each employee, whether it is a temporary or a final termination.
- (2) In the event a reduction of forces is made in a department, employees having seniority will be entitled to transfer on the following basis:
  - a. In the event of a temporary curtailment in any department, the Company reserves the right to transfer employees to other departments to do such work as may be available and suitable to their skill and experience, provided that no employee of a longer seniority may be displaced by an employee so transferred who has less seniority.
  - b. In case of temporary curtailment of work, a laid off employee will retain, for a period not to exceed six (6) months, the seniority they have accumulated in their former position. After the expiration of the six (6) months period, if they should return, it will be in the status of a new employee.
  - c. If work is available within a period of six (6) months after layoff, the Company shall notify the employee by personal call or by mail to last known address.
  - d. Should a former employee who has been temporarily laid off fail within two (2) weeks after being notified to return or elect for any reason not to return to the Company upon being notified that work in their former classification or work suitable to their skill and experience is available for them, their seniority shall thereupon cease and if later they return to the Company it shall be without seniority. If an employee is laid off and qualifies based on years employed, they would receive a separation package as described in the Permanent Separation Allowance (PSA) section.

**F. PERMANENT SEPARATION ALLOWANCE**

(1) A Permanent Job Separation occurs when an employee's position is eliminated and there are no prospects of re-employment in the foreseeable future. It is assumed that the termination of employment is through no fault of the employee but due to a lack of work associated with the business. A Permanent Job Separation does not occur if the employee is offered continued employment.

- (2) The purpose of a separation allowance is to provide an income during the transition period of unemployment after the employee leaves the Company.
- (3) The amount of the employee's separation allowance is based on full years of WESCO Eligibility Service, in accordance with the table below. The criteria are as follows:
- a. Must be a full time employee
  - b. Not on disability or leave of absence
  - c. Separated through no fault of their own

Eligibility Service	Separation Allowance Calculation
0 – 2 years of service	Two (2) weeks' pay
3 – 5 years of service	One (1) week's pay for each full year of Eligibility Service (minimum = four (4) weeks pay)
6 – 15 years of service	Five (5) weeks' pay plus 1 ½ times the employee's weekly pay for each full year of Eligibility Service over six (6) years
Over 15 years of service	Twenty (20) weeks' pay plus two (2) times the employee's weekly pay for each full year of Eligibility Service over fifteen (15) years (max = fifty (50) weeks of pay).

- (4) The Company will pay a separation allowance through the Company payroll system with the applicable taxes withheld once per month until payment of full allowance is complete. Monthly payment will be equal to the employee's monthly salary at the time of separation. Final payment may or may not be a full paycheck depending on what the employee is owed at the time of separation as determined by the aforementioned Separation Allowance calculation.
- (5) All accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance. Employees will have the opportunity for continued healthcare by exercising their COBRA benefits as defined by Federal Law.

#### **G. DISCRIMINATION CLAUSE**

Local Union 1260 of the I.B.E.W. and Company reaffirm their intention that the provisions of this Agreement and of any supplement will continue to be applied without discrimination because of race, creed, color, sex, age, or national origin of the employee.

## SECTION 9

### Continuous and Uninterrupted Service

The parties hereto agree that during the term of this Agreement there shall be no lockout by the Company, nor any strike, sit-down, concerted refusal to work, stoppage of work, slow-down, retarding of production or picketing of the Company on the part of the Union or its representative.

## SECTION 10

### Classification of Employees and Rates of Pay

(a) The presently existing classification of employees and the presently existing rates of pay pertaining to each classification as shown on Exhibit A attached hereto shall continue during the term of this Agreement. The classification set forth in Exhibit A is for the purpose of determining rates of pay and it is expressly understood and agreed that all of the employees covered hereunder may be obliged when necessary to perform any of the Company's work as directed by management without regard to classification of employment and without change in compensation. When such an employee performs work outside their classification pursuant to the direction of management, and their performance of such work results in disciplinary action, then the employee may have recourse to the grievance procedure, but only upon the question of whether the work to which they were so assigned was beyond their capabilities. This section shall not be construed to permit the Company to assign regular work of a higher classification to any employee in a lower classification without giving such employee the prevailing rate of pay for such higher work in accordance with the classification and pay schedule. Employees in Exhibit A shall receive their present rate or the base salary of the higher rated job, whichever is the greater.

An employee in Exhibit A may be temporarily assigned to a different classification for up to two (2) hours at their standard rate of pay. If more than two (2) hours is required in this assignment, any hours worked beyond the first two (2) hours will be paid at the higher classification.

(b) Covered employees shall be paid bi-monthly. Pay checks will be available to those employees on the 15<sup>th</sup> and the end of each month.

(c) Employees will be eligible for an annual bonus in accordance with Exhibit B to this Agreement. Bonuses are not guaranteed and will only be paid only if financially justified in accordance with the calculation set forth in Exhibit B.

(d) Anything herein to the contrary notwithstanding, the Company may make blanket wage increases at any time whenever in its sole judgment such increases are merited.

(e) In the event that the Company requires an examination for advancement a Union representative will be present at the examination and a list of all examination questions shall be available to the Union and due consideration shall be given to suggested changes and additions proposed by the Union.

(f) When an employee's rate of pay or classification is changed, the Union and the employee will receive from management a written notice of their new classification, rate of pay, and effective date.

**(e) WAGE DIFFERENTIAL FOR INCAPACITATED EMPLOYEES**

(1) When an employee becomes unable to perform their normal duties because of a disability which was incurred by reasons beyond their control or for which they are not receiving Workmen's Compensation benefits, and if the Company is able to provide them with work which they are capable of performing in a lower classification, they will be assigned to such work.

(2) The employee's adjusted pay rate for their new classification shall be determined by the following procedure:

- a. Employees with less than five (5) years of continuous service at the time of reclassification shall receive the established rate of the new job.
- b. An employee in Exhibit A with more than five (5) years of continuous service at the time of reclassification shall receive the established rate of the new job plus an additional four per cent (4%) of the difference between the established job rate of their former position and the established job rate of their new classification for each full year of continuous service. Fractions of cents per hour will be increased to the next full cent. An employee in Exhibit A with more than five (5) years of continuous service at the time of reclassification shall receive the salary in the new block that is in the same relative position as their current salary in its block plus an additional four per cent (4%) of the difference between these two salary rates for each full year of continuous service.
- c. The employee's pay rate shall be reduced to the adjusted pay rate in steps of five cents (\$0.05) per hour each pay period following the date of reclassification until the adjusted pay rate is reached. The first reduction step will be made on the date of reclassification.
- d. No retroactive adjustments will be made under this plan.

**SECTION 11**

**Hours of Labor – Travel Time – Weekend Work – Meal – Break**

**A. HOURS OF WORK**

(1) The work day shall be twenty-four (24) consecutive hours and eight (8) hours shall constitute the regular day's work.

(2) Forty (40) hours shall constitute a regular week's work and a regular week's work shall be performed on five (5) consecutive days, which shall be normally Monday to Friday, inclusive, and such other regularly scheduled work days to such extent and at such hours as may be required by the Company in its operations.

(3) Eight (8) hours shall constitute the regular day's work, which hours shall be consecutive except for time out for meals. Meal periods shall not be considered as breaking the continuity in determining whether or not an employee has worked in excess of eight (8) consecutive hours, but such employees shall be paid for the meal period except during extended overtime periods. Meal periods shall be no more than 30 minutes.

(4) All work in excess of eight (8) hours in any work day, or in excess of eight (8) consecutive hours of any work performed after an employee's normal quitting time shall be considered as overtime and shall be paid for at the rate of one and one-half (1 ½) times the regular straight time hourly rate for the first four (4) hours of such overtime, and at two (2) times the regular straight time hourly rate for all work in excess of such four (4) hours of overtime in any work day.

(5) When an employee has worked a portion of their scheduled day and is ordered home to rest in order that they may perform overtime work at some later time, the balance of the hours of their scheduled day shall be paid for.

(6) The first eight (8) hours of all scheduled work performed on the designated sixth (6) day of work week shall be paid for at one and one-half (1 ½) times the regular straight time hourly rate and all work in excess of eight (8) hours on the designated sixth (6<sup>th</sup>) day shall be paid for at two (2) times the regular straight time hourly rate.

(7) All hours of scheduled work performed on the seventh (7<sup>th</sup>) day of the work week shall be paid for at two (2) times the regular straight time hourly rate.

(8) In no case shall the rate paid for any hours worked under the provisions of this Agreement be construed to be in excess of two (2) times the straight time hourly rate, except for those employees who work on the designated paid holidays, in which event the employee will receive the applicable overtime rate plus the additional straight time rate for the designated holiday.

(9) Work schedules will be posted one (1) week in advance in all departments showing the regularly assigned work days and the designated days off.

(10) All Union employees have a fifteen (15) minute morning break each work day.

(11) Employees reporting for work pursuant to instructions from a superior will be credited with two (2) hours of pay if conditions beyond the employee's control are so unfavorable that the Company's representative having authority in the premises directs that no work be attempted.

## **B. WEEKEND WORK FOR EMPLOYEE**

(1) Employees will be given notice by 12:00 o'clock noon Friday for work to be performed on weekend days. If the notice is not given, the first four (4) hours of work of each day, shall be paid for one and one-half (1 ½) times the regular straight time hourly rate, and two (2) times the regular straight time hourly rate shall be paid for all work in excess of such four (4) hours of work in that day.

(2) Scheduled work on the sixth (6<sup>th</sup>) and seventh (7<sup>th</sup>) day shall be paid for in accordance with Section 11(A) (6) and 11(A)(7).

- (3) It is the intention of the Company to allow any employee who is required to perform emergency work at night a reasonably sufficient rest period before they are called back to work. At the same time the Company does not wish to penalize employees with regard to overtime pay by reason of their having to perform emergency work for the Company.
- (4) Employees who have performed emergency night duty and have been laid off for a rest period because of unfitness to perform work during all or part of their regularly scheduled working hours on the following day will have their overtime computed under the following policy. The duration of such layoffs, not to exceed eight (8) hours in any one day will be credited towards the employee's straight time hours upon the basis of which their overtime is computed. The employee will not be paid for the hours they had laid off, but such hours will be counted as time worked in computing the overtime pay.

### **C. MEALS**

- (1) When employees are required to work beyond their regularly scheduled hours, which would cause the work to overlap the regular meal period, the Company will furnish meals on the following basis:
- (2) When an employee is required to work one and one-half (1 ½) hours beyond their normal quitting time, the Company will furnish a meal to the employee. Additional meals will be furnished to the employee at the end of each five (5) hours thereafter.
- (3) If the employee is not required to return to work, the time required to eat the meal will not be considered time worked and will not be paid for, however, if the employee is required to return to work, the time required to eat the meal will be paid for at the applicable rate.
- (4) An employee who is required to work two (2) hours or more beyond the normal quitting time and who does not stop for a meal will be furnished a meal and will be paid for the time required to eat the meal regardless of whether or not they return to work.
- (5) When an employee is called out for emergency work without previous notice, the Company will furnish the normal meals that would be scheduled during the period of work.
- (6) No fixed amount will be established for the meal, but under normal conditions the amount to be paid by the Company shall not exceed ten dollars (\$10.00). The employee will be paid when the bill is approved by the supervisor.

## **SECTION 12**

### **Holidays**

- (a) The Company will observe the following holidays. Except when necessary the Company will not require employees to work on the following days:

New Year's Day  
President's Day

Day After Thanksgiving  
One-Half Day Christmas Eve

Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day

Christmas Day  
One-Half Day New Year's Eve  
Three Floating Holidays

- (b) The three (3) floating holidays must be applied for and approved prior to utilization. Under normal conditions, such request should be made one week in advance. The additional three (3) floating holidays may be taken in conjunction with vacation with management's approval. The Company reserves the right to assign floating holidays.
- (c) When a holiday falls upon an employee's first scheduled day off during their work week, the preceding scheduled day shall be observed as the holiday.
- (d) When a holiday falls upon an employee's second scheduled day off during their work week, the following scheduled work day shall be observed as the holiday.
- (e) When the holiday falls on an employee's first day off and they are required to work, they will receive straight time pay up to a maximum of eight (8) hours for the hours worked, which will be their holiday pay. In addition, they will be paid one and one-half (1 ½) times their regular straight time rate for the first eight (8) hours worked, and all overtime in excess of the eight (8) hours shall be paid for at two (2) times the regular straight time rate.
- (f) All employees in the bargaining unit whose work schedules permit will be entitled to have the day off and shall receive their regular straight time pay for eight (8) hours when these designated holidays fall on the employee's regularly scheduled working day.
- (g) In case the Company does require an employee to work on any designated holiday, he will receive eight (8) hours holiday pay and, in addition, the work performed by such employee shall be paid for at one and one-half (1 ½) times the regular straight time rate.
- (h) An employee who has been notified at least twenty-four (24) hours in advance to work on a holiday and does not work without a valid excuse shall receive no holiday pay for that day. Advance notice may be less than twenty-four (24) hours in case of emergency.
- (i) An employee who has an unexcused absence on a scheduled work day immediately preceding or immediately following a holiday will receive no holiday pay for such holiday.

### **SECTION 13**

#### **Personal Time Off (PTO) with Pay**

- (a) Vacation and sick days will be combined into a single "bank" of days that regular, full-time employees may use to take time off work at their discretion. PTO days may be used for vacation, illness, time off to care for dependents or other personal reason and may be taken in hourly increments.
  - 1) PTO must be scheduled in advance (in accordance with branch PTO request processes) and approved by your supervisor, except in cases of illness or emergency

(additional documentation may be requested before unscheduled PTO time is approved – i.e. doctor's note).

- 2) The PTO Policy does not cover scheduled holidays, floating holidays, time off for jury duty or bereavement leave. When you have exhausted your PTO days for the year, time off will be without pay unless you qualify for short-term disability.

- (b) Paid Time Off is accrued during each full month of employment during the calendar year and is generally fully accrued by October 31 of each year. Employees will accrue PTO days based on the schedule below during the year of their employment anniversary. Paid Time Off is based on the following schedule:

Completed Years of Employment:	Annual Award	Accrual Schedule (accrual is complete by 10/31)
Up to and including year 4	15 days	(1.5 days per month)
Beginning in year 5	20 days	(2 days per month)
Beginning in year 10	22 days	(2.2 days per month)
Beginning in year 15	25 days	(2.5 days per month)

- (c) Employees may carry-over 5 PTO days into the following calendar year. Any carry-over days must be used during the following year or the days will be forfeited.
- (d) Upon termination of employment, employees will be paid for unused PTO time that has been accrued through the last day of work. Employees who terminate their employment will have deducted from their final pay any PTO days that they have already received but have not yet accrued.

## SECTION 14

### Employee Benefits

The standard WESCO Distribution, Inc. "Human Resource" plans in effect as of January 2020 (or whatever is more current) will be extended to all WESCO Hawaii employees represented by I.B.E.W., Local Union 1260. The plans include but are not limited to health care, retirement savings program, dental plan, short-term and long-term disability plans, and life and personal accident insurance plans. (*A Summary of Benefits* is included in Attachment "D"). At such times that the plans are amended, they will be made available to each employee. Any changes other than those deemed as improvements will be discussed and if mutually satisfactory alternatives can be identified they may be implemented. The Company will continue to make available the HMSA, HMO or equivalent to each bargaining unit employee.

The Company will furnish each employee at least the equivalent of what is statutorily required by the State of Hawaii Prepaid Health Care Act. (Subject to a complete review with the State of Hawaii.)

### A. WORKER'S COMPENSATION

WESCO provides a comprehensive worker's compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, worker's compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported as quickly as possible. Paid time off workers' compensation will not be counted as hours worked for purposes of determining overtime.

## **B. SHORT-TERM DISABILITY**

### **ARTICLE 1**

The short-term disability plan will be administered per the attached "Group Short Term Disability Insurance Certificate" document (Attachment "E") effective date January 1, 2015. In no case less than that statutorily required by State Law.

### **ARTICLE 2**

The employee must provide substantial proof of illness satisfactory to the Company in order to receive benefits under the short-term disability plan. Medical certificates may be required at the discretion of management if abuse is suspected.

### **ARTICLE 3**

The Company will pay wages for the first week of disability absence. Henceforth there will be a coordination of benefits between the State of Hawaii, the Company's insurance carrier, and the Company to compensate the employee, per Article 1, to no more than their base salary.

### **ARTICLE 4**

Employees absent from work because of illness or injury shall notify their supervisor or the Branch Administrative Manger before 8:00 a.m. on the first day of absence. Employees must also keep the Company informed about their condition should the illness go beyond one (1) day. Failure to notify either of the above on the first day shall forfeit benefit payments unless the delay is proved unavoidable.

### **ARTICLE 5**

Employees who falsify illness reports or abuse the privileges of the plan may be terminated for cause.

### **ARTICLE 6**

When an employee has been hospitalized for a period of twenty-four (24) hours or more on days which have been scheduled as vacation, they may qualify for benefits in accordance with the schedule for those days, provided they submit a doctor's (M.D.) certificate to that effect. The days for which benefits have been paid will be considered as part of the short-term disability benefits. Vacation days may be taken later in that calendar year.

### **ARTICLE 7**

If, due to illness or injury, an employee has used all benefits under the short-term disability plan, they shall receive benefit payments as required under the Hawaii Temporary Disability Law, under the conditions and to the extent stipulated in said law, for a period not to exceed twenty-six (26) weeks, counted from the first day after the onset of the disability. It is understood that all payments under the short-term disability plan made during this twenty-six (26) week period are deemed to include TDI benefits.

## **SECTION 15**

### **Safety Rules**

(a) The WESCO safety policy shall be adhered to by the Company and its employees, and it may be changed by WESCO from time to time to meet new conditions as they may arise to provide safer working conditions for the employees.

(b) It is not the intention of the Company to hold the Union liable for such acts of individual employees in violation of the Safety Rules provisions of the contract where such acts are not sponsored, authorized, or ratified by the Union or its representatives.

(c) The Union's Safety Committee may submit suggestions to the Company concerning the revision and enforcement of safety rules.

(d) The Union shall promote among its members the realization of the responsibility of the individual with regard to the prevention of accidents.

## **SECTION 16**

### **Bulletin Board**

The Company shall continue to provide the bulletin boards now on the premises for the purpose of posting officially signed Union bulletins.

## **SECTION 17**

### **Causal, Probationary and Regular Employees**

Employees shall be designated as casual, probationary, and regular depending on the length of their employment and on the character of the work for which they have been employed.

(a) A casual employee is one hired by the hour for occasional or seasonal work or for the duration of a specified job or for a limited period of time. Temporary work of this nature shall be limited to a period of time not to exceed one (1) month. Under exceptional circumstances, an extension of temporary employment may be made for an additional period not to exceed two (2) months.

(b) A probationary employee is an employee who has been hired for a trial period not to exceed three (3) months, at a rate, for a position that has been regularly established and is of indeterminable duration. If during the probationary period an employee is deemed unacceptable, the Company reserves the right to terminate the employee without notice after a review with the Union.

(c) New employees shall be hired as either casual or probationary employees.

(d) Regular Employees. Upon completion of their first three (3) months of continuous service, a probationary employee who has demonstrated their qualifications for the work and has satisfactorily passed the Company's full physical examination for regular employees shall be given the status of a regular employee. The Company may consider any employee a regular employee even though they have not completed three (3) months' service.

(e) When an employee's status has been changed from casual, probationary, or regular, they will be informed by written notice.

(f) For the purpose of determining whether a probationary employee qualifies for classification as a regular employee, the term "continuous service" is defined as uninterrupted by (1) discharge; (2) resignation, or (3) absence for more than a cumulative total of thirty (30) days due to (a) layoff; (b) sickness or industrial disability, or (c) other causes. In the case of absence for any cause for more than a cumulative total of thirty (30) days, an employee's qualifying date for transfer to the status of regular employee may be deferred a length of time equivalent to the length of absence. The transfer of a probationary employee from one job to another without interruption of work time shall not be considered a break in continuous service.

(g) Casual and probationary employees may be subject to discharge at the discretion of the Company as long as the discharge is not discriminatory and is not for the purpose of keeping jobs filled with probationary employees.

## **SECTION 18**

### **Service in the Armed Forces**

The Company shall adhere to the letter and spirit of all Federal legislation with respect to re-employment of employees now or hereafter serving in the Armed Forces of the United States.

No such employee shall suffer loss of seniority by reason of such services.

## **SECTION 19**

### **Leave of Absence**

#### **A. DEATH IN FAMILY**

When a death occurs to a member of an employee's immediate family, the employee will be given three (3) days off without loss of compensations.

Members of the "immediate family" shall be interpreted to mean the following:

- (1) Husband or wife of the employee
- (2) Child of the employee
- (3) Father or mother of the employee
- (4) Sister or brother of the employee
- (5) Father-in-law or mother-in-law of the employee
- (6) Brother-in-law or sister-in-law
- (7) Son-in-law or daughter-in-law
- (8) Grandparent-in-law
- (9) Grandparent
- (10) Grandchild
- (11) Stepparent
- (12) Stepbrother or stepsister
- (13) Stepchild
- (14) Foster child residing in the employee's home

The time off shall be given when the death occurs in the State of Hawaii. When the death occurs outside of the State, time will be given only if the employee leaves the State of Hawaii.

## **B. LEAVE OF ABSENCE FOR UNION OFFICIALS**

Any employee now serving as an officer of the Union or hereafter elected official to the office in the Union which requires all or part of their time, shall retain their seniority rating and shall be entitled to leave of absence without pay.

## **SECTION 20**

### **Right of Access to Company's Property**

The Company will grant to any properly authorized Union representative the right to go on Company premises to investigate grievances and to collect Union dues and to contact Union member on Union business when necessary.

## **SECTION 21**

### **Grievance Procedure**

When an employee covered by the terms of the Agreement or the Union believes that the Company has violated the express terms thereof and that by reason of such violation their or its rights arising out of such Agreement have been adversely affected, he or it, as the case may be, shall be required to follow the procedure hereinafter set forth in presenting the grievance and having the grievance investigated and the merits thereof determined. (When any such employee or group of employees has a grievance arising other than through such violation, he or they, as the case may be, may present such grievance to the Company in accordance with the provisions of sub-sections (a), (b), and (c) of the grievance procedure.) The Company shall also have the right to present grievances to the Union in writing and to arbitrate such grievances if not otherwise amicably resolved with the Union. It is agreed that only grievances involving the interpretation or application of this Agreement may be submitted to arbitration.

(a) Any employee shall first either personally, or through a representative or committee of the Union acting upon behalf of such employee, or upon its own behalf, present the alleged grievance, in writing, to the supervisor under whom they work.

(b) If such supervisor does not adjust such grievance to the complainant's satisfaction within three (3) days, twenty-four (24) working hours, from the time the grievance is presented to them (exclusive of Saturdays, Sundays, and holidays), then the complainant may present the alleged grievance to the Branch Administrative Manager. The grievance, whether submitted by the employee personally or by a representative or committee of the Union, must be submitted in writing.

(c) If the Branch Administrative Manger does not adjust such grievance to the complainant's satisfaction within six (6) days, forty-eight (48) working hours, (exclusive of Saturdays, Sundays, and holidays), then the complainant may present the alleged grievance to the Branch Manager. The grievance, whether submitted by the employee personally or by a representative or committee of the Union, must be submitted in writing.

(d) If the grievance is subject to arbitration, and if the Branch Manager does not settle the grievance to complainant's satisfaction within ten (10) days, then the complainant may appeal to the

arbitrator whose decision shall be final and binding upon all parties hereto and upon all employees covered hereby.

## **SECTION 22**

### **Arbitration**

It is agreed that only grievances involving the interpretation or application of this Agreement may be submitted to arbitration. No such grievance shall be presented for arbitration until all steps of the grievance procedure have been utilized. All such grievances shall be considered finally settled and not subject to arbitration unless a written demand for arbitration has been served upon the Company or the Union, as the case may be, within thirty (30) days after all previous steps of the grievance procedure have been completed.

(a) Before appealing to the arbitrator, the representatives of the Company and the Union will prepare a submission Agreement stating the issue or issues to be submitted to arbitration.

(b) The arbitrator shall confine their decision to the issues submitted as defined and described by the submission Agreement, and the arbitrator shall be prevented from adding or subtracting from the express terms of this Agreement and the arbitrator shall be bound entirely by the record presented to them in the form of evidence and argument at the arbitration hearing.

(c) An arbitrator will be appointed by mutual agreement of the parties. If the parties cannot agree on an arbitrator, then one will be selected by the American Arbitration Association in accordance with the applicable labor arbitration rules then in effect. This person shall receive for their services such remuneration as, from time to time, shall be acceptable to them and agreed upon by the parties thereto. All fees and expenses of the arbitrator shall be borne equally by the Union and the Company. Each party shall bear the expenses of the presentation of its own case.

## **SECTION 23**

### **Deduction of Union Dues from Wages**

(a) The Company agrees to deduct from the wages of such of its employees as shall so request in writing all current monthly dues hereafter becoming due from such employees to the Union and to transmit the money so deducted to the Union as hereinafter provided. Any employee desiring to have their Union dues deducted shall sign a proper dues assignment authorization in the form attached hereto and made a part hereof marked Exhibit "C" requesting such deduction from their pay and such request for deduction will, if voluntarily made, upon filing with the Company, be honored in accordance with its terms, provided, however, that such assignment shall be automatically canceled when the employee is no longer in the collective bargaining unit represented by the Union, and further provided that one or more provisions of the assignment may be canceled by the Company upon written notice to the Union if any court, or any agency of the United States, holds, rules, or declares that any provisions similar to the provisions of this assignment violate Section 302 of the Labor-Management Relations Act.

(b) Deductions as provided herein shall be made not oftener than once a month. It is agreed that authorized deductions for government taxes and for the purpose of paying indebtedness to the Company, garnishments and deductions required by law to be made by the Company shall have priority over deductions for Union dues.

(c) The total amount of any dues deduction and initiation fees shall be promptly transmitted by the Company to the Union by check drawn to the order of I.B.E.W., Local 1260. Upon issuance of such check and transmission of same to the Treasurer or their successor of said Union, all responsibility on the

part of the Company shall cease with respect to any amount so deducted. The Company shall not be bound in any manner to see to the application of the proceeds of any such check, nor to investigate the authority of any designated officer of said Union to sign any request, to accept any such check, or to collect the same. The Union hereby undertakes to indemnify and hold blameless the Company from any claim that may be made upon it for or on account of any such deduction from the wages of any employee.

## **SECTION 24**

### **Miscellaneous Items**

The following items are hereby made part of the Agreement:

(a) The Company shall continue to assume its legal liability for all damages to motor vehicles for which it is responsible but reserve the right to discipline the employee responsible therefore in case of negligence on their part.

(b) In cases of motor vehicle accidents, a representative of the Company and/or the insurance company adjustor will represent the employee in cases of civil suits involving property damage or public liability arising out of accidents suffered while on Company business.

(c) In cases of traffic code violation where the driver is negligent, they will be held personally liable and no representation will be furnished by the Company.

## **SECTION 25**

### **Document Contains Entire Agreement**

This document contains the entire Agreement of the parties and neither party has made any representations to the other which are not contained herein.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto, through their duly authorized representatives, have executed this Agreement on the 22nd day of January, 2020 in Honolulu, Hawaii. The effective date of this Agreement shall be February 1, 2020.

**WESCO DISTRIBUTION, INC.**

By: Chris Wolf  
Chris Wolf, SYP & Chief HR Officer

**LOCAL UNION 1260 of the INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO**

By: Russell K. Takemoto  
Russell K. Takemoto  
Business Manager/Financial Secretary

By: Edwin Nakazato  
Edwin Nakazato  
President

By: Adam Carlson  
Adam Carlson  
Recording Secretary

By: Amy E. Ejercito  
Amy E. Ejercito  
Sr. Assistant Business Manager

By: Rowena Ferreira  
Rowena Ferreira  
Negotiating Committee Member

By: Davey A. Furtado  
Davey A. Furtado  
Negotiating Committee Member

**Exhibit A**

WESCO	Bonus Shares	2/1/2019	2/1/2020	2/1/2021	2/1/2022
			2.0%	2.0%	2.0%
Office Assoc I	1	\$3,237	\$3,302	\$3,368	\$3,435
Office Assoc II	3	\$3,480	\$3,550	\$3,621	\$3,693
Driver	3	\$4,242	\$4,327	\$4,413	\$4,502
Warehouse	3	\$4,242	\$4,327	\$4,413	\$4,502
CDL Driver	3	\$4,326	\$4,413	\$4,501	\$4,591
Counter Sales	3	\$4,528	\$4,619	\$4,711	\$4,805
Customer Service Associate	3	\$4,528	\$4,619	\$4,711	\$4,805
Working Foreman	4	\$4,716	\$4,810	\$4,907	\$5,005
Senior Sales Associate	4	\$4,882	\$4,980	\$5,079	\$5,181

- (1) All the above monthly pay rates, except for Senior Sales Associate, are applicable after two (2) years of service.
- (a) During the first year of employment, the rate will be 90% of the above rates and during the second year, the rate will be 95% of the above rates.
  - (b) The Company reserves the right to pay the full salary to any potential employee if it is in the best interest of the Company to do so after a review with the Union.
  - (c) The Company recognizes that the salary guidelines are the minimum compensation amounts.
  - (d) The Company may at any time incentivize exceptional employees with additional compensation after review with the Union.
- (2) In the case of a promotion, the employee will start at the rate of the second year of service in that higher classification and will advance to the top rate after one (1) year of service in that higher classification.
- (3) Any raise above the 2% guaranteed above will be based on IBT profit levels of the district. An end of year district IBT level of 4% will result in an additional 1% raise for the next year. Max raise in any given year is 3% (guarantee of 2% plus up to an additional 1% based on District IBT performance).

**(4) Position Changes:**

- (a) The position of Warehouse/Driver has been differentiated. There will now be 3 different job titles. The job titles and minimum qualifications are as follows:
  - (1) CDL Driver
    - Class B CDL Drivers License
    - Work at a facility that has vehicles requiring a CDL Drivers License
    - Must operate/drive all equipment
  - (2) Driver
    - Hawaii State Drivers License in good standing
  - (3) Warehouse
    - N/A

(b) Senior Sales Associate will have the highest compensation structure available, which is justified by the sales generation activities required by the position.

Employees must self-nominate themselves for Senior Sales Associate positions to be considered. All promotions to Senior Sales Associate positions are management discretion, and can be reversed if performance is not maintained. Criteria is based on, but not limited to:

- (1) Currently performing the additional responsibilities & duties as outlined on the Senior Sales Associate job description.
- (2) Desire to develop a sales focused career, possibly moving on to outside sales.
- (3) Generating sales via deep customer relationships, strong sense of urgency, customer loyalty that is not distributor driven, and above average market share.
- (4) Positive feedback from customers, suppliers, OSRs, sales managers, and operations.
- (5) Employee must present a written case to management of their desire for promotion and have examples to back them up.
- (6) Senior Sales Position will be subject to review as needed or required by the Company.
- (7) Any employee being demoted from the Senior Sales Position will revert to the salary of the position they are transferred to.

**Exhibit B**

- (1) In addition to the base pay above, employees are eligible for an annual bonus that is based on the business results achieved in the year. The bonus funds to be distributed will be calculated in January, after the close of the fiscal year, based on this formula:

$$\text{Bonus Fund} = \text{IBT Calculation}$$

$$\text{IBT Calculation} = \text{Income Before Taxes} \times .006$$

- (2) The Bonus Fund calculations are based on the combined results for the entire Hawaii District, and not the results for the individual branch. Thus, the bonus paid to the employees will be consistent for all Hawaii employees.
- (3) The amount received per employee will be based on the Share Amount and the number of Shares the employee gets, which is based on the position that they hold:

$$\text{Employee Payment} = \text{Share Amount} \times \text{Number of Shares}$$

Where,

$$\text{Share Amount} = \text{Bonus Fund} / \text{Total Shares (sum of all positions)}$$

<b>Number of Shares =</b>	<b>Office Associate I</b>	<b>1</b>
	<b>Office Associate II</b>	<b>3</b>
	<b>Warehouse</b>	<b>3</b>
	<b>Driver</b>	<b>3</b>
	<b>CDL Driver</b>	<b>3</b>
	<b>Counter / Customer Serv.</b>	<b>3</b>
	<b>Working Foreman</b>	<b>4</b>
	<b>Sr. Sales Associate</b>	<b>4</b>

- (4) New employees will be included in the bonus program for the first full month that they are in the position. Thus, any partial month time in the position will not be a part of the bonus calculation or payment. The number of months in the position will determine their prorated share amounts.
- (5) Internal job transfers will receive prorated share amounts for the time in both positions. For example, a driver that is promoted to working foreman half way through the year would receive 3.5 shares.
- (6) The employee must be an active employee at the time the bonus payment is paid. Employees who leave the company prior to the bonus payment, regardless if they were employed during the entire fiscal year, forfeit their bonus payment. The bonus program begins with the results from the prior fiscal year, which is paid in February of current year. There is a payout cap of \$500 per share.

**EXHIBIT C**

**ASSIGNMENT OF WAGES TO COVER UNION DUES AND INITIATION FEES**

To: WESCO DISTRIBUTION, INC. (WESCO)

I hereby assign to I.B.E.W., Local 1260, and authorize you to take out of my wages for Union initiation fee, dues, assessments, and other deductions as certified to you in writing by the Union and I direct you to pay over to the Union each month the amount so deducted.

This authorization shall become effective upon the date set forth below and cannot be canceled for a period of one year from this date or until the termination of the existing collective bargaining agreement between the Company and the Union, whichever occurs sooner.

I agree and direct that this authorization shall be irrevocable for successive periods of one year each, or for the period of each succeeding applicable collective bargaining agreement between the Company and the Union whichever shall be shorter, unless:

- (1) I cancel this authorization by written notice to the Company within ten days after the expiration of any such one year period; or
- (2) In case of the expiration of any applicable collective bargaining agreement between the Company and the Union during any such one year period, I cancel this authorization by written notice to the Company at any time during the period following the expiration of the applicable collective bargaining agreement and ten days after the effective date of any new agreement.

This authorization shall be suspended during any period in which there is no collective bargaining agreement in effect between the Company and the Union. This authorization shall end if my employment with the Company ends or when the collective bargaining agreement referred to above no longer covers my employment.

This authorization is made pursuant to the provisions of Section 302(c) of the Labor-Management Relations Act of 1947.

*I authorize WESCO to provide work and personal contact information to the Union, upon request, or, on an annual basis.*

Print Name \_\_\_\_\_ Address \_\_\_\_\_

Mailing Address: \_\_\_\_\_ City, State, Zip Code: \_\_\_\_\_

Work Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_ Home Phone: \_\_\_\_\_

Work Email: \_\_\_\_\_ Personal Email: \_\_\_\_\_

\_\_\_\_\_  
*Employee Signature* \_\_\_\_\_ *Date*

The foregoing assignment is hereby accepted: Date: \_\_\_\_\_ By: \_\_\_\_\_  
WESCO Distribution

*Return a copy of this completed form to the Union.*

# Benefits Self Service Quick Reference Card



## Major Processes (for Employees)

- Navigation:** Eligible US Employees will be able to access and view their benefits and add contacts/dependents/beneficiaries at any time using Benefits Self Service. Following certain life events, employees will be able to update their benefit enrollments. Employees will also upload documentation supporting life events.
- Support:** To report issues with HR Connect, training materials or general inquiries contact the HR Help Desk at 1-855-HR-WESCO or [hrconnect@velocitycloud.com](mailto:hrconnect@velocitycloud.com).

### View Current Benefit Information

1. Log into HR Connect and select the WES US HR Employee Self Service responsibility
2. Click the [Benefits](#) menu option
3. Read the 2018 affidavit; select the [Accept](#) radio button; click the [Next](#) button; click the [Next](#) button
4. Review the Benefit Selections information
5. Click the [Current Benefits](#) tab
6. Select a future date from the drop-down menu; click the [Go](#) button to view future selections
7. Click the [Home](#) button to return to the Main Menu

### Add Dependent or Beneficiary

1. Log into HR Connect and select the WES US HR Employee Self Service responsibility
2. Click the [Benefits](#) menu option
3. Click the [Update Beneficiaries](#) button;
4. Click the [Add Another Person](#) button
5. Select a [Relationship](#) category; fill in the dependent's details including Name, Address, and Miscellaneous Information; click the [Apply](#) button
6. Click the [Home](#) link to return to the main menu

### Update Benefits

1. Log into HR Connect and select the WES US HR Employee Self Service responsibility
2. Click the [Benefits](#) menu option
3. Read the 2018 affidavit; select the [Accept](#) radio button; click the [Next](#) button;
4. Add dependent(s) if needed; click the [Next](#) button
5. Click the [Update Benefits](#) button
6. Review the eligibility and enrollment tips

### Update Benefits (cont.)

7. Select or update options for the following applicable selections:
  - Medical, Dental, Vision
  - Health Care Spending Account
  - Dependent Care Spending
  - Basic Life, Supplemental Life, Dependent Life
  - Basic AD&D, Personal AD&D
  - Short Term Disability, Long Term Disability
  - Critical Illness and Hospital Indemnity
  - Legal Assistance
8. Click the [Next](#) button
9. Select the [Cover](#) checkbox next to eligible dependent(s) for Medical, Dental, and Vision plans; click the [Next](#) button
10. Fill in the Beneficiary % for required plan(s); click the [Next](#) button
11. Click the Confirmation Statement button to download a PDF document of proposed selections
12. Click File > Print to print a copy of the statement; click the File > Save As to save a copy of the statement. Close the PDF
13. Click the [Finish](#) button to apply change(s)
14. Click the [Home](#) link to return to the Home Page

It is possible to update changes during the update period following the eligible life event; benefit selections will be view only during other time periods (except during Open Enrollment).



# Benefits Self Service Quick Reference Card

## Upload Required Documents

1. Select the WES US HR Employee Self Service responsibility; click the [Upload Required Documents](#) link
2. Click the [Submit Document](#) button
3. Click the [Search](#) icon next to the Certificate Type field; Fill in a Search term related to your certification type (e.g. Marriage); Use % as a wildcard search term; Click the [Go](#) button
4. Click the [Quick Select](#) button next to the desired type of certificate or other documentation
5. Click the [Add Attachment](#) button under the Upload Documents section
6. Fill in the [Title](#) field for the Attachment
7. Click the [Browse](#) button under the Define Attachment section to search your computer for the required file
8. Select the file to be uploaded (either double-click on the file name or select the file, click the [OK](#) button)
9. Click the [Apply](#) button; click the [Apply](#) button again to commit changes to HR Connect
10. Click the [Home](#) link to return to the Home Page

## WESCO Eligibility Information

All full-time employees who work at least 30 hours per week are eligible to participate in the WESCO Health and Welfare Plans.

In order for your dependents to be enrolled in dependent coverage, you must be enrolled as well.

Eligible dependents include:

- Your spouse or domestic partner
- Children under age 26 (for medical coverage only)
- Unmarried disabled children of any age, if incapable of self-support due to mental or physical handicap.

Eligible dependent children are defined as:

- Natural, legally adopted, or placed for adoption
- Stepchildren
- Foster children who live with you in a regular parent-child relationship and are dependent on you for support
- For whom you are the legal guardian
- For whom you have court-ordered legal custody.
- Medical coverage for a dependent child beyond age 26 will end on the last day of the month in which he or she turns 26.
- Coverage for a disabled dependent child over age 26 may continue beyond age 26 as long as proof of ongoing disability is provided when requested.
- Note: Coverage in Dental, Vision, Dependent Life and Family Personal Accident will end on the last day of the month in which a dependent child turns 19, unless he or she is a full-time student.
- For full-time students, benefits will continue until the last day of the month in which he or she becomes 25.

## EXHIBIT E



### IMPORTANT NOTICE CONCERNING STATE STATUTORY DISABILITY LAWS

If you have employees whose principal work location is in any of the following states, you may be required to provide those employees with non-occupational short-term disability coverage. Regular insured or self-insured STD benefit plans do not generally meet the requirements for coverage under these laws.

State	How Coverage Is Provided	Web Site
California	State Fund or Approved Self-Insurance	<a href="http://www.edd.ca.gov">www.edd.ca.gov</a>
Hawaii	Insurance Policy or Approved Self-Insurance	<a href="http://Hawaii.gov/labor">Hawaii.gov/labor</a>
New Jersey	State Fund, Approved Insurance Policy or Approved Self-Insurance	<a href="http://www.nj.gov/labor">www.nj.gov/labor</a>
New York	Insurance Policy or Approved Self-Insurance	<a href="http://www.wcb.state.ny.us">www.wcb.state.ny.us</a>
Puerto Rico	State Fund, Approved Insurance Policy or Approved Self-Insurance	<a href="http://www.dtrh.gobierno.pr/">www.dtrh.gobierno.pr/</a>
<p><i>This website is Spanish language only. To translate into English, place the web address into the Google® search box. Google® will find the page in question and present it as the top choice. There will be a link that translates the page (by default, into English). The Google® translation service stays active, and if you click any other web page link on that page, it will translate the linked page as well.</i></p>		
Rhode Island	State Fund	<a href="http://www.dlt.ri.gov/tdi">www.dlt.ri.gov/tdi</a>

Please contact your Cigna Sales Representative or Account Manager if you would like more information about statutory disability products and services available from Cigna companies.

***SUMMARY OF THE LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT  
AND  
NOTICE CONCERNING LIMITATIONS AND EXCLUSIONS***

***INTRODUCTION***

Residents of Pennsylvania who purchase life insurance, annuities or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Pennsylvania Life and Health Insurance Guaranty Association (PLHIGA). The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in Pennsylvania and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Association is limited, however. As noted below, this protection is not a substitute for consumers' care in selecting companies that are well managed and financially stable. Insurance companies and their agents are prohibited by law from using the existence of the association to induce you to purchase any kind of insurance policy.

**This Information is Provided By:**

Pennsylvania Life and Health Insurance Guaranty Association  
290 King of Prussia Road  
Radnor Station Building 2, Suite 218  
Radnor, PA 19087  
(610) 975-0572

***SUMMARY***

The state law that provides for this safety-net coverage is called the Pennsylvania Life and Health Insurance Guaranty Association Act. Below is a brief summary of the law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the Association.

**Coverage.** Generally, individuals will be protected by the Pennsylvania Life and Health Insurance Guaranty Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they hold certificates under a group life or health insurance contract or annuity, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

**Exclusions From Coverage.** Persons holding such policies or contracts are not protected by this Association if:

- they are not residents of the State of Pennsylvania, except under certain very specific circumstances;
- the insurer was not authorized or licensed to do business in Pennsylvania at the time the policy or contract was issued;

- their policy was issued by a nonprofit hospital or health service corporation (e.g., a blue cross or blue shield plan), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.

The Association also does not provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk;
- any policy of reinsurance (unless an assumption certificate was issued);
- plans of employers, associations or similar entities to the extent they are self-funded or uninsured (that is, not insured by an insurance company, even if an insurance company administers them);
- interest rate yields that exceed an average rate;
- dividends;
- experience rating credits;
- credits given in connection with the administration of a policy or contract;
- annuity contracts or group annuity certificates used by nonprofit insurance companies to provide retirement benefits for nonprofit educational institutions and their employees;
- policies, contracts, certificates or subscriber agreements issued by a prepaid dental care plan;
- sickness and accident insurance when written by a property and casualty insurer as part of an automobile insurance contract;
- unallocated annuity contracts issued to an employee benefit plan protected under the federal Pension Benefit Guaranty Corporation;
- financial guarantees, funding agreements or guaranteed investment contracts not containing mortality guarantees and not issued to or in connection with a specific employee benefit plan or governmental lottery;
- any kind of insurance or annuity, the benefits of which are exclusively payable or determined by a separate account required by the terms of such insurance policy or annuity maintained by the insurer or by a separate entity.

**Limits On Amount of Coverage.** The act also limits the amount the Association is obligated to pay out. The Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Association will pay a maximum of \$300,000 – no matter how many policies and contracts there were with the same company, even if they provided different types of coverages.

Subject to the over-all \$300,000 limit, the Association will pay up to \$300,000 in life insurance death benefits, but not more than \$100,000 in net cash surrender or withdrawal values. For annuities, the Association will pay up to \$300,000 in annuity benefits, or \$100,000 in net cash surrender or withdrawal benefits. For health insurance, the Association will pay up to \$300,000, including any net cash surrender or withdrawal benefits.

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LIFE INSURANCE COMPANY OF NORTH AMERICA  
1601 CHESTNUT STREET  
PHILADELPHIA, PA 19192-2235  
(800) 732-1603 TDD (800) 552-5744  
A STOCK INSURANCE COMPANY

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GROUP POLICY

**POLICYHOLDER:** WESCO Distribution, Inc.  
**POLICY NUMBER:** LK-100091  
**POLICY EFFECTIVE DATE:** January 1, 2015  
**POLICY ANNIVERSARY DATE:** January 1

This Policy describes the terms and conditions of coverage. It is issued in Pennsylvania and shall be governed by its laws. The Policy goes into effect on the Policy Effective Date, 12:01 a.m. at the Policyholder's address.

In return for the required premium, the Insurance Company and the Policyholder have agreed to all the terms of this Policy.



Scott Kern, Corporate Secretary



Matthew G. Manders, President

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## **SCHEDULE OF BENEFITS**

**Premium Due Date:** The last day of each month

### **Classes of Eligible Employees**

On the pages following the definition of eligible employees there is a Schedule of Benefits for each Class of Eligible Employees listed below. For an explanation of these benefits, please see the Description of Benefits provision.

If an Employee is eligible under one Class of Eligible Employees and later becomes eligible under a different Class of Eligible Employees, changes in the Employee's insurance due to the class change will be effective on the first date the Employee is in Active Service on or after the date of the change in class.

- Class 1 All active, Full-time Employees of the Employer regularly working a minimum of 30 hours per week, excluding Employees classified as Management, Hawaii Union, New York Local Union 3 and the Seattle Local Union 117.
- Class 2 All active, Full-time Employees of the Employer classified as Management regularly working a minimum of 30 hours per week.
- Class 3 All active, Full-time Hawaii Union Employees of the Employer regularly working a minimum of 30 hours per week.

## SCHEDULE OF BENEFITS FOR CLASS 1

### Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: After 90 days of Active Service

For Employees hired after the Policy Effective Date: After 90 days of Active Service

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

### Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Covered Earnings from working in his or her Regular Occupation.

The Insurance Company will require proof of earnings and continued Disability.

### Definition of Covered Earnings

Covered Earnings means an Employee's average gross income for the lesser of the 52 week period ending August 31st of the calendar year just prior to the date Disability begins; or the period of actual employment with the Employer. It includes the Employee's total income before taxes. It is prior to any deductions made for pretax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes earnings received from bonuses, commissions, shift differential and overtime pay, but does not include any other extra compensation or income received from sources other than the Employer. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

Bonuses, commissions, shift differential and overtime pay will be averaged for the 52 weeks just prior to the date Disability begins, or the weeks employed, if less than 52 weeks.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

**Elimination Period** For Accident: 7 days  
For Sickness: 7 days

**Gross Disability Benefit** The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

**Maximum Disability Benefit** \$700 per week

**Minimum Disability Benefit** \$25 per week

### Disability Benefit Calculation

The Weekly Benefit payable to the Employee for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive Benefit Calculation applies.

During any week the Employee has Disability Earnings, his or her benefits will be calculated as follows:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Covered Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Covered Earnings, then subtract the Covered Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Covered Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

**Maximum Benefit Period**

For Accident: The date the 25th Disability Benefit is payable.

For Sickness: The date the 25th Disability Benefit is payable.

**Initial Premium Rates**

\$11.69 per Employee per Month

## SCHEDULE OF BENEFITS FOR CLASS 2

### Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: After 90 days of Active Service

For Employees hired after the Policy Effective Date: After 90 days of Active Service

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

### Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Covered Earnings from working in his or her Regular Occupation.

The Insurance Company will require proof of earnings and continued Disability.

### Definition of Covered Earnings

Covered Earnings means an Employee's average gross income for the lesser of the 52 week period ending August 31st of the calendar year just prior to the date Disability begins; or the period of actual employment with the Employer. It includes the Employee's total income before taxes. It is prior to any deductions made for pretax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes earnings received from bonuses, commissions, shift differential and overtime pay, but does not include any other extra compensation or income received from sources other than the Employer. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

Bonuses, commissions, shift differential and overtime pay will be averaged for the 52 weeks just prior to the date Disability begins, or the weeks employed, if less than 52 weeks.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

**Elimination Period** For Accident: 7 days  
For Sickness: 7 days

**Gross Disability Benefit** The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

**Maximum Disability Benefit** \$3,470 per week

**Minimum Disability Benefit** \$25 per week

### Disability Benefit Calculation

The Weekly Benefit payable to the Employee for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive Benefit Calculation applies.

During any week the Employee has Disability Earnings, his or her benefits will be calculated as follows:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Covered Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Covered Earnings, then subtract the Covered Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Covered Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

**Maximum Benefit Period**

For Accident: The date the 25th Disability Benefit is payable.

For Sickness: The date the 25th Disability Benefit is payable.

**Initial Premium Rates**

\$11.69 per Employee per Month

### SCHEDULE OF BENEFITS FOR CLASS 3

#### Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: After 90 days of Active Service

For Employees hired after the Policy Effective Date: After 90 days of Active Service

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

#### Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Covered Earnings from working in his or her Regular Occupation.

The Insurance Company will require proof of earnings and continued Disability.

#### Definition of Covered Earnings

Covered Earnings means an Employee's average gross income for the lesser of the 52 week period ending August 31st of the calendar year just prior to the date Disability begins; or the period of actual employment with the Employer. It includes the Employee's total income before taxes. It is prior to any deductions made for pretax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes earnings received from bonuses, commissions, shift differential and overtime pay, but does not include any other extra compensation or income received from sources other than the Employer. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

Bonuses, commissions, shift differential and overtime pay will be averaged for the 52 weeks just prior to the date Disability begins, or the weeks employed, if less than 52 weeks.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

#### Elimination Period

The later of any salary continuation, accumulated sick leave or the time period shown below.

For Accident: 7 days

For Sickness: 7 days

**Gross Disability Benefit**

<u>Years of Service</u>	<u>Benefit</u>
Less than 1 year	60% of an Employee's weekly Covered Earnings for 25 weeks.
1 year but less than 5 years	100% of an Employee's weekly Covered Earnings for 2 weeks; 60% of an Employee's weekly Covered Earnings for 23 weeks.
5 years but less than 10 years	100% of an Employee's weekly Covered Earnings for 5 weeks; 60% of an Employee's weekly Covered Earnings for 20 weeks.
10 years but less than 15 years	100% of an Employee's weekly Covered Earnings for 8 weeks; 60% of an Employee's weekly Covered Earnings for 17 weeks.
15 years but less than 20 years	100% of an Employee's weekly Covered Earnings for 11 weeks; 60% of an Employee's weekly Covered Earnings for 14 weeks.
20 years but less than 25 years	100% of an Employee's weekly Covered Earnings for 14 weeks; 60% of an Employee's weekly Covered Earnings for 11 weeks.
25 years but less than 30 years	100% of an Employee's weekly Covered Earnings for 17 weeks; 60% of an Employee's weekly Covered Earnings for 8 weeks.
30 years but less than 35 years	100% of an Employee's weekly Covered Earnings for 20 weeks; 60% of an Employee's weekly Covered Earnings for 5 weeks.
35 or more years	100% of an Employee's weekly Covered Earnings for 25 weeks.
<b>Maximum Disability Benefit</b>	\$400 per week
<b>Minimum Disability Benefit</b>	\$25 per week

**Disability Benefit Calculation**

The Weekly Benefit payable to the Employee for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive Benefit Calculation applies.

During any week the Employee has Disability Earnings, his or her benefits will be calculated as follows:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Covered Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Covered Earnings, then subtract the Covered Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Covered Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

**Maximum Benefit Period**

For Accident: The date the 25th Disability Benefit is payable.

For Sickness: The date the 25th Disability Benefit is payable.

**Initial Premium Rates**

\$11.69 per Employee per Month

TL-004774

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## **ELIGIBILITY FOR INSURANCE**

An Employee in one of the Classes of Eligible Employees shown in the Schedule of Benefits is eligible to be insured on the Policy Effective Date, or the day after he or she completes the Eligibility Waiting Period, if later. The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

Except as noted in the Reinstatement Provision, if an Employee terminates coverage and later wishes to reapply, or if a former Employee is rehired more than 12 months after his or her termination date, a new Eligibility Waiting Period must be satisfied. An Employee is not required to satisfy a new Eligibility Waiting Period if he or she is a former Employee and is rehired within 12 months of his or her termination date or insurance ends because he or she is no longer in a Class of Eligible Employees, but continues to be employed and within one year becomes a member of an eligible class.

TL-004710

## **EFFECTIVE DATE OF INSURANCE**

An Employee will be insured on the date he or she becomes eligible, if the Employee is not required to contribute to the cost of this insurance.

If an Employee is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to any occupation for the Employer on a Full-time basis.

TL-004712

## **TERMINATION OF INSURANCE**

An Employee's coverage will end on the earliest of the following dates:

1. the date the Employee is eligible for coverage under a plan intended to replace this coverage;
2. the date the Policy is terminated;
3. the date the Employee is no longer in an eligible class;
4. the day after the end of the period for which premiums are paid;
5. the date the Employee is no longer in Active Service;
6. the date benefits end for failure to comply with the terms and conditions of the Policy.

Disability Benefits will be payable to an Employee who is entitled to receive Disability Benefits when the Policy terminates, if he or she remains disabled and meets the requirements of the Policy. Any period of Disability, regardless of cause, that begins when the Employee is eligible under another group disability coverage provided by any employer, will not be covered.

TL-007505.00

## **CONTINUATION OF INSURANCE**

This Continuation of Insurance provision modifies the Termination of Insurance provision to allow insurance to continue under certain circumstances if the Insured Employee is no longer in Active Service. Insurance that is continued under this provision is subject to all other terms of the Termination of Insurance provisions.

Disability Insurance continues if an Employee's Active Service ends due to a Disability for which benefits under the Policy are or may become payable. If the Employee does not return to Active Service, this insurance ends when the Disability ends or when benefits are no longer payable, whichever comes first.

If an Employee's Active Service ends due to an approved leave pursuant to the Family and Medical Leave Act (FMLA), insurance will continue up to the later of the period of his or her approved FMLA leave or the leave period required by law in the state in which he or she is employed. Premiums are required for this coverage.

If an Employee's Active Service ends due to an unpaid leave of absence as a result of a Plant Closing, insurance will continue for an Employee for up to 90 days. Premiums are required for this coverage.

If an Employee's Active Service ends due to any other leave of absence approved in writing by the Employer prior to the date the Employee ceases work, insurance will continue for an Employee for up to 90 days. Premiums are required for this coverage. An approved leave of absence does not include Furlough, Temporary Layoff or termination of employment.

If an Employee's Active Service ends due to any other excused short term absence from work that is reported to the Employer timely in accordance with the Employer's reporting requirements for such short term absence, insurance for an Employee will continue until the earlier of:

- a. the date the Employee's employment relationship with the Employer terminates;
- b. the date premiums are not paid when due;
- c. the end of the 30 day period that begins with the first day of such excused absence;
- d. the end of the period for which such short term absence is excused by the Employer.

Notwithstanding any other provision of this policy, if an Employee's Active Service ends due to layoff, termination of employment or any other termination of the employment relationship, insurance will terminate and Continuation of Insurance under this provision will not apply.

If an Employee's insurance is continued pursuant to this Continuation of Insurance provision, and he or she becomes Disabled during such period of continuation, Disability Benefits will not begin until the later of the date the Elimination Period is satisfied or the date he or she is scheduled to return to Active Service.

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## TAKEOVER PROVISION

This provision applies only to Employees eligible under this Policy who were covered for short term disability coverage on the day prior to the effective date of this Policy under the prior plan provided by the Policyholder or by an entity that has been acquired by the Policyholder.

- A. This section A applies to Employees who are not in Active Service on the day prior to the effective date of this Policy due to a reason for which the Prior Plan and this Policy both provide for continuation of insurance. If required premium is paid when due, the Insurance Company will insure an Employee to which this section applies against a disability that occurs after the effective date of this Policy for the affected employee group. This coverage will be provided until the earlier of the date: (a) the employee returns to Active Service, (b) continuation of insurance under the Prior Plan would end but for termination of that plan; or (c) the date continuation of insurance under this Policy would end if computed from the first day the employee was not in Active Service. The Policy will provide this coverage as follows:
1. If benefits for a disability are covered under the Prior Plan, no benefits are payable under this Plan.
  2. If the disability is not a covered disability under the Prior Plan solely because the plan terminated, benefits payable under this Policy for that disability will be the lesser of: (a) the disability benefits that would have been payable under the Prior Plan; and (b) those provided by this Policy. Credit will be given for partial completion under the Prior Plan of Elimination Periods.

- B. The Elimination Period under this Policy will be waived for a Disability which begins while the Employee is insured under this Policy if all of the following conditions are met:
1. The Disability results from the same or related causes as a Disability for which weekly benefits were payable under the Prior Plan;
  2. Benefits are not payable for the Disability under the Prior Plan solely because it is not in effect;
  3. An Elimination Period would not apply to the Disability if the Prior Plan had not ended;
  4. The Disability begins within 14 days of the Employee's return to Active Service and the Employee's insurance under this Policy is continuous from this Policy's Effective Date.

Benefits will be determined based on the lesser of: (1) the amount of the gross disability benefit under the Prior Plan and any applicable maximums; and (2) those provided by this Policy.

If benefits are payable under the Prior Plan for the Disability, no benefits are payable under this Policy.

TL-005108

## DESCRIPTION OF BENEFITS

The following provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits to each class of Insureds.

### **Disability Benefits**

The Insurance Company will pay Disability Benefits if an Employee becomes Disabled while covered under this Policy. The Employee must satisfy the Elimination Period, be under the Appropriate Care of a Physician, and meet all the other terms and conditions of the Policy. He or she must provide the Insurance Company, at his or her own expense, satisfactory proof of Disability before benefits will be paid. The Disability Benefit is shown in the Schedule of Benefits.

The Insurance Company will require continued proof of the Employee's Disability for benefits to continue.

### **Elimination Period**

The Elimination Period is the period of time an Employee must be continuously Disabled before Disability Benefits are payable. The Elimination Period is shown in the Schedule of Benefits.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes.

### **Disability Benefit Calculation**

The Disability Benefit Calculation is shown in the Schedule of Benefits. Weekly Disability Benefits are based on the number of days in a normally scheduled work week for the Employee immediately before the onset of Disability. They will be prorated if payable for any period less than a week. If an Employee is working while Disabled, the Disability Benefit Calculation will be the Return to Work Incentive.

### **Return to Work Incentive**

The Return to Work Incentive is shown in the Schedule of Benefits. An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive applies.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

### **Minimum Benefit**

The Insurance Company will pay the Minimum Benefit shown in the Schedule of Benefits despite any reductions made for Other Income Benefits. The Minimum Benefit will not apply if benefits are being withheld to recover an overpayment of benefits.

### **Other Income Benefits**

An Employee for whom Disability Benefits are payable under this Policy may be eligible for benefits from Other Income Benefits. If so, the Insurance Company may reduce the Disability Benefits by the amount of such Other Income Benefits.

Other Income Benefits include:

1. any amounts received (or assumed to be received\*) by the Employee or his or her dependents under:
  - the Canada and Quebec Pension Plans;
  - the Railroad Retirement Act;
  - any local, state, provincial or federal government disability or retirement plan or law including a motor vehicle law or similar law of any non-Pennsylvania government entity to the extent it requires contracts to include "no-fault" loss of time coverage;
  - any severance pay or vacation pay received from the Employer;
  - any benefits received from coverage subject to the mandatory part of the Pennsylvania Motor Vehicle Financial Responsibility Law.
2. any Social Security disability or retirement benefits the Employee or any third party receives (or is assumed to receive\*) on his or her own behalf or for his or her dependents; or which his or her dependents receive (or are assumed to receive\*) because of his or her entitlement to such benefits.
3. any Retirement Plan benefits funded by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer. It does not include an individual deferred compensation agreement; a profit sharing or any other retirement or savings plan maintained in addition to a defined benefit or other defined contribution pension plan, or any employee savings plan including a thrift, stock option or stock bonus plan, individual retirement account or 401(k) plan.
4. any proceeds payable under any franchise or group insurance or similar plan. If other insurance applies to the same claim for Disability, and contains the same or similar provision for reduction because of other insurance, the Insurance Company will pay for its pro rata share of the total claim. "Pro rata share" means the proportion of the total benefit that the amount payable under one policy, without other insurance, bears to the total benefits under all such policies.
5. any amounts received (or assumed to be received\*) by the Employee or his or her dependents under any unemployment compensation law or similar state or federal law payable for Injury or Sickness arising out of work with the Employer, including all permanent and temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted.
6. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.

Dependents include any person who receives (or is assumed to receive\*) benefits under any applicable law because of an Employee's entitlement to benefits.

\*See the Assumed Receipt of Benefits provision.

### *Increases in Other Income Benefits*

Any increase in Other Income Benefits during a period of Disability due to a cost of living adjustment will not be considered in calculating the Employee's Disability Benefits after the first reduction is made for any Other Income Benefits. This section does not apply to any cost of living adjustment for Disability Earnings.

### *Lump Sum Payments*

Other Income Benefits or earnings paid in a lump sum will be prorated over the period for which the sum is given. If no time is stated, the lump sum will be prorated over five years.

If no specific allocation of a lump sum payment is made, then the total payment will be an Other Income Benefit.

*Assumed Receipt of Benefits*

The Insurance Company will assume the Employee (and his or her dependents, if applicable) are receiving benefits for which they are eligible from Other Income Benefits. The Insurance Company will reduce the Employee's Disability Benefits by the amount from Other Income Benefits it estimates are payable to the Employee and his or her dependents.

The Insurance Company will waive Assumed Receipt of Benefits, except for Disability Earnings for work the Employee performs while Disability Benefits are payable, if the Employee:

1. provides satisfactory proof of application for Other Income Benefits;
2. signs a Reimbursement Agreement;
3. provides satisfactory proof that all appeals for Other Income Benefits have been made unless the Insurance Company determines that further appeals are not likely to succeed; and
4. submits satisfactory proof that Other Income Benefits were denied.

The Insurance Company will not assume receipt of any pension or retirement benefits that are actuarially reduced according to applicable law, until the Employee actually receives them.

*Social Security Assistance*

The Insurance Company may help the Employee in applying for Social Security Disability Income (SSDI) Benefits, and may require the Employee to file an appeal if it believes a reversal of a prior decision is possible.

The Insurance Company will reduce Disability Benefits by the amount it estimates the Employee will receive, if the Employee refuses to cooperate with or participate in the Social Security Assistance Program.

**Recovery of Overpayment**

The Insurance Company has the right to recover any benefits it has overpaid. The Insurance Company may use any or all of the following to recover an overpayment:

1. request a lump sum payment of the overpaid amount;
2. reduce any amounts payable under this Policy; and/or
3. take any appropriate collection activity available to it.

The Minimum Benefit amount will not apply when Disability Benefits are reduced in order to recover any overpayment.

If an overpayment is due when the Employee dies, any benefits payable under the Policy will be reduced to recover the overpayment.

**Successive Periods of Disability**

A separate period of Disability will be considered continuous:

1. if it results from the same or related causes as a prior Disability for which benefits were payable; and
2. if, after receiving Disability Benefits, the Employee returns to work in his or her Regular Occupation for less than 30 days; and
3. if the Employee earns less than the percentage of Covered Earnings that would still qualify him or her to meet the definition of Disability/Disabled during at least one week.

Any later period of Disability, regardless of cause, that begins when the Employee is eligible for coverage under another group disability plan provided by any employer will not be considered a continuous period of Disability.

For any separate period of disability which is not considered continuous, the Employee must satisfy a new Elimination Period.

TL-007500.39

### **ADDITIONAL BENEFITS**

#### **Rehabilitation During a Period of Disability**

If the Insurance Company determines that a Disabled Employee is a suitable candidate for rehabilitation, the Insurance Company may require the Employee to participate in a Rehabilitation Plan. The Insurance Company has the sole discretion to approve the Employee's participation in a Rehabilitation Plan and to approve a program as a Rehabilitation Plan. The Insurance Company will work with the Employee, the Employer and the Employee's Physician and others, as appropriate, to perform the assessment, develop a Rehabilitation Plan, and discuss return to work opportunities.

The Rehabilitation Plan may, at the Insurance Company's discretion, allow for payment of the Employee's medical expense, education expense, moving expense, accommodation expense or family care expense while he or she participates in the program.

If an Employee fails to fully cooperate in all required phases of the Rehabilitation Plan and assessment without Good Cause, no Disability Benefits will be paid, and insurance will end.

TL-007501.00

### **TERMINATION OF DISABILITY BENEFITS**

Benefits will end on the earliest of the following dates:

1. the date the Employee earns from any occupation, more than the percentage of Covered Earnings set forth in the definition of Disability;
2. the date the Insurance Company determines he or she is not Disabled;
3. the end of the Maximum Benefit Period;
4. the date the Employee dies;
5. the date the Employee refuses, without Good Cause, to fully cooperate in all required phases of the Rehabilitation Plan and assessment;
6. the date the Employee is no longer receiving Appropriate Care;
7. the date the Employee fails to cooperate with the Insurance Company in the administration of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Benefits may be resumed if the Employee begins to cooperate fully in the Rehabilitation Plan within 30 days of the date benefits terminated.

TL-007502.00

### **EXCLUSIONS**

The Insurance Company will not pay any Disability Benefits for a Disability that results, directly or indirectly, from:

1. suicide, attempted suicide, or self-inflicted injury while sane or insane.
2. war or any act of war, whether or not declared.
3. active participation in a riot.
4. commission of a felony.

5. the revocation, restriction or non-renewal of an Employee's license, permit or certification necessary to perform the duties of his or her occupation unless due solely to Injury or Sickness otherwise covered by the Policy.
6. any cosmetic surgery or surgical procedure that is not Medically Necessary; "Medically Necessary" means the surgical procedure is: (a) prescribed by a Physician as required treatment of the Injury or Sickness; and (b) appropriate according to conventional medical practice for the Injury or Sickness in the locality in which the surgery is performed. (The Insurance Company will pay benefits if the Disability is caused by the Employee donating an organ in a non-experimental organ transplant procedure.)
7. an Injury or Sickness that is work related.

In addition, the Insurance Company will not pay Disability Benefits for any period of Disability during which the Employee is incarcerated in a penal or correctional institution.

TL-007503.39

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## CLAIM PROVISIONS

### Notice of Claim

Written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer's Name, the Policy Number and the claimant's name and address.

### Claim Forms

When the Insurance Company receives notice of claim, the Insurance Company will send claim forms for filing proof of loss. If claim forms are not sent within 15 days after notice is received by the Insurance Company, the proof requirements will be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, of the nature and extent of the loss.

### Claimant Cooperation Provision

Failure of a claimant to cooperate with the Insurance Company in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

### Insurance Data

The Employer is required to cooperate with the Insurance Company in the review of claims and applications for coverage. Any information the Insurance Company provides in these areas is confidential and may not be used or released by the Employer if not permitted by applicable privacy laws.

### Proof of Loss

Written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given not more than one year after that 90 day period. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is provided outside of these time limits, the claim will be denied. These time limits will not apply while the person making the claim lacks legal capacity.

Written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, that the loss continues must be furnished to the Insurance Company at intervals required by us. Within 30 days of a request, written proof of continued Disability and Appropriate Care by a Physician must be given to the Insurance Company.

**Time of Payment**

Disability Benefits will be paid at regular intervals of not less frequently than once a month. Any balance, unpaid at the end of any period for which the Insurance Company is liable, will be paid at that time.

**To Whom Payable**

Disability Benefits will be paid to the Employee. If any person to whom benefits are payable is a minor or, in the opinion of the Insurance Company, is not able to give a valid receipt, such payment will be made to his or her legal guardian. However, if no request for payment has been made by the legal guardian, the Insurance Company may, at its option, make payment to the person or institution appearing to have assumed custody and support.

If an Employee dies while any Disability Benefits remain unpaid, the Insurance Company may, at its option, make direct payment to any of the following living relatives of the Employee: spouse, mother, father, children, brothers or sisters; or to the executors or administrators of the Employee's estate. The Insurance Company may reduce the amount payable by any indebtedness due.

Payment in the manner described above will release the Insurance Company from all liability for any payment made.

**Physical Examination and Autopsy**

The Insurance Company, at its expense, will have the right to examine any person for whom a claim is pending as often as it may reasonably require. The Insurance Company may, at its expense, require an autopsy unless prohibited by law.

**Legal Actions**

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, has been furnished as required by the Policy. No such action shall be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

**Time Limitations**

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which the Employee lives when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

**Physician/Patient Relationship**

The Insured will have the right to choose any Physician who is practicing legally. The Insurance Company will in no way disturb the Physician/patient relationship.

TL-004724

**ADMINISTRATIVE PROVISIONS**

**Premiums**

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

### **Changes in Premium Rates**

The premium rates may be changed by the Insurance Company from time to time with at least 31 days advance written notice. No change in rates will be made until 36 months after the Effective Date. An increase in rates will not be made more often than once in a 12 month period. However, the Insurance Company reserves the right to change the rates even during a period for which the rate is guaranteed, if any of the following events take place.

1. The Policy terms change.
2. A division, subsidiary, eligible company, or class is added or deleted.
3. There is a change of more than 10% in the number of Insureds.
4. Federal or state laws or regulation affecting benefit obligations change.
5. Other changes occur in the nature of the risk that would affect the Insurance Company's original risk assessment.
6. The Insurance Company determines the Employer fails to furnish necessary information.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

### **Reporting Requirements**

The Employer must, upon request, give the Insurance Company any information required to determine who is insured, the amount of insurance in force and any other information needed to administer the plan of insurance.

### **Payment of Premium**

The first premium is due on the Policy Effective Date. After that, premiums will be due monthly unless the Employer and the Insurance Company agree on some other method of premium payment.

If any premium is not paid when due, the plan will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Notice Of Cancellation**

The Employer or the Insurance Company may cancel the policy as of any Premium Due Date by giving 31 days advance written notice. If a premium is not paid when due, the Policy will automatically be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Policy Grace Period**

A Policy Grace Period of 45 days will be granted for the payment of the required premiums under this Policy. This Policy will be in force during the Policy Grace Period. The Employer is liable to the Insurance Company for any unpaid premium for the time this Policy was in force.

### **Reinstatement of Insurance**

An Employee's insurance may be reinstated if it ends because he or she is on an unpaid leave of absence. If an Employee's Active Service ended due to an approved leave pursuant to the Family and Medical Leave Act (FMLA) and Continuation of Insurance is not applicable, an Employee's insurance may be reinstated at the conclusion of the FMLA leave.

If an Employee's Active Service ends due to an Employer approved unpaid leave of absence, other than an approved FMLA leave, insurance may be reinstated only:

1. If the reinstatement occurs within 12 weeks from the date insurance ends, or
2. When returning from military service pursuant to the Uniformed Services Employment Act of 1994 (USERRA).

For insurance to be reinstated the following conditions must be met:

1. An Employee must be in a Class of Eligible Employees.
2. The required premium must be paid.
3. The Insurance Company must receive a written request for reinstatement within 31 days from the date an Employee returns to Active Service.

Reinstated insurance will be effective on the date the Employee returns to Active Service. If an Employee did not fully satisfy the Eligibility Waiting Period or the Pre-Existing Condition Limitation (if any) before insurance ended due to an unpaid leave of absence, credit will be given for any time that was satisfied.

TL-009960.00

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## GENERAL PROVISIONS

### **Entire Contract**

The entire contract will be made up of the Policy, the application of the Employer, a copy of which is attached to the Policy, and the applications, if any, of the Insureds.

### **Incontestability**

All statements made by the Employer or by an Insured are representations not warranties. No statement will be used to deny or reduce benefits or as a defense to a claim, unless a copy of the instrument containing the statement has been furnished to the claimant. In the event of death or legal incapacity, the beneficiary or representative must receive the copy.

After two years from an Insured's effective date of insurance, or from the effective date of any added or increased benefits, no such statement will cause insurance to be contested except for fraud or eligibility for coverage.

### **Misstatement of Age**

If an Insured's age has been misstated, the Insurance Company will adjust all benefits to the amounts that would have been purchased for the correct age.

### **Policy Changes**

No change in the Policy will be valid until approved by an executive officer of the Insurance Company. This approval must be endorsed on, or attached to, the Policy. No agent may change the Policy or waive any of its provisions.

### **Workers' Compensation Insurance**

The Policy is not in lieu of and does not affect any requirements for insurance under any Workers' Compensation Insurance Law.

### **Certificates**

A certificate of insurance will be delivered to the Employer for delivery to Insureds. Each certificate will list the benefits, conditions and limits of the Policy. It will state to whom benefits will be paid.

### **Assignment of Benefits**

The Insurance Company will not be affected by the assignment of an Insured's certificate until the original assignment or a certified copy of the assignment is filed with the Insurance Company. The Insurance Company will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided insurance under the Policy is in effect. This insurance may not be levied on, attached, garnisheed, or otherwise taken for a person's debts. This prohibition does not apply where contrary to law.

### **Clerical Error**

A person's insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

### **Agency**

The Employer and Plan Administrator are agents of the Employee for transactions relating to insurance under the Policy. The Insurance Company is not liable for any of their acts or omissions.

### **Ownership of Records**

All records maintained by the Insurance Company are, and shall remain, the property of the Insurance Company.

TL-004726

## **DEFINITIONS**

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

### **Accident**

An Accident is a sudden, unforeseeable external event that causes bodily Injury to an Insured while coverage is in force under the Policy.

### **Active Service**

An Employee is in Active Service on a day which is one of the Employer's scheduled work days if either of the following conditions are met.

1. The Employee is performing his or her regular occupation for the Employer on a full-time basis. He or she must be working at one of the Employer's usual places of business or at some location to which the employer's business requires an Employee to travel.
2. The day is a scheduled holiday or vacation day and the Employee was performing his or her regular occupation on the preceding scheduled work day.

An Employee is in Active Service on a day which is not one of the Employer's scheduled work days only if he or she was in Active Service on the preceding scheduled work day.

### **Appropriate Care**

Appropriate Care means the Employee:

1. Has received treatment, care and advice from a Physician who is qualified and experienced in the diagnosis and treatment of the conditions causing Disability. If the condition is of a nature or severity that it is customarily treated by a recognized medical specialty, the Physician is a practitioner in that specialty.
2. Continues to receive such treatment, care or advice as often as is required for treatment of the conditions causing Disability.
3. Adheres to the treatment plan prescribed by the Physician, including the taking of medications.

### **Disability Earnings**

Any wage or salary for any work performed for any employer during the Employee's Disability, including commissions, bonus, overtime pay or other extra compensation.

### **Employee**

For eligibility purposes, an Employee is an employee of the Employer in one of the "Classes of Eligible Employees." Otherwise, Employee means an employee of the Employer who is insured under the Policy.

### **Employer**

The Policyholder and any affiliates or subsidiaries covered under the Policy. The Employer is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Employer shall not be considered the actions of the Insurance Company.

### **Full-time**

Full-time means the number of hours set by the Employer as a regular work day for Employees in the Employee's eligibility class.

**Furlough**

Furlough means a temporary suspension or alteration of Active Service initiated by the Employer, for a period of time specified in advance not to exceed 30 days at a time.

**Good Cause**

A medical reason preventing participation in the Rehabilitation Plan. Satisfactory proof of Good Cause must be provided to the Insurance Company.

**Injury**

Any accidental loss or bodily harm which results directly and independently of all other causes from an Accident.

**Insurability Requirement**

An eligible person will satisfy the Insurability Requirement for an amount of coverage on the day the Insurance Company agrees in writing to accept him or her as insured for that amount. To determine a person's acceptability for coverage, the Insurance Company will require evidence of good health and may require it be provided at the Employee's expense.

**Insurance Company**

The Insurance Company underwriting the Policy is named on the Policy cover page.

**Insured**

A person who is eligible for insurance under the Policy, for whom insurance is elected, the required premium is paid and coverage is in force under the Policy.

**Physician**

Physician means a licensed doctor practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include an Employee, an Employee's spouse, the immediate family (including parents, children, siblings or spouses of any of the foregoing, whether the relationship derives from blood or marriage), of an Employee or spouse, or a person living in an Employee's household.

**Plant Closing**

Plant closing means the temporary suspension or alteration of Active Service initiated by the Employer for a period of time specified in advance.

**Prior Plan**

The Prior Plan refers to the plan of insurance providing similar benefits sponsored by the Employer in effect directly prior to the Policy Effective Date. A Prior Plan will include the plan of a company in effect on the day prior to that company's addition to this Policy after the Policy Effective Date.

**Regular Occupation**

The occupation the Employee routinely performs at the time the Disability begins. In evaluating the Disability, the Insurance Company will consider the duties of the occupation as it is normally performed in the general labor market in the national economy. It is not work tasks that are performed for a specific employer or at a specific location.

**Rehabilitation Plan**

A written plan designed to enable the Employee to return to work. The Rehabilitation Plan will consist of one or more of the following phases:

1. rehabilitation, under which the Insurance Company may provide, arrange or authorize educational, vocational or physical rehabilitation or other appropriate services;
2. work, which may include modified work and work on a part-time basis.

**Sickness**

Any physical or mental illness.

**Temporary Layoff**

Temporary Layoff means a temporary suspension of Active Service for a period of time determined in advance by the Employer, other than a Furlough as defined. Temporary Layoff does not include the permanent termination of Active Service (including but not limited to a job elimination), which shall be treated as termination of employment.

TL-007500.39 as modified by TL-009980

(100091)

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
(herein called the Insurance Company)**

**AMENDATORY RIDER**

**CLAIM PROCEDURES APPLICABLE TO PLANS SUBJECT TO THE  
EMPLOYEE RETIREMENT INCOME SECURITY ACT ("ERISA")**

The provisions below amend the Policy to which they are attached. They apply to all claims for benefits under the Policy. They supplement other provisions of the Policy relating to claims for benefits.

This Policy has been issued in conjunction with an employee welfare benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). This Policy is a Plan document within the meaning of ERISA. As respects the Insurance Company, it is the sole contract under which benefits are payable by the Insurance Company. Except for this, it shall not be deemed to affect or supersede other Plan documents.

The Plan Administrator has appointed the Insurance Company as the named fiduciary for deciding claims for benefits under the Plan, and for deciding any appeals of denied claims.

**Review of Claims for Benefits**

The Insurance Company has 45 days from the date it receives a claim for disability benefits, or 90 days from the date it receives a claim for any other benefit, to determine whether or not benefits are payable in accordance with the terms of the Policy. The Insurance Company may require more time to review the claim if necessary due to matters beyond its control. If this should happen, the Insurance Company must provide notice in writing that its review period has been extended for:

- (i) up to two more 30 day periods (in the case of a claim for disability benefits); or
- (ii) 90 days more (in the case of any other benefit).

If this extension is made because additional information must be furnished, these extension periods will begin when the additional information is received. The requested information must be furnished within 45 days.

During the review period, the Insurance Company may require:

- (i) a medical examination of the Insured, at its own expense; or
- (ii) additional information regarding the claim.

If a medical examination is required, the Insurance Company will notify the Insured of the date and time of the examination and the physician's name and location. If additional information is required, the Insurance Company must notify the claimant, in writing, stating what information is needed and why it is needed.

If the claim is approved, the Insurance Company will pay the appropriate benefit.

If the claim is denied, in whole or in part, the Insurance Company will provide written notice within the review period. The Insurance Company's written notice will include the following information:

1. The specific reason(s) the claim was denied.
2. Specific reference to the Policy provision(s) on which the denial was based.
3. Any additional information required for the claim to be reconsidered, and the reason this information is necessary.
4. In the case of any claim for a disability benefit: identification of any internal rule, guideline or protocol relied on in making the claim decision, and an explanation of any medically-related exclusion or limitation involved in the decision.
5. A statement regarding the right to appeal the decision, and an explanation of the appeal procedure, including a statement of the right to bring a civil action under Section 502(a) of ERISA if the appeal is denied.

### Appeal Procedure for Denied Claims

Whenever a claim is denied, there is the right to appeal the decision. A written request for appeal must be made to the Insurance Company within 60 days (180 days in the case of any claim for disability benefits) from the date the denial was received. If a request is not made within that time, the right to appeal will have been waived.

Once a request has been received by the Insurance Company, a prompt and complete review of the claim will take place. This review will give no deference to the original claim decision. It will not be made by the person who made the initial claim decision, or a subordinate of that person. During the review, the claimant (or the claimant's duly authorized representative) has the right to review any documents that have a bearing on the claim, including the documents which establish and control the Plan. Any medical or vocational experts consulted by the Insurance Company will be identified. Issues and comments that might affect the outcome of the review may also be submitted.

The Insurance Company has 60 days (45 days, in the case of any disability benefit) from the date it receives a request to review the claim and provide its decision. Under special circumstances, the Insurance Company may require more time to review the claim. If this should happen, the Insurance Company must provide notice, in writing, that its review period has been extended for an additional 60 days (45 days in the case of any disability benefit). Once its review is complete, the Insurance Company must state, in writing, the results of the review and indicate the Plan provisions upon which it based its decision.



Matthew G. Manders, President

TL-009000

## IMPORTANT CHANGES FOR STATE REQUIREMENTS

If an Employee resides in one of the following states, the provisions of the certificate are modified for residents of the following states. The modifications listed apply only to residents of that state.

### **Louisiana residents:**

The percentage of Covered Earnings, if any, that qualifies an insured to meet the definition of Disability/Disabled may not be less than 80%.

### **Massachusetts residents:**

#### **Continuation of Insurance after leaving the group**

If an Employee leaves the group covered under the Policy, insurance for such Employee will be continued until the earliest of the following dates:

1. 31 days from the date the Employee leaves the group;
2. The date the Employee becomes eligible for similar benefits.

#### **Continuation of Insurance due to a Plant Closing or Partial Closing**

If an Employee leaves the group due to termination of employment resulting from a Plant Closing or Partial Closing, insurance for such Employee will be continued until the earliest of the following dates:

1. 90 days from the date of the Plant Closing or Partial Closing;
2. The date the Employee becomes eligible for similar benefits.

**Definitions:** For purposes of this provision:

**Plant Closing** means a permanent cessation or reduction of business at a facility which results or will result as determined by the director in the permanent separation of at least 90% of the employees of said facility within a period of six months prior to the date of certification or with such other period as the director shall prescribe, provided that such period shall fall within the six month period prior to the date of certification.

**Partial Closing** means a permanent cessation of a major discrete portion of the business conducted at a facility which results in the termination of a significant number of the employees of said facility and which affects workers and communities in a manner similar to that of Plant Closings.

### **Minnesota residents:**

The Pre-existing Condition Limitation, if any, may not be longer than 24 months from the insured's most recent effective date of insurance.

### **Texas residents:**

Any provision offsetting or otherwise reducing any benefit by an amount payable under an individual or franchise policy will not apply.

### **Washington residents:**

The following definition of "Children" as stated under the Survivor Benefit is applicable to Washington residents.

"Children" means an Employee's children under age 26 who are chiefly dependent upon the Employee for support and maintenance.

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
PHILADELPHIA, PA 19192-2235**

We, WESCO Distribution, Inc., whose main office address is Pittsburgh, PA, hereby approve and accept the terms of Group Policy Number LK-100091 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA. We acknowledge that benefits will be provided in accordance with the terms and provisions of the policy, which will be the sole contract under which benefits are paid.

This application is to be signed.

WESCO Distribution, Inc.

TL-004778

DocuSigned by:  
*Paul Dolan*  
9B62B013550E414...

Director-Employee Benefits

4/17/2015 | 17:33:04 PM ET

## SHORT TERM DISABILITY INSURANCE

### For The Employees of WESCO Distribution, Inc.

<b>Eligibility</b>	Active, full-time Hawaii Union employees regularly working a minimum of 30 hours per week are eligible after 90 day(s) of active service.		
<b>When Coverage Takes Effect</b>	Your coverage takes effect on the later of the program's effective date, the date you become eligible, the date we receive your completed enrollment form, or the date you authorize any necessary payroll deductions. If you have to submit evidence of good health, your coverage takes effect on the date we agree, in writing, to cover you. If you're not actively at work on the date your coverage would otherwise take effect, you'll be covered on the date you return to work.		
<b>Definition of Disability</b>	Disability means that, solely because of a covered injury or sickness, you are unable to perform the material duties of your regular occupation and you are unable to earn 80% or more of your covered earnings from working in your regular occupation. We will require proof of earnings and continued disability.		
<b>Elimination Period</b>	You must be disabled for the later of any accumulated sick leave or 7 days from either accident or sickness.		
<b>Weekly Benefit</b>	Your benefit amount is determined by your length of service. You will receive 100% of weekly earnings for the first duration of benefits based on your years of service to a maximum benefit of \$400 per week, followed by 60% of weekly earnings for the remaining weeks to a max of \$400 per week as shown below:		
	Years of Service	Number of weeks you will receive 100% of Weekly Covered Earnings to a maximum of \$400 per week	Number of weeks you will receive 60% of Weekly Covered Earnings to a maximum of \$400 per week
	Less than 1 year	—	25 weeks
	1 year but less than 5 years	2 weeks	23 weeks
	5 years but less than 10	5 weeks	20 weeks
	10 years but less than 15	8 weeks	17 weeks
	15 years but less than 20	11 weeks	14 weeks
	20 years but less than 25	14 weeks	11 weeks
	25 years but less than 30	17 weeks	8 weeks
30 years but less than 35	20 weeks	5 weeks	
35 or more years	25 weeks	—	
<b>Covered Earnings</b>	An Employee's average gross income for the lesser of the 52 week period ending August 31st of the calendar year just prior to the date Disability begins; or the period of actual employment with the Employer. It includes the Employee's total income before taxes. It is prior to any deductions made for pretax contributions to a qualified deferred compensation plan, Section 125 plan, or flexible spending account. It includes earnings received from bonuses, commissions, shift differential and overtime pay, but does not include any other extra compensation or income received from sources other than the Employer. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.  Any increase in your Covered Earnings will not be effective during a period of continuous Disability.		

<p><b>Effects of Other Income Benefits</b></p>	<p>The disability benefit provided by this plan is a total benefit; that is, it will be reduced by any disability benefits payable on behalf of you or your dependents, or a qualified third party on behalf of you or your dependents, whether or not you are actually receiving them. Your disability benefits will not be reduced by any Social Security disability benefits you are not receiving as long as you cooperate fully in efforts to obtain them and agree to repay any overpayment when and if you do receive them.</p> <p>Other income sources that may reduce your benefits under this plan include:</p> <ul style="list-style-type: none"> <li>• Any Social Security disability or retirement benefits you or any third party receive (or are assumed to receive) on your own behalf; or which your dependents receive (or are assumed to receive) because of your entitlement to such benefits.</li> <li>• Benefits payable by a Canadian and/or Quebec provincial pension plan.</li> <li>• Amounts payable under the Railroad Retirement Act.</li> <li>• Amounts payable under any local, state, provincial or federal government disability or retirement plan or law as it pertains to the employer, including a motor vehicle law or similar law of any non-Pennsylvania government entity to the extent it requires contracts to include “no-fault” loss of time coverage;</li> <li>• Employer-paid portion of company retirement plan benefits.</li> <li>• Amounts payable by company sponsored salary continuation plan.</li> <li>• Amounts payable by any franchise or group insurance or similar plan.</li> <li>• Any benefits received from coverage subject to the mandatory part of the motor vehicle financial responsibility law.</li> <li>• Any amounts paid on account of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.</li> <li>• Severance Pay</li> <li>• Vacation Pay or PTO</li> <li>• Unemployment Benefits</li> </ul> <p>Income sources that WILL NOT reduce your benefits under this plan are:</p> <ul style="list-style-type: none"> <li>• Benefits paid by personal, individual disability income policies.</li> <li>• Individual deferred compensation agreements.</li> <li>• Employee savings plans, including thrift plans, stock options or stock bonuses.</li> <li>• Individual retirement funds, such as IRA or 401(k) plans.</li> <li>• Profit-sharing, investment or other retirement or savings plans maintained in addition to an employer-sponsored pension plan.</li> </ul>
<p><b>Earnings While Disabled</b></p>	<p>Benefits will be reduced for any week that benefits plus income from employment exceeds 100% of weekly covered earnings.</p>
<p><b>Benefit Duration</b></p>	<p>Once you qualify for benefits under this plan, you continue to receive them until the end of the 25 week benefit period, or until you no longer qualify for benefits, whichever occurs first.</p>
<p><b>Termination of Disability Benefits</b></p>	<p>Your benefits will terminate when your disability ceases, when your benefit duration period is exceeded, or on the following events: (1) the date you earn from any occupation more than 80% of your covered earnings. (refer to your plan’s definition of disability), or (2) the date you fail to cooperate with us in a rehabilitation plan, or transitional work arrangement, or the administration of the claim.</p>
<p><b>Exclusions</b></p>	<p>This plan does not pay benefits for a disability which results, directly or indirectly, from any of the following: Suicide, attempted suicide, or whenever you injure yourself on purpose; war or any act of war, whether or not declared; active participation in a riot; commission of a felony; the revocation, restriction or non-renewal of your license, permit or certification necessary for you to perform the duties of your occupation, unless solely due to injury or sickness otherwise covered by the policy.</p> <p>In addition, we will not pay disability benefits for any period of disability during which you are incarcerated in a penal or corrections institution for any reason.</p> <p>Cosmetic surgery or medically unnecessary surgical procedures</p> <p>An injury or sickness for which you are entitled to benefits from Workers’ Compensation or occupational disease law</p>
<p><b>Plan Termination</b></p>	<p>Coverage terminates if the group policy is terminated, if you cease to be in active service, or if you are no longer a member of an eligible class of employees.</p>

<p><b>How Much Your Coverage Will Cost</b></p>	<p><b>The cost is paid for by WESCO but there is a Tax Choice program as follows:</b></p> <p>In summary, all employees will be automatically enrolled in the Tax Choice program, which means:</p> <ul style="list-style-type: none"> <li>• If you become disabled during the plan year for which the election is in effect, you will not be taxed on your disability benefit.</li> <li>• You elect to have the cost of Short-Term Disability coverage (\$12.86 per month) included in your taxable income and will pay taxes on this additional monthly income.</li> <li>• For payroll purposes, you will see a taxable Short-Term Disability benefit premium on your payroll statement equal to \$12.86 per month.</li> <li>• If you choose to opt out of Tax Choice, you will not see a taxable Short-Term Disability benefit premium amount, but any Short-Term Disability benefits you receive will be taxable.</li> </ul>
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This information is a brief description of the important features of this plan. It is not a contract. Terms and conditions of the coverage are set forth in Group Policy No. LK-100091, on Policy Form TL-004701, issued in Pennsylvania and subject to its laws. The availability of this offer may change. Please keep this material as a reference, and file it with your certificate, should you become insured.

*Coverage is underwritten by Life Insurance Company of North America, 1601 Chestnut Street, Philadelphia, PA 19192*



Class 3  
10/2014