

Procedure Title:

Short Term Disability Pay – Exempt

Procedure Owner:

Senior Vice President, Compensation and Benefits

Process Owner:

Senior Director, Benefit Programs

Procedure



| <i>No.</i> | <i>Subject</i> | <i>Date</i> |
|-------------|---|-----------------------|
| 2-39 | Short Term Disability Pay – EXEMPT | April 23, 2018 |

Scope: This procedure applies to all exempt employees working in U.S. Hertz Divisions and Subsidiaries.

Purpose: To explain the Company’s policy on short term disability pay (also referred to as salary continuation) to exempt employees during periods of short term disability as a result of a covered injury or sickness commencing on or after January 1, 2018.

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Procedure:

A. General

1. Employees are eligible for up to a specific number of weeks of wage replacement benefits, that result in replacement of full base pay for a specified period of time, and then partial (half) base pay for a specified period of time, for absences due to a covered disability depending upon their length of service with the company as outlined below. Wage replacement benefits are integrated with state disability insurance benefits in states with such benefits (see Section G below).

Length of Service

| <u>At Least</u> | <u>But Less Than</u> | <u>Full Base Pay (in weeks)</u> | <u>Half Base Pay (in weeks)</u> |
|--|----------------------|---------------------------------|---------------------------------|
| First of the month following 60 days from date of hire | 6 Months | 1 | 25 |
| 6 Months | 1 Year | 2 | 24 |
| 1 Year | 2 Years | 3 | 23 |
| 2 Years | 3 Years | 4 | 22 |
| 3 Years | 4 Years | 5 | 21 |
| 4 Years | 5 Years | 6 | 20 |
| 5 Years | 6 Years | 8 | 18 |
| 6 Years | 7 Years | 10 | 16 |
| 7 Years | 8 Years | 12 | 14 |
| 8 Years | 9 Years | 14 | 12 |
| 9 Years | 10 Years | 16 | 10 |
| Over 10 Years | | 26 | 0 |

2. All employees that meet the eligibility requirements must apply for and be approved for short term disability pay by the Company's Leave Administrator while considered disabled from their regular occupation. In order to receive the full available benefits of wage replacement, employees in states with state disability insurance benefits must also apply for such benefits. See Section G below.
3. Short term disability pay begins on the first day of a doctor-certified disability when the employee will be absent as a result of this disability for seven (7) or more consecutive calendar days. Documentation supporting the disability must be provided to the Company's Leave Administrator on a timely basis. Short term disability pay continues for the full term of a covered disability, up to a total period of twenty-six (26) weeks from the last day worked.

NOTE: When an employee has been or is expected to be absent for a period of seven (7) calendar days, the employee must contact the Company's Leave Administrator to begin the process of requesting a medical leave of absence and disability pay.

4. Base pay for purposes of short term disability pay is an employee's weekly base pay excluding incentive pay, bonuses, and any other form of special compensation. For commission salespersons paid a base salary plus commissions, base pay for purposes of disability pay benefits will be determined as follows:

- a. For less than one (1) year of service, full base pay will equal the base salary.
- b. For one (1) or more years of service, full base pay will be equal to 80% of the prior year's annualized Hertz W-2 earnings or current base pay, whichever is greater.

Example: Leave of Absence commenced June 15, 2012 base pay is \$25,000.

Prior Year W-2 earnings annualized = \$45,000

$\$45,000 \times .80 = \$36,000$

\$36,000 is greater than \$25,000

Therefore, \$36,000 is considered "base pay," and benefits are calculated using this amount.

5. Short term disability pay will be paid if an employee becomes disabled (as defined below) as a result of a covered injury or sickness and has been approved by the Company's Leave Administrator. The employee must be under the appropriate care of a licensed, practicing physician qualified to treat the injury or sickness and meet all other terms and conditions of this Procedure. The employee must provide satisfactory evidence (i.e. doctor's certification) at the start of any disability period. Additional certification may be required for extended disability periods.
 - **Disability/Disabled** means the employee, solely because of injury or sickness, is unable to perform the material duties of his or her regular occupation and unable to earn 80% or more of his or her base pay from working in his/her regular occupation.
 - **Appropriate Care** means the determination of an accurate and medically supported diagnosis of the disability, or a plan of ongoing medical treatment and care of the disability, by a licensed, practicing physician that conforms to generally-accepted medical standards, including frequency of treatment and care.
 - **Physician** means a licensed doctor practicing within the scope of his license and rendering care and treatment to an employee that is appropriate for the condition and locality. A physician cannot be an employee's spouse, domestic partner, or the immediate family member of the employee's spouse, domestic partner or a person living in the employee's household.
 - **Sickness** means any physical or mental illness. For purposes of this procedure, pregnancy is treated as a Sickness.
 - **Injury** means any accidental loss or bodily harm which result directly or independently of all other causes from an Accident.
 - **Accident** means a sudden, unforeseeable external event that causes bodily injury and occurs while the employee is covered under this Procedure.
6. Short term disability pay is not payable for a disability commencing while the employee is not actively at work. For example, short term disability pay is not payable for a disability commencing while the employee is already on an unpaid personal leave of absence for a different reason, layoff or after termination of employment (including the period following termination when the former employee is covered by medical benefits) unless required by state law.

7. Any absence for which an employee has requested or is receiving short-term disability pay, runs concurrently with a leave under the federal Family and Medical Leave Act (FMLA) and under analogous state laws to the extent permissible, in accordance with applicable laws.
8. For employees that have returned to work for 90 consecutive days or more following a period of disability, a subsequent period of disability will not be considered as being due to the same or related causes as the preceding disability.

B. Eligibility

Eligibility is defined as all full-time, part-time, and temporary United States exempt employees working for the Hertz Corporation or one of its participating subsidiaries who are scheduled to work at least 30 hours per week.

Employees satisfying the above criteria but who are working in states that have state-mandated disability insurance requirements (California, Hawaii, New Jersey, New York, or Rhode Island) must also apply for state disability insurance (“SDI”) benefits in order to receive the full wage replacement offered by this Policy. Refer to Section G.

Eligibility Waiting Period

On the first day of the month following 60 days of employment, employees meeting the eligibility requirements set forth herein are eligible for short term disability pay.

C. Rehires

1. Rehires who have a break in service of 13 consecutive weeks or more will be treated as a new hire upon reemployment. Before the employee can begin participation, he/she must satisfy the eligibility terms described in the Eligibility section, including the waiting period.
2. Rehires who are reemployed following a break in service of less than 13 weeks will be treated as a continuing employee for eligibility purposes. This means that his/her eligibility to participate upon reemployment will be determined by his/her eligibility prior to the break.
3. Length of service is measured from the employee’s most recent date of hire.

D. Return from Layoff

4. Employees who are returning from layoff following a break in service of two (2) years or more will be treated as a new hire upon reemployment. Before the employee can begin participation, he/she must satisfy the eligibility terms described in the Eligibility section, including the waiting period. Length of service is measured from the employee’s most recent date of hire.
5. Employees who are returning from layoff following a break in service of less than (2) years will be treated as a continuing employee for eligibility purposes. This means that his/her eligibility to participate upon reemployment will be determined by his/her

eligibility prior to the break. Length of service is based on the employee's adjusted service date.

E. Reporting a Claim

1. It is the employee's responsibility to contact his/her immediate supervisor as soon as the employee knows he/she will be out of work due to any sickness or injury.
2. If an employee anticipates being out of work for seven (7) or more consecutive calendar days, the employee must file a claim with the Company's Leave Administrator.
3. Notice of claim must be provided to the Company's Leave Administrator as soon as possible, but not later than 2 weeks or fourteen (14) calendar days after a potential covered loss occurs or begins. After the employee contacts his/her supervisor, the employee should call the Company's Leave Administrator to report the claim.
4. If a claim is not reported by the 14th calendar day and the employee has received benefits or if it is determined that employee is not disabled, the Company reserves the right to require the employee to exhaust all vacation or other paid time off to cover the benefits provided. If the employee has no available paid time off, the employee will be required to pay back the overpayment either through payroll deductions or via personal check/money order.

The employee should be prepared to provide the following information when filing a claim:

- The physician's name, address, fax, and phone number;
- The employee's name, home address, phone number, date of birth, and employee ID number;
- Employment information, including items such as the employee's occupation (or job title), date of hire, supervisor's name and phone number;
- A brief description of the employee's medical condition, including cause (sickness or injury), date of injury or beginning of sickness, and whether it is work-related;
- The dates of the employee's first visit, most recent visit, and next scheduled visit with a physician;
- The employee's last day worked and first day absent from work due to this condition;
- The date the employee expects to return to work (if the employee knows), or the actual date if the employee has already returned to work at the time the employee calls; and
- Work restrictions or limitations advised by the employee's physician, if any

Failure to provide any requested items may disqualify the employee from receiving short term disability pay or may delay receipt of short term disability pay. Disability pay will cease after two (2) pay periods if a claim remains unreported or unapproved. Disability pay will begin again upon notification of approval of the claim.

F. Termination of Benefits and Exclusions

Short term disability pay is not paid for a disability which results, directly or indirectly, from any of the following:

- Injury or sickness covered under any Workers' Compensation, Occupational Disease, or similar law;
- Injury or sickness sustained while doing any act or thing pertaining to any occupation for wage or profit;
- Intentional self-inflicted injury;
- War, declared or undeclared, or any act of war;
- Active participation by the employee in a riot, rebellion or insurrection; or
- The employee's commission of or attempted commission of an assault, felony or other criminal act.

Short term disability pay will cease on the earliest of:

- The date the employee is no longer totally or partially disabled;
- The date the employee terminates employment;
- The date the employee dies;
- The end of the maximum payment period;
- The date the employee fails to provide any requested information or proof of continuing disability as requested;
- The date the employee is able to work in his/her regular occupation on a part-time basis but chooses not to;
- The date it is determined that the employee is able to perform all of the material and substantial duties or his/her occupation, even if the employee chooses not to work.

G. Requirements for Exempt Employees Working in States with State Disability Insurance

For exempt employees working in California, Hawaii, New Jersey, New York, and Rhode Island, short term disability pay is integrated with the applicable State Disability Insurance Program to ensure that the employee receives the full amount payable under the Hertz salary continuation schedule (Section A.2) or the State Disability Insurance payment (whichever is greater), but never greater than regular base pay. Salary continuation payments must be processed as follows:

| <u>Responsibility</u> | <u>Action</u> |
|--|---|
| Exempt Employee in New Jersey, New York, or Hawaii | <ol style="list-style-type: none">1. Files for State Disability Insurance through the Company's Leave Administrator.2. The Company's Leave Administrator will coordinate statutory and salary continuation benefits to ensure that the employee receives the full amount payable under the Hertz salary continuation schedule; not to exceed regular base pay. |
| Exempt Employee in California or Rhode | <ol style="list-style-type: none">1. Files the appropriate State Disability Insurance Form(s) with the applicable State agency. |

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2. Hertz will integrate the amount available to the employee through the SDI program with the benefits available under this Policy to ensure the employee receives that full amount payable under this Policy, but never more than regular base pay.
If the employee receives different amount in SDI benefits from the state than determined by Hertz, employees must provide proof to payroll to receive any additional payment through the Hertz plan.

OKC Payroll

1. Coordinates the employee's short term disability payment with the benefit amount the employee is eligible to receive from State Disability Insurance to ensure that the employee receives the amount available under Company short term disability policy as wage replacement.
2. Employees must report any issues with under or over payment to payroll immediately.

Approvals:

| Approval Departments and Contact Names | |
|---|---------------|
| Owner | Mike Harrison |
| Human Resources | Paige Claus |
| Legal | Randy White |