



# reliancestandard

LIFE INSURANCE COMPANY

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Home Office: Schaumburg, Illinois • Administrative Office: Philadelphia, Pennsylvania

**POLICYHOLDER:** Central Garden & Pet

**POLICY NUMBER:** LTD 121465

**EFFECTIVE DATE:** January 1, 2011, as amended through May 1, 2023

**ANNIVERSARY DATES:** January 1, 2012 and each January 1st thereafter.

**PREMIUM DUE DATES:** The first Premium is due on the Effective Date. Further Premiums are due monthly, in advance, on the first day of each month.

This Policy is delivered in California and is governed by its laws.


Reliance Standard Life Insurance Company is referred to as "we", "our" or "us" in this Policy.


The Policyholder and any subsidiaries, divisions or affiliates are referred to as "you", "your" or "yours" in this Policy.

We agree to provide insurance to you in exchange for the payment of Premium and a signed Application. This Policy provides income replacement benefits for Total Disability from Sickness or Injury. It insures those Eligible Persons for the Monthly Benefit shown on the Schedule of Benefits. The insurance is subject to the terms and conditions of this Policy.

The Effective Date of this Policy is shown above. This Policy stays in effect as long as Premium is paid when due. The "TERMINATION OF THIS POLICY" section of the GENERAL PROVISIONS explains when the insurance terminates.

This Policy is signed by our President and Secretary.

  
Secretary

  
President

**GROUP LONG TERM DISABILITY INSURANCE  
NON-PARTICIPATING**

This Long Term Disability Policy amends the Long Term Disability Policy previously issued to you by us. It is issued on May 22, 2023.



**RELIANCE STANDARD LIFE INSURANCE COMPANY**

Home Office: Schaumburg, Illinois  
Administrative Office: Philadelphia, Pennsylvania

**GROUP POLICY NUMBER:** LTD 121465                      **POLICY EFFECTIVE DATE:** January 1, 2011, as amended through May 1, 2023

**POLICY DELIVERED IN:** California                      **ANNIVERSARY DATE:** January 1st in each year

Application is made to us by: Central Garden & Pet

This Application is completed in duplicate, one copy to be attached to your Policy and the other returned to us.

It is agreed that this Application takes the place of any previous application for your Policy.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_.

Policyholder: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

Please sign and return.





\*BC1COAPLTD 12146505/01/2023\*RSL

\*BC2COAPCentral Garden & Pet

**RELIANCE STANDARD LIFE INSURANCE COMPANY**

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Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_.

Policyholder: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)



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## SCHEDULE OF BENEFITS

**NAME OF SUBSIDIARIES, DIVISIONS OR AFFILIATES TO BE COVERED:** Breeders Choice, Cedar Works, Aquatics & Small Animal, Central Pet-Houston, Central Pet Distribution - NJ, Central Pet-Tampa, Central Pet-West, Kaytee Products, Pennington Seed - Airport, Pets International, Central Garden & Pet Corporate, Central Life Sciences (Farnam), Central Life Sciences (Wellmark), Central Pet Distribution -Sac, Central Pet West, Kaytee Products, Lowes Sales Team (Garden Corp), Matson LLC & Excel Marketing, Pennington Seed - Tech Park, Pennington Seed - Corp, Pennington Seed- Garden Distribution, TFH Publications, Walmart Sales Office - Betonville, Commercial Garden Corporate Office, Pet Smart Bus Development, Professional Services Garden Warehouse, Central Life Sciences -CB, Central Life Sciences - TX, Central Shared Services, Garden Corporate, Garden Distribution - Ontario, Garden Distribution - OR, Garden Distribution Texas, Howard Johnson Enterprises, Penn- PSI Chemicals - CO, Penn PSI Grass Seed, Pennington Seed - Cullman, Pennington Seed - Greenfield, Pennington Seed - Laurel, Pennington Seed - OH, Pennington Seed - Roll, Pet Dist - SFS, Pet Dist ( CO), Pet Dist ( Dallas), Pet Dist ( Tampa), Pet Dist ( NW), PSI Bird Fee- NE, PSI Chemicals - Eatonton, PSI Chemical ( Howard Johnson Ent), PSI Distribution (Penn-Columbia ), PSI Distribution ( Penn-Kenbridge), PSI Distribution ( Penn - Georgia ), PSI Grass Seed Lebanon, TVS ( Thompson's Vet Supply), Garden Dist - SFS, Dallas Manufacturing Company, Segrest Inc., D&D Commodities, Ltd., Plantation Products LLC. (d/b/a Green Garden Products), Central Pet Group, LLC. (d/b/a General Pet)

"Affiliate" means any corporation, partnership, or sole proprietor under the common control of the Policyholder.

**ELIGIBLE CLASSES:** Each active, Full-time employee, except any person employed on a temporary or seasonal basis, according to the following classifications:

CLASS 1: Employee, except an employee included in any other class

CLASS 2: Sales employee

**WAITING PERIOD:** 30 days of continuous employment. \*

\*With respect to an employee whose part-time status changes to full-time, the time served as a part-time employee will count toward satisfying the completion of this Policy's Waiting Period.

**INDIVIDUAL EFFECTIVE DATE:** The first of the month coinciding with or next following completion of the Waiting Period.

**INDIVIDUAL REINSTATEMENT:** If rehired within 3 months of termination, coverage will be reinstated

**MINIMUM PARTICIPATION REQUIREMENTS:** Percentage: 40%      Number of Insureds: 10

### LONG TERM DISABILITY BENEFIT

**ELIMINATION PERIOD:** 180 consecutive days of Total Disability.

**MONTHLY BENEFIT:** The Monthly Benefit is an amount equal to 60% of Covered Monthly Earnings, payable in accordance with the section entitled Benefit Amount.

**MINIMUM MONTHLY BENEFIT:** In no event will the Monthly Benefit payable to an Insured be less than \$100.

**MAXIMUM MONTHLY BENEFIT:** \$15,000 (this is equal to a maximum Covered Monthly Earnings of \$25,000).

**MAXIMUM DURATION OF BENEFITS:** Benefits will not accrue beyond the longer of the Duration of Benefits or Normal Retirement Age specified below:

<u>Age at Disablement</u>	<u>Duration of Benefits (in months)</u>
Less than 63	48
63	42
64	36
65	30
66	27
67	24
68	21
69 or more	18

OR

Normal Retirement Age as defined by the 1983 Amendments to the United States Social Security Act and determined by the Insured's year of birth, as follows:

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
1937 or before	65 years
1938	65 years and 2 months
1939	65 years and 4 months
1940	65 years and 6 months
1941	65 years and 8 months
1942	65 years and 10 months
1943 thru 1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1960 and after	67 years

**CHANGES IN MONTHLY BENEFIT:** Increases in the Monthly Benefit are effective on the date of the change, provided the Insured is Actively at Work on the effective date of the change. If the Insured is not Actively at Work on that date, the effective date of the increase in the benefit amount will be deferred until the date the Insured returns to Active Work. Decreases in the Monthly Benefit are effective on the date the change occurs.

Premium changes due to an Insured's age will occur on the date following the birthday that causes the Insured to enter the next age bracket.

If an increase in, or initial application for, the Monthly Benefit is due to a life event change (such as marriage, birth or specific changes in employment status), proof of health will not be required for amounts up to the guaranteed issue amount, provided the Eligible Person applies within thirty-one (31) days of such life event.

**CONTRIBUTIONS:** Insured: 100%

Contributions for the Insured are being made on a post-tax basis. For purposes of filing the Insured's Federal Income Tax Return, this means that under the law as of the date this Policy was issued, the Insured's Monthly Benefit might be treated as non-taxable. It is recommended that the Insured contact his/her personal tax advisor.

## DEFINITIONS

"Actively at Work" and "Active Work" mean actually performing on a Full-time basis the material duties pertaining to his/her job in the place where and the manner in which the job is normally performed. This includes approved time off such as vacation, jury duty and funeral leave, but does not include time off as a result of an Injury or Sickness.

"Claimant" means an Insured who makes a claim for benefits under this Policy for a loss covered by this Policy as a result of an Injury to or a Sickness of the Insured.

CLASS 1: "Covered Monthly Earnings" means the Insured's monthly salary received from you on the day just before the date of Total Disability. Covered Monthly Earnings does not include commissions, overtime pay, bonuses, incentive pay or any other special compensation not received as Covered Monthly Earnings.

If hourly paid employees are insured, the number of hours worked during a regular work week, not to exceed forty (40) hours per week, times 4.333, will be used to determine Covered Monthly Earnings. If an employee is paid on an annual basis, then the Covered Monthly Earnings will be determined by dividing the basic annual salary by 12.

CLASS 2: "Covered Monthly Earnings" means the Insured's monthly salary received from you on the day just before the date of Total Disability. Covered Monthly Earnings does not include overtime pay, bonuses, incentive pay or any other special compensation not received as Covered Monthly Earnings. However, "Covered Monthly Earnings" will include commissions received from you averaged over the lesser of:

- (1) the number of months worked; or
- (2) the 12 months;

just prior to the date Total Disability began.

If hourly paid employees are insured, the number of hours worked during a regular work week, not to exceed 40 hours per week, times 4.333, will be used to determine Covered Monthly Earnings. If an employee is paid on an annual basis, then the Covered Monthly Earnings will be determined by dividing the basic annual salary by 12.

"Eligible Person" means a person who meets the Eligibility Requirements of this Policy.

"Elimination Period" means a period of consecutive days of Total Disability, as shown on the Schedule of Benefits page, for which no benefit is payable. It begins on the first day of Total Disability.

Interruption Period: If, during the Elimination Period, an Insured returns to Active Work for less than 30 days, then the same or related Total Disability will be treated as continuous. Days that the Insured is Actively at Work during this interruption period will not count towards the Elimination Period. This interruption of the Elimination Period will not apply to an Insured who becomes eligible under any other group long term disability insurance plan.

"Full-time" means working for you for a minimum of 30 hours during a person's regular work week.

"Hospital" or "Institution" means a facility licensed to provide care and Treatment for the condition causing the Insured's Total Disability.

"Injury" means bodily Injury resulting directly from an accident, independent of all other causes. The Injury must cause Total Disability which begins while insurance coverage is in effect for the Insured.

"Insured" means a person who meets the Eligibility Requirements of this Policy and is enrolled for this insurance.

"Physician" means a duly licensed practitioner who is recognized by the law of the state in which treatment is received as qualified to treat the type of Injury or Sickness for which claim is made. The Physician may not be the Insured or a member of his/her immediate family.

"Pre-existing Condition" means any Sickness or Injury for which the Insured received medical treatment, consultation, care or services, including diagnostic procedures, or took prescribed drugs or medicines, during the three (3) months immediately prior to the Insured's effective date of insurance.

"Premium" means the amount of money needed to keep this Policy in force.

"Retirement Benefits" mean money which the Insured is entitled to receive upon early or normal retirement or disability retirement under:

- (1) any plan of a state, county or municipal retirement system, if such pension benefits include any credit for employment with you;
- (2) Retirement Benefits under the United States Social Security Act of 1935, as amended or under any similar plan or act; or
- (3) an employer's retirement plan where payments are made in a lump sum or periodically and do not represent contributions made by an Insured.

Retirement Benefits do not include:

- (1) a federal government employee pension benefit;
- (2) a thrift plan;
- (3) a deferred compensation plan;
- (4) an individual retirement account (IRA);
- (5) a tax sheltered annuity (TSA);
- (6) a stock ownership plan; or
- (7) a profit sharing plan.

"Sickness" means illness or disease causing Total Disability which begins while insurance coverage is in effect for the Insured. Sickness includes pregnancy, childbirth, miscarriage or abortion, or any complications therefrom.

"Totally Disabled" and "Total Disability" mean, that as a result of an Injury or Sickness:

- (1) during the Elimination Period and for the first 24 months for which a Monthly Benefit is payable, an Insured cannot perform the material duties of his/her regular occupation;
  - (a) "Partially Disabled" and "Partial Disability" mean that as a result of an Injury or Sickness an Insured is capable of performing the material duties of his/her regular occupation on a part-time basis or some of the material duties on a full-time basis. An Insured who is Partially Disabled will be considered Totally Disabled, except during the Elimination Period;
  - (b) "Residual Disability" means being Partially Disabled during the Elimination Period. Residual Disability will be considered Total Disability; and
- (2) after a Monthly Benefit has been paid for 24 months, an Insured cannot perform the material duties of any occupation. Any occupation is one that the Insured's education, training or experience will reasonably allow. We consider the Insured Totally Disabled if due to an Injury or Sickness he or she is capable of only performing the material duties on a part-time basis or part of the material duties on a full-time basis.

If an Insured is employed by you and requires a license for such occupation, the loss of such license for any reason does not in and of itself constitute "Total Disability".

## **CERTAIN RESPONSIBILITIES OF THE POLICYHOLDER**

For the purposes of this Policy, you act on your behalf or as the employee's agent. Under no circumstances will you be deemed our agent.

### **Annual Enrollment Periods**

It is your responsibility to provide us with written notice and obtain our written approval at least 31 days prior to conducting an annual enrollment period.

### **Compliance With Americans With Disabilities Act (ADA)**

It is your responsibility to establish and maintain procedures which comply with the employer responsibilities of the Americans With Disabilities Act of 1990, as amended.

### **Distribution Of Certificates Of Insurance**

A Certificate of Insurance will be provided to you for each Insured covered under this Policy. The Certificate will outline the insurance coverage, and explain the provisions, benefits and limitations of this Policy. It is your responsibility to distribute the appropriate Certificates and any updates or other notices from us to each Insured.

### **Maintenance Of Records**

It is your responsibility to maintain sufficient records of each Insured's insurance, including additions, terminations and changes. We reserve the right to examine these records at the place where they are kept during normal business hours or at a place mutually agreeable to you and us. Such records must be maintained by you for at least 3 years after this Policy terminates.

### **Reporting Of Eligibility And Coverage Amounts**

It is your responsibility to notify us on a timely basis of all individuals eligible for coverage under this Policy, of all individuals whose eligibility for coverage ends and of all changes in individual coverage amounts.

It is your responsibility to provide accurate census and salary information on all Insureds on or before each Anniversary Date, if we request such information.

### **Timely Payment Of Premiums**

It is your responsibility to pay all premiums required under this Policy when due. Any change in the premium contribution basis must be approved by us.

## **TRANSFER OF INSURANCE COVERAGE**

If an employee was covered under any group long term disability insurance plan maintained by you prior to this Policy's Effective Date, that employee will be insured under this Policy, provided that he/she is Actively At Work and meets all of the requirements for being an Eligible Person under this Policy on its Effective Date.

If an employee was covered under the prior group long term disability insurance plan maintained by you prior to this Policy's Effective Date, but was not Actively at Work due to Injury or Sickness on the Effective Date of this Policy and would otherwise qualify as an Eligible Person, coverage will be allowed under the following conditions:

- (1) The employee must have been insured with the prior carrier on the date of the transfer; and
- (2) Premiums must be paid; and
- (3) Total Disability must begin on or after this Policy's Effective Date.

If an employee is receiving long term disability benefits, becomes eligible for coverage under another group long term disability insurance plan, or has a period of recurrent disability under the prior group long term disability insurance plan, that employee will not be covered under this Policy. If premiums have been paid on the employee's behalf under this Policy, those premiums will be refunded.

### **Pre-existing Conditions Limitation Credit**

If an employee is an Eligible Person on the Effective Date of this Policy, any time used to satisfy the Pre-existing Conditions Limitation of the prior group long term disability insurance plan will be credited towards the satisfaction of the Pre-existing Conditions Limitation of this Policy.

### **Waiting Period Credit**

If an employee is an Eligible Person on the Effective Date of this Policy, any time used to satisfy any Waiting Period of the prior group long term disability insurance plan will be credited towards the satisfaction of the Waiting Period of this Policy.

### **Late Applicant Provision**

If an employee was eligible for coverage under a prior group long term disability insurance plan issued to you for more than thirty-one (31) days but did not elect to be covered under that prior plan, then he/she must submit a written application within thirty-one (31) days of the Effective Date of this Policy, along with proof of health acceptable to us. If we approve the employee's application, his/her insurance will be effective on the date of our approval, provided he/she is Actively at Work on that date.

## GENERAL PROVISIONS

**ENTIRE CONTRACT; CHANGES:** This Policy, your Application, and any attached amendments constitute the entire contract between you and us. Any statement made by you will, in the absence of fraud be deemed a representation, not a warranty. No statement by an Insured will be used in defense of a claim under this Policy. No agent has authority to change or waive any part of this Policy. To be valid, any change or waiver must be in writing, signed by either our President, a Vice President, or a Secretary. The change or waiver must also be endorsed on or attached to this Policy.

**TIME LIMIT ON CERTAIN DEFENSES:** After this Policy has been in force for three (3) years, no statement made by you in the application, and no statement relating to insurability by an Insured will be used: (i) to deny a claim; or (ii) in contesting the validity of insurance.

No claim for Total Disability which begins after three (3) years from the Effective Date, will be reduced or denied on the ground that a disease or physical condition existed prior to the Effective Date. This does not apply if the disease or physical condition was excluded by name or specific description on the date of loss.

**RECORDS MAINTAINED:** You must maintain records of all Insureds. Such records must show the essential data of the insurance, including new persons, terminations, changes, etc. This information must be reported to us regularly. We reserve the right to examine the insurance records maintained at the place where they are kept. This review will only take place during normal business hours.

**CLERICAL ERROR:** Clerical errors in connection with this Policy or delays in keeping records for this Policy, whether by you, us, or the Plan Administrator:

- (1) will not terminate insurance that would otherwise have been effective; and
- (2) will not continue insurance that would otherwise have ceased or should not have been in effect.

Clerical Errors include (but are not limited to) the payment of premium for coverage not provided by this Policy. If appropriate, a fair adjustment of premium will be made to correct a clerical error. Such adjustments will be limited to the twelve (12) month period preceding the date we receive proof from you that an adjustment due to overpayment of premium should be made or the date we discover that premium has been underpaid.

**MISSTATEMENT OF AGE:** If an Insured's age is misstated, the Premium will be adjusted. If the Insured's benefit is affected by the misstated age, it will also be adjusted. The benefit will be changed to the amount the Insured is entitled to at his/her correct age.

**NOT IN LIEU OF WORKERS' COMPENSATION:** This Policy is not a Workers' Compensation Policy. It does not provide Workers' Compensation benefits.

**CONFORMITY WITH STATE LAWS:** Any section of this Policy, which on its Effective Date, conflicts with the laws of the state in which this Policy is issued, is amended by this provision. This Policy is amended to meet the minimum requirements of those laws.

**CERTIFICATE OF INSURANCE:** We will send to you an individual certificate for each Insured. The certificate will outline the insurance coverage, state this Policy's provisions that affect the Insured, and explain to whom benefits are payable.

**CANCELLATION:** You may cancel this Policy at any time by giving us written notice. This Policy will be cancelled on the date we receive your notice or, if later, the date requested in your notice.

This Policy will terminate at the end of the Grace Period if Premium has not been paid by that date.

We may cancel this Policy within thirty-one (31) days of written notice prior to the date of cancellation, only:

- (1) if the number of Insureds is less than the Minimum Participation Number shown on the Schedule of Benefits; or
- (2) if the percentage of Eligible Persons insured is less than the Minimum Participation Percentage shown on the Schedule of Benefits.

You must pay us any Premium that is not paid up to the date this Policy is cancelled. We will return, pro-rata, any part of the Premium paid beyond the date this Policy is cancelled.

Cancellation of this Policy will not affect any claim which began prior to cancellation, subject to the terms and conditions of this Policy.



## CLAIMS PROVISIONS

**NOTICE OF CLAIM:** Written notice must be given to us within ninety (90) days after a Total Disability covered by this Policy occurs, or as soon as reasonably possible. The notice should be sent to us at our Administrative Office or to our authorized agent. The notice should include information sufficient to identify the Insured.

**CLAIM FORMS:** When we receive the notice of claim, we will send the Claimant the claim forms to file with us. We will send them within fifteen (15) days after we receive notice. If we do not, then proof of loss will be met by giving us a written statement of the type and extent of the loss. The statement must be sent within ninety (90) days after the loss began.

**PROOF OF LOSS:** For any Total Disability covered by this Policy, which provides for periodic payment based upon continuing Total Disability, written proof must be sent to us within ninety (90) days after the Total Disability began. If it is not reasonably possible to give proof within ninety (90) days, the claim is not affected if the proof is sent as soon as possible. In any event, proof must be given within one (1) year after the Total Disability began, unless the Claimant is legally incapable of doing so.

**TIME OF PAYMENT OF CLAIMS:** When we receive written proof of Total Disability covered by this Policy, as well as any additional information needed to determine that a valid claim exists, we will pay any benefits due within thirty (30) days. If benefits are not paid within thirty (30) days, we will pay interest at the rate of ten (10%) percent per year, beginning on the thirty-first (31st) day, until the claim is paid. Benefits that provide for periodic payment will be paid for each period as we become liable.

**PAYMENT OF CLAIMS:** We will pay benefits to the Insured, if living, or else to his/her estate.

If the Insured has died and we have not paid all benefits due, we may pay up to \$1,000.00 to any relative by blood or marriage. The payment will only be made to persons entitled to it. An expense incurred as a result of the Insured's last illness, death or burial will entitle a person to this payment. We will not be liable for any payment we have made in good faith.

The claims review fiduciary has the discretionary authority to interpret the Plan and the insurance policy and to determine eligibility for benefits. Decisions by the claims review fiduciary shall be complete, final and binding on all parties. We shall serve as the claims review fiduciary with respect to the insurance policy and the Plan.

**ARBITRATION OF CLAIMS:** Any claim or dispute arising from or relating to our determination regarding the Insured's Total Disability may be settled by arbitration when agreed to by the Insured and us in accordance with the Rules for Health and Accident Claims of the American Arbitration Association or by any other method agreeable to the Insured and us. In the case of a claim under an Employee Retirement Income Security Act (hereinafter referred to as ERISA) Plan, the Insured's ERISA claim appeal remedies, if applicable, must be exhausted before the claim may be submitted to arbitration. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction over such awards.

Unless otherwise agreed to by the Insured and us, any such award will be binding on the Insured and us for a period of twelve (12) months after it is rendered assuming that the award is not based on fraudulent information and the Insured continues to be Totally Disabled. At the end of such twelve (12) month period, the issue of Total Disability may again be submitted to arbitration in accordance with this provision.

Any costs of said arbitration proceedings levied by the American Arbitration Association or the organization or person(s) conducting the proceedings will be paid by us.

**PHYSICAL EXAMINATION AND AUTOPSY:** We, at our expense, have the right to have an Insured examined to determine the existence of any Total Disability which is the basis for a claim. This right may be used when and as often as it is reasonably required while a claim is pending.

We can have an autopsy made in case of death, unless prohibited by law.

**LEGAL ACTIONS:** No legal action may be brought against us to recover on this Policy within sixty (60) days after written proof of loss has been given as required by this Policy. No action may be brought after three (3) years from the time written proof of loss is required to be furnished.

## INDIVIDUAL ELIGIBILITY, EFFECTIVE DATE AND TERMINATION

**GENERAL GROUP:** The general group will be your employees and employees of any subsidiaries, divisions or affiliates named on the Schedule of Benefits page.

**ELIGIBILITY REQUIREMENTS:** A person is eligible for insurance under this Policy if he/she:

- (1) is a member of an Eligible Class, as shown on the Schedule of Benefits page; and
- (2) has completed the Waiting Period, as shown on the Schedule of Benefits page.

**WAITING PERIOD:** A person who is continuously employed on a Full-time basis with you for the period specified on the Schedule of Benefits page has satisfied the Waiting Period.

**EFFECTIVE DATE OF INDIVIDUAL INSURANCE:** If you pay the entire Premium due for an Eligible Person, the insurance for such Eligible Person will go into effect on the Individual Effective Date, as shown on the Schedule of Benefits page.

If an Eligible Person pays a part of the Premium, he/she must apply in writing for the insurance to go into effect. He/she will become insured on the latest of:

- (1) the Individual Effective Date as shown on the Schedule of Benefits page, if he/she applies on or before that date;
- (2) on the first of the month coinciding with or next following the date he/she applies, if he/she applies within thirty-one (31) days from the date he/she first met the Eligibility Requirements; or
- (3) on the first of the month coinciding with or next following the date we approve any required proof of health acceptable to us. We require this proof if a person applies:
  - (a) after thirty-one (31) days from the date he/she first met the Eligibility Requirements; or
  - (b) after he/she terminated this insurance but remained in an Eligible Class as shown on the Schedule of Benefits page; or
- (4) the date premium is remitted.

The insurance for an Eligible Person will not go into effect on a date he/she is not Actively at Work because of a Sickness or Injury. The insurance will go into effect after the person is Actively at Work for one (1) full day in an Eligible Class, as shown on the Schedule of Benefits page.

**TERMINATION OF INDIVIDUAL INSURANCE:** The insurance of an Insured will terminate on the first of the following to occur:

- (1) the date this Policy terminates;
- (2) the date the Insured ceases to meet the Eligibility Requirements;
- (3) the end of the period for which Premium has been paid for the Insured; or
- (4) the date the Insured enters military service (not including Reserve or National Guard).

**INDIVIDUAL REINSTATEMENT:** The insurance of a terminated person may be reinstated if he/she returns to Active Work with you within the period of time as shown on the Schedule of Benefits page. He/she must also be a member of an Eligible Class, as shown on the Schedule of Benefits page, and have been:

- (1) on a leave of absence approved by you; or
- (2) on temporary lay-off; or
- (3) rehired after employment has been terminated.

The person will not be required to fulfill the Eligibility Requirements of this Policy again. If the person returns after an approved leave of absence or a temporary lay-off, the insurance will go into effect after he/she returns to Active Work for one (1) full day. If the person returns after being rehired, the insurance will go into effect on the first of the month following the day he/she returns to Active Work for one (1) full day. If a person returns after terminating insurance at his/her request or for failure to pay Premium when due, proof of health acceptable to us must be submitted before he/she may be reinstated.

## **PREMIUMS**

**PREMIUM PAYMENT:** All Premiums are to be paid by you to us, or to an authorized agent, on or before the due date. The Premium Due Dates are stated on this Policy's face page.

**PREMIUM RATE:** The Premium due will be the rate per \$100.00 of the entire amount of Covered Monthly Earnings then in force. We will furnish to you the Premium Rate on this Policy's Effective Date and when it is changed. We have the right to change the Premium Rate:

- (1) when the extent of coverage is changed by amendment;
- (2) on any Premium Due Date after the third Policy Anniversary; or
- (3) on any Premium Due Date on or after the first Policy Anniversary if your entire group's Covered Monthly Earnings changes by 15% or more from such group's Covered Monthly Earnings on this Policy's Effective Date.

We will not change the Premium Rate due to (2) or (3) above more than once in any twelve (12) month period. We will tell you in writing at least thirty-one (31) days before the date of a change due to (2) or (3) above.

**GRACE PERIOD:** You may pay the Premium up to thirty-one (31) days after the date it is due. This Policy stays in force during this time. If the Premium is not paid during the grace period, this Policy will terminate. You will still owe us the Premium up to the date this Policy terminates.

**WAIVER OF PREMIUM:** No Premium is due us for an Insured while he/she is receiving Monthly Benefits from us. Once Monthly Benefits cease due to the end of his/her Total Disability, Premium payments must begin again if insurance is to continue.

## BENEFIT PROVISIONS

**INSURING CLAUSE:** We will pay a Monthly Benefit if an Insured:

- (1) is Totally Disabled as the result of a Sickness or Injury covered by this Policy;
- (2) is under the regular care of a Physician;
- (3) has completed the Elimination Period; and
- (4) submits satisfactory proof of Total Disability to us.

**BENEFIT AMOUNT:** To figure the benefit amount payable:

- (1) multiply an Insured's Covered Monthly Earnings by the benefit percentage(s), as shown on the Schedule of Benefits page;
- (2) take the lesser of the amount:
  - (a) of step (1) above; or
  - (b) the Maximum Monthly Benefit, as shown on the Schedule of Benefits page; and
- (3) subtract Other Income Benefits, as shown below, from step (2) above.

We will pay at least the Minimum Monthly Benefit, as shown on the Schedule of Benefits page.

**OTHER INCOME BENEFITS:** Other Income Benefits are benefits resulting from the same Total Disability for which a Monthly Benefit is payable under this Policy. These Other Income Benefits are:

- (1) disability income benefits an Insured is eligible to receive under any group insurance plan(s);
- (2) disability income benefits an Insured is eligible to receive under any governmental retirement system, except benefits payable under a federal government employee pension benefit;
- (3) all permanent as well as temporary disability benefits, including any damages or settlement made in place of such benefits (whether or not liability is admitted) an Insured receives under:
  - (a) Workers' Compensation Laws;
  - (b) occupational disease law;
  - (c) any other laws of like intent as (a) or (b) above; and
  - (d) any compulsory benefit law;
- (4) any of the following that the Insured is entitled to receive from you:
  - (a) wages, excluding the amount allowable when engaged in Rehabilitative Employment; and
  - (b) commissions or monies, including vested renewal commissions, but, excluding commissions or monies that the Insured earned prior to Total Disability which are paid after Total Disability has begun;
- (5) that part of disability or Retirement Benefits paid for by you that an Insured is eligible to receive under a group retirement plan; and
- (6) disability or Retirement Benefits under the United States Social Security Act, the Canadian pension plans, federal or provincial plans, or any similar law for which:
  - (a) an Insured is eligible to receive because of his/her Total Disability or eligibility for Retirement Benefits; and
  - (b) an Insured's dependents are eligible to receive due to the Insured's Total Disability.

Disability and early Retirement Benefits will be offset only if such benefits are elected by the Insured or if election would not reduce the amount of his/her accrued normal Retirement Benefits then funded.

Retirement Benefits under number (6) above will not apply to disabilities which begin after age 70 for those Insureds already receiving Social Security Retirement Benefits while continuing to work beyond age 70.

Benefits above will be estimated if the benefits:

- (1) have not been applied for; or
- (2) have not been awarded; and
- (3) have been denied and the denial is being appealed.

The Monthly Benefit will be reduced by the estimated amount. If benefits have been estimated, the Monthly Benefit will be adjusted when we receive proof:

- (1) of the amount awarded; or
- (2) that benefits have been denied and the denial cannot be further appealed.

If we have underpaid the Monthly Benefit for any reason, we will make a lump sum payment. If we have overpaid the Monthly Benefit for any reason, the overpayment must be repaid to us. At our option, we may reduce the Monthly Benefit or ask for a lump sum refund. If we reduce the Monthly Benefit, the Minimum Monthly Benefit, if any, as shown on the Schedule of Benefits page, would not apply.

For each day of a period of Total Disability less than a full month, the amount payable will be 1/30th of the Monthly Benefit.

**COST OF LIVING FREEZE:** After the initial deduction for any Other Income Benefits, the Monthly Benefit will not be further reduced due to any cost of living increases payable under these Other Income Benefits.

**LUMP SUM PAYMENTS:** If Other Income Benefits are paid in a lump sum, the sum will be broken down to a monthly amount for the period of time the sum is payable. If no period of time is given, the sum will be broken down to a monthly amount for the period of time we expect the Insured to be disabled based on actuarial tables of disabled lives.

**TERMINATION OF MONTHLY BENEFIT:** The Monthly Benefit will stop on the earliest of:

- (1) the date the Insured ceases to be Totally Disabled;
- (2) the date the Insured dies;
- (3) the Maximum Duration of Benefits, as shown on the Schedule of Benefits page, has ended; or
- (4) the date the Insured fails to furnish the required proof of Total Disability.

**RECURRENT DISABILITY:** If, after a period of Total Disability for which benefits are payable, an Insured returns to Active Work for at least six (6) consecutive months, any recurrent Total Disability for the same or related cause will be part of a new period of Total Disability. A new Elimination Period must be completed before any further Monthly Benefits are payable.

If an Insured returns to Active Work for less than six (6) months, a recurrent Total Disability for the same or related cause will be part of the same Total Disability. A new Elimination Period is not required. Our liability for the entire period will be subject to the terms of this Policy for the original period of Total Disability.

If an Insured becomes eligible for insurance coverage under any other group long term disability insurance plan, then this Recurrent Disability section will not apply.

## **EXCLUSIONS**

We will not pay a Monthly Benefit for any Total Disability caused by:

- (1) an act of war, declared or undeclared; or
- (2) an intentionally self-inflicted Injury; or
- (3) an Injury or Sickness that occurs while the Insured is confined in any penal or correctional institution.

## LIMITATIONS

**MENTAL OR NERVOUS DISORDERS:** Monthly Benefits for Total Disability caused by or contributed to by mental or nervous disorders will not be payable beyond an aggregate lifetime maximum duration of twenty-four (24) months unless the Insured is in a Hospital or Institution at the end of the twenty-four (24) month period. The Monthly Benefit will be payable while so confined, but not beyond the Maximum Duration of Benefits.

If an Insured was confined in a Hospital or Institution and:

- (1) Total Disability continues beyond discharge;
- (2) the confinement was during a period of Total Disability; and
- (3) the period of confinement was for at least fourteen (14) consecutive days;

then upon discharge, Monthly Benefits will be payable for the greater of:

- (1) the unused portion of the twenty-four (24) month period; or
- (2) ninety (90) days;

but in no event beyond the Maximum Duration of Benefits, as shown on the Schedule of Benefits page.

Mental or Nervous Disorders are defined to include disorders which are diagnosed to include a condition such as:

- (1) bipolar disorder (manic depressive syndrome);
- (2) schizophrenia;
- (3) delusional (paranoid) disorders;
- (4) psychotic disorders;
- (5) depressive disorders;
- (6) anxiety disorders;
- (7) somatoform disorders (psychosomatic illness);
- (8) eating disorders; or
- (9) mental illness.

**SUBSTANCE ABUSE:** Monthly Benefits for Total Disability due to alcoholism or drug addiction will be payable while the Insured is a participant in a Substance Abuse Rehabilitation Program. The Monthly Benefit will not be payable beyond twenty-four (24) months.

If, during a period of Total Disability due to Substance Abuse for which a Monthly Benefit is payable, an Insured is able to perform Rehabilitative Employment, the Monthly Benefit, less 50% of any of the money received from this Rehabilitative Employment will be paid until: (1) the Insured is performing all the material duties of his/her regular occupation on a full-time basis; or (2) the end of twenty-four (24) consecutive months from the date that the Elimination Period is satisfied, whichever is earlier. All terms and conditions of the Rehabilitation Benefit will apply to Rehabilitative Employment due to Substance Abuse.

"Substance Abuse" means the pattern of pathological use of a Substance which is characterized by:

- (1) impairments in social and/or occupational functioning;
- (2) debilitating physical condition;
- (3) inability to abstain from or reduce consumption of the Substance; or
- (4) the need for daily Substance use for adequate functioning.

"Substance" means alcohol and those drugs included on the Department of Health, Retardation and Hospitals' Substance Abuse list of addictive drugs, except tobacco and caffeine are excluded.

A Substance Abuse Rehabilitation Program means a program supervised by a Physician or a licensed rehabilitation specialist approved by us.

**PRE-EXISTING CONDITIONS:** Benefits will not be paid for a Total Disability:

- (1) caused by;
- (2) contributed to by; or
- (3) resulting from;

a Pre-existing Condition unless the Insured has been Actively at Work for one (1) full day following the end of six (6) consecutive months from the date he/she became an Insured.

**SPECIFIC INDEMNITY BENEFIT**

If the Insured suffers any one of the Losses listed below from an accident resulting in an Injury, we will pay a guaranteed minimum number of Monthly Benefit payments, as shown below. However:

- (1) the Loss must occur within one hundred and eighty (180) days; and
- (2) the Insured must live past the Elimination Period.

<u>For Loss of:</u>	<u>Number of Monthly Benefit Payments:</u>
Both Hands.....	46 Months
Both Feet.....	46 Months
Entire Sight in Both Eyes.....	46 Months
Hearing in Both Ears.....	46 Months
Speech.....	46 Months
One Hand and One Foot.....	46 Months
One Hand and Entire Sight in One Eye.....	46 Months
One Foot and Entire Sight in One Eye.....	46 Months
One Arm.....	35 Months
One Leg.....	35 Months
One Hand.....	23 Months
One Foot.....	23 Months
Entire Sight in One Eye.....	15 Months
Hearing in One Ear.....	15 Months

"Loss(es)" with respect to:

- (1) hand or foot, means the complete severance through or above the wrist or ankle joint;
- (2) arm or leg, means the complete severance through or above the elbow or knee joint; or
- (3) sight, speech or hearing, means total and irrecoverable Loss thereof.

If more than one (1) Loss results from any one accident, payment will be made for the Loss for which the greatest number of Monthly Benefit payments is provided.

The amount payable is the Monthly Benefit, as shown on the Schedule of Benefits page, with no reduction from Other Income Benefits. The number of Monthly Benefit payments will not cease if the Insured returns to Active Work.

If death occurs after we begin paying Monthly Benefits, but before the Specific Indemnity Benefit has been paid according to the above schedule, the balance remaining at time of death will be paid to the Insured's estate, unless a beneficiary is on record with us under this Policy.

Benefits may be payable longer than shown above as long as the Insured is still Totally Disabled, subject to the Maximum Duration of Benefits, as shown on the Schedule of Benefits page.



## **SURVIVOR BENEFIT - LUMP SUM**

We will pay a benefit to an Insured's Survivor when we receive proof that the Insured died while:

- (1) he/she was receiving Monthly Benefits from us; and
- (2) he/she was Totally Disabled for at least one hundred and eighty (180) consecutive days.

The benefit will be an amount equal to 3 times the Insured's last Monthly Benefit. The last Monthly Benefit is the benefit the Insured was eligible to receive right before his/her death. It is not reduced by wages earned while in Rehabilitative Employment.

A benefit payable to a minor may be paid to the minor's legally appointed guardian. If there is no guardian, at our option, we may pay the benefit to an adult that has, in our opinion, assumed the custody and main support of the minor. We will not be liable for any payment we have made in good faith.

"Survivor" means an Insured's spouse; or a civil union partner or domestic partner where legally recognized under applicable state law or named on an affidavit of domestic partnership on file with you. If the spouse, civil union partner or domestic partner dies before the Insured, or if the Insured was legally separated or the civil union or domestic partnership was no longer in effect, then the Insured's natural, legally adopted children, step-children, or children of a civil union or domestic partnership or named on such affidavit who are under age twenty-five (25) will be the Survivors. If there are no eligible Survivors, payment will be made to the Insured's estate, unless a beneficiary is on record with us under this Policy.

## **WORK INCENTIVE AND CHILD CARE BENEFITS**

### **WORK INCENTIVE BENEFIT**

During the first twelve (12) months of Rehabilitative Employment during which a Monthly Benefit is payable, we will not offset earnings from Rehabilitative Employment until the sum of:

- (1) the Monthly Benefit prior to offsets with Other Income Benefits; and
- (2) earnings from Rehabilitative Employment;

exceed 100% of the Insured's Covered Monthly Earnings. If the sum above exceeds 100% of Covered Monthly Earnings, our Benefit Amount will be reduced by such excess amount until the sum of (1) and (2) above equals 100%.

### **CHILD CARE BENEFIT**

We will allow a Child Care Benefit to an Insured if:

- (1) the Insured is receiving benefits under the Work Incentive Benefit;
- (2) the Insured's Child(ren) is (are) under 14 years of age;
- (3) the child care is provided by a non-relative; and
- (4) the charges for child care are documented by a receipt from the caregiver, including social security number or taxpayer identification number.

During the twelve (12) month period in which the Insured is eligible for the Work Incentive Benefit, an amount equal to actual expenses incurred for child care, up to a maximum of \$250.00 per month, will be added to the Insured's Covered Monthly Earnings when calculating the Benefit Amount under the Work Incentive Benefit.

Child(ren) means: the Insured's unmarried child(ren), including any foster child, adopted child, step-child, or child of a civil union or domestic partnership where legally recognized under applicable state law or named on an affidavit of domestic partnership on file with you who resides in the Insured's home and is financially dependent on the Insured for support and maintenance.

## FAMILY AND MEDICAL LEAVE OF ABSENCE BENEFIT

We will allow the Insured's coverage to continue, for up to 12 weeks in a 12 month period, if he/she is eligible for, and you have approved, a Family and Medical Leave of Absence under the terms of the Family and Medical Leave Act of 1993, as amended, or the California Family Rights Act of 1992, as amended, for any of the following reasons:

- (1) To provide care after the birth of a son or daughter; or
- (2) To provide care for a son or daughter upon legal adoption; or
- (3) To provide care after the placement of a foster child in the Insured's home; or
- (4) To provide care to a spouse, son, daughter, or parent due to serious illness; or
- (5) To take care of his/her own serious health condition under the terms of the Family and Medical Leave Act of 1993, as amended; or (b) his/her own serious health condition except for pregnancy, childbirth or related medical conditions, under the terms of the California Family Rights Act of 1992, as amended.

We will also allow the Insured's coverage to continue, if she is eligible for and you have approved a leave of absence in accordance with the terms of the pregnancy disability laws under California's Fair Employment and Housing Act, as amended, under the following circumstances:

- (1) To take care of her own health due to normal pregnancy, childbirth or medical condition related to such normal pregnancy for a period not to exceed six (6) weeks; or
- (2) To take care of her own serious health condition when disabled due to pregnancy due to pregnancy, childbirth or related medical condition for a period not to exceed four (4) months.

If the Insured, due to his/her own serious health condition, meets the definition of Total Disability as well as all other requirements in this Policy, he/she will be considered Totally Disabled and eligible to receive a Monthly Benefit. All premiums will be waived as long as he/she is receiving such Monthly Benefit. If the Insured, due to his/her own serious health condition, is working on a reduced leave schedule or an intermittent leave schedule, as described by the Family and Medical Leave Act of 1993, as amended, the California Family Rights Act of 1992, as amended or the Fair Employment and Housing Act, as amended, but is not considered Totally Disabled under this Policy, premium payments will be continued under this benefit.

The Insured will not qualify for the Family and Medical Leave of Absence Benefit unless we have received proof from you, in a form satisfactory to us that the Insured has been granted a leave under the terms of the Family and Medical Leave Act of 1993, as amended, the California Family Rights Act of 1992, as amended or the Fair Employment and Housing Act, as amended. Such proof: (1) must outline the terms of the Insured's leave; and (2) give the date the leave began; and (3) the date it is expected to end; and (4) must be received by us within thirty-one (31) days after a claim for benefits has been filed with us.

If you grant the Insured a Family and Medical Leave of Absence, the following applies to the Insured who has been granted the leave:

- (1) While the Insured is on an approved Family and Medical Leave of Absence, the required premium must be paid according to the terms specified in this Policy to keep the insurance in force.
- (2) While the Insured is on an approved Family and Medical Leave of Absence, he will be considered Actively at Work in all instances unless such leave is due to his/her own illness, injury, or disability. Changes such as revisions to coverage because of age, class, or salary changes will apply during the leave except that increases in amount of insurance, whether automatic or subject to election, are not effective for an Insured who is not Actively at Work until such time as he/she returns to Active Work for one full day.
- (3) If the Insured becomes Totally Disabled while on a Family and Medical Leave of Absence, any Monthly Benefit which becomes payable will be based on the Insured's Covered Monthly Earnings received from you immediately prior to the date of Total Disability.
- (4) Coverage will terminate for any Insured who does not return to work as scheduled according to the terms of his/her agreement with you. In no case will coverage be extended under this benefit beyond twelve (12) weeks in a twelve (12) month period. Insurance will not be terminated for an Insured who becomes Totally Disabled during the period of the leave and who is eligible for benefits according to the terms of this Policy.

All other terms and conditions of this Policy will remain in force while an Insured is on an approved Family and Medical Leave of Absence.

## **MILITARY SERVICES LEAVE OF ABSENCE COVERAGE**

We will allow the Insured's coverage to continue, for up to 12 weeks in a 12 month period, if the Insured enters the military service of the United States. While the Insured is on a Military Services Leave of Absence, the required premium must be paid according to the terms specified in this Policy to keep the insurance in force. Changes such as revisions to coverage because of age, class or salary changes will apply during the leave except that increases in amount of insurance, whether automatic or subject to election, are not effective for such an Insured until he/she has returned to work from Military Services Leave of Absence for one full day. All other terms and conditions of this Policy will remain in force during this continuation period. The Insured's continued coverage will cease on the earliest of the following dates:

- (1) the date this Policy terminates; or
- (2) the date ending the last period for which any required premium was paid; or
- (3) 12 weeks from the date the Insured's continued coverage began.

This Policy, however, does not cover any loss which occurs while on active duty in the military service if such loss is caused by or arises out of such military service, including but not limited to war or act of war (whether declared or undeclared) and is also subject to any other exclusions listed in the Exclusions provision.

## **REHABILITATION BENEFIT**

"Rehabilitative Employment" means work in any gainful occupation for which the Insured's training, education or experience will reasonably allow. A Physician or licensed or certified rehabilitation specialist must certify that he/she can perform the duties associated with such employment. Rehabilitative Employment includes work performed while Partially Disabled, but does not include performing all the material duties of his/her regular occupation on a full-time basis.

If an Insured is receiving a Monthly Benefit because he/she is considered Totally Disabled under the terms of this Policy and is able to perform Rehabilitative Employment, we will continue to pay the Monthly Benefit less an amount equal to 50% of earnings received through such Rehabilitative Employment.

If an Insured is able to perform Rehabilitative Employment when Totally Disabled due to Substance Abuse, we will continue to pay the Monthly Benefit less an amount equal to 50% of earnings received through such Rehabilitative Employment. This Monthly Benefit is payable for a maximum of twenty-four (24) consecutive months from the date the Elimination Period is satisfied.

An Insured will be considered able to perform Rehabilitative Employment if a Physician or licensed or certified rehabilitation specialist approved by us determines that he/she can perform such employment.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**

**AMENDATORY RIDER**

It is hereby understood and agreed that the Policy will be amended by the addition of the following:

**Applicable to Vermont Residents Only**

The following sections/provisions of this Policy are amended to comply with Vermont law:

1. **Schedule of Benefits section, Elimination Period provision.**

The Elimination Period will be the lesser of the number of days shown on the Schedule of Benefits in this policy or:

For Benefit Periods 2 years and greater: 365 days.

For Benefit Periods greater than 1 year but less than 2 years: 180 days.

2. **Limitations section, Mental or Nervous Disorders and/or Substance Abuse, if such limitations are included in this Policy.**

If this Policy contains limitations in coverage for mental or nervous disorders and/or substance abuse, such limitations will not apply to Vermont residents. Coverage for these conditions will be treated the same as other conditions that may entitle the Insured to full benefits.

3. **Limitations section, Pre-existing Conditions, if such limitation is included in this Policy.**

The pre-existing condition provision time period in the definition of Pre-existing Condition shall be the lesser of the time period shown on the Limitations form in this policy or twelve (12) months.

The period of time during which the Insured becomes Totally Disabled due to a Pre-existing Condition and a benefit is not payable for such Total Disability is the lesser of the time period as shown in this policy or twelve (12) months.

All other terms and conditions remain unchanged.

**RELIANCE STANDARD LIFE INSURANCE COMPANY**



Secretary

## **NOTICE TO POLICYHOLDERS/INSUREDS**

We are here to serve you...

As our policyholder/insured, your satisfaction is very important to us. Should you have a valid claim, we fully expect to provide a fair settlement in a timely fashion.

If you are not satisfied...

If you have any questions or complaints about your insurance, please write to our Director of Claims or Department of Consumer Relations at the following address, or call us using our toll-free telephone number.

**Reliance Standard Life Insurance Company  
1700 Market Street, Suite 1200  
Philadelphia, PA 19103-3938**

**Toll-free telephone number: 1-800-644-1103**

If, after contacting us, you feel that your problem is not resolved or you are not being treated fairly, you may contact the California Department of Insurance by writing to them at the following address or using their toll-free telephone number.

**Consumer Services Division  
State of California  
Department of Insurance  
300 South Spring Street  
South Tower, Suite 201  
Los Angeles, CA 90013  
[www.insurance.ca.gov](http://www.insurance.ca.gov)**

**Toll-free Consumer Hotline in California: 1-800-927-HELP  
Area codes 213, 310, and 818 and out-of-state: 1-213-897-8921**

**NOTICE OF PROTECTION PROVIDED BY  
CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION**

This notice provides a brief summary regarding the protections provided to policyholders by the California Life and Health Insurance Guarantee Association ("the Association"). The purpose of the Association is to assure that policyholders will be protected, within certain limits, in the unlikely event that a member insurer of the Association becomes financially unable to meet its obligations. Insurance companies licensed in California to sell life insurance, health insurance, annuities and structured settlement annuities are members of the Association. The protection provided by the Association is not unlimited and is not a substitute for consumers' care in selecting insurers. This protection was created under California law, which determines who and what is covered and the amounts of coverage.

Below is a brief summary of the coverages, exclusions and limits provided by the Association. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations or the rights or obligations of the Association.

**COVERAGE**

• **Persons Covered**

Generally, an individual is covered by the Association if the insurer was a member of the Association *and* the individual lives in California at the time the insurer is determined by a court to be insolvent. Coverage is also provided to policy beneficiaries, payees or assignees, whether or not they live in California.

• **Amounts of Coverage**

The basic coverage protections provided by the Association are as follows.

• **Life Insurance, Annuities and Structured Settlement Annuities**

For life insurance policies, annuities and structured settlement annuities, the Association will provide the following:

• **Life Insurance**

80% of death benefits but not to exceed \$300,000

80% of cash surrender or withdrawal values but not to exceed \$100,000

• **Annuities and Structured Settlement Annuities**

80% of the present value of annuity benefits, including net cash withdrawal and net cash surrender values but not to exceed \$250,000

The maximum amount of protection provided by the Association to an individual, for *all* life insurance, annuities and structured settlement annuities is \$300,000, regardless of the number of policies or contracts covering the individual.

• **Health Insurance**

The maximum amount of protection provided by the Association to an individual, as of July 1, 2016, is \$546,741. This amount will increase or decrease based upon changes in the health care cost component of the consumer price index to the date on which an insurer becomes an insolvent insurer. Changes to this amount will be posted on the Association's website [www.califega.org](http://www.califega.org).



## COVERAGE LIMITATIONS AND EXCLUSIONS FROM COVERAGE

The Association may not provide coverage for this policy. Coverage by the Association generally requires residency in California. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.

The following policies and persons are among those that are excluded from Association coverage:

- A policy or contract issued by an insurer that was not authorized to do business in California when it issued the policy or contract
- A policy issued by a health care service plan (HMO), a hospital or medical service organization, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society
- If the person is provided coverage by the guaranty association of another state.
- Unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which do not guaranty annuity benefits to an individual
- Employer and association plans, to the extent they are self-funded or uninsured
- A policy or contract providing any health care benefits under Medicare Part C or Part D
- An annuity issued by an organization that is only licensed to issue charitable gift annuities
- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as certain investment elements of a variable life insurance policy or a variable annuity contract
- Any policy of reinsurance unless an assumption certificate was issued
- Interest rate yields (including implied yields) that exceed limits that are specified in Insurance Code Section 1067.02(b)(2)(C).

### **NOTICES**

Insurance companies or their agents are required by law to give or send you this notice. Policyholders with additional questions should first contact their insurer or agent. To learn more about coverages provided by the Association, please visit the Association's website at [www.califega.org](http://www.califega.org), or contact either of the following:

California Life and Health Insurance  
Guarantee Association  
P.O. Box 16860,  
Beverly Hills, CA 90209-3319  
(323) 782-0182

California Department of Insurance  
Consumer Communications Bureau  
300 South Spring Street  
Los Angeles, CA 90013  
(800) 927- 4357

**Insurance companies and agents are not allowed by California law to use the existence of the Association or its coverage to solicit, induce or encourage you to purchase any form of insurance. When selecting an insurance company, you should not rely on Association coverage. If there is any inconsistency between this notice and California law, then California law will control.**