Decide Today To Protect Tomorrow®

APSB-21987(CA)(C)-0713 Long Beach

American Fidelity Assurance Company
A member of the American Fidelity Group®

Why Do *You* Need Disability Income Protection?

Think of it as insurance on your income.

Ask yourself this question:

If I were disabled, would my family have any type of financial hardship?

What Is Disability Income Insurance?

Disability Income Insurance is insurance that helps provide an income when you are disabled due to a covered accidental injury or sickness that keeps you away from work for an extended period of time. The policy's monthly benefit can be used in many ways:

- Mortgage / Rent
- Car Payments
- Credit Card Payments
- Groceries
- Utilities
- Gasoline
- Daily Living Expenses
- Tuition

Facts to Consider

- Disabling **injuries led to economic losses** and **lost quality of life** valued at about $13,403 per person in 2009[1]

- **1 in 3** working Americans **will become disabled** for at least 90 days.[2]

[1] National Safety Council, Injury Facts, 2011 Edition, p. 4.
[2] Terry, Gary. "Disability income insurance misconceptions." Life and Health Adviser. n.d. Web. 24 Mar. 2011.

Policy Benefit Highlights

The Disability Payment is payable when you are Totally Disabled due to a covered Accident or Sickness while the coverage is in force. Disability Benefits will be provided for each period you remain Totally Disabled due to a covered disability which continues beyond the Elimination Period.

TOTAL DISABILITY (or Totally Disabled) means that for the first 24 months during which Disability Benefits are payable, You are unable to perform with reasonable continuity the substantial and material acts necessary to pursue your usual occupation in the usual or customary way. After that, Total Disability means You are unable to perform with reasonable continuity in another occupation in which you could reasonably be expected to perform satisfactorily in light of your age, education, training, experience, station in life, physical and mental capacity.

Elimination Period means that period of time that starts after your Effective Date of coverage, during which you are Totally Disabled due to a covered Accident or Sickness and no Disability Benefits are payable. Your Elimination Period is based on the plan selected and is listed in your Certificate Schedule of Benefits.

Mental Illness Limited Benefit

If You are Totally Disabled due to a mental illness, regardless of the cause, Disability Benefits will be paid for up to 2 years or to age 70, whichever occurs first. If you are Totally Disabled due to Mental Illness at age 69 or older, benefits will be payable for up to 1 year.

Total Disability must be verified by either a registered specialist in psychiatry or psychology; a Physician administering treatment on the advice of a registered specialist in psychiatry or psychology who certifies that such treatment is medically necessary; or a Physician, if a specialist in psychiatry or psychology is not required to certify that such treatment is medically necessary.

The term Mental Illness does not apply to dementia, if due to: stroke; trauma; viral infection; Alzheimer's disease; or other such conditions not listed in the policy which are not usually treated by a mental health provider using psychotherapy, psychotropic drugs, or other similar modalities.

Alcoholism and Drug Addiction Limited Benefit

When, as a result of alcoholism or drug addiction You are Totally Disabled, American Fidelity Assurance Company (AFA) will pay a limited Disability Benefit not to exceed a total of fifteen (15) days of disability payable in any twelve (12) month period.

Residual Disability Benefit

A Residual Disability Benefit will be paid if You return to work on a limited basis following a period of Total Disability due to a covered Accident or Sickness, and during which You are recovering and able to work on a less than full-time basis. Payment of the Residual Disability Benefit is subject to the following conditions: (a) The Elimination Period for Total Disability must be satisfied and Total Disability Benefits payable. (b) Residual Disability Benefits will be payable beginning the first day following the date Total Disability ends. (c)The Residual Disability must be the result of the same Accident or Sickness which caused Total Disability and for which Total Disability Benefits were payable. (d) The Residual Disability Benefit will be payable for a maximum period of 3 Months.

However, the combined period of time for which benefits are payable for Total Disability and Residual Disability may not exceed the maximum monthly disability benefit period. (e) The maximum Residual Disability Benefit payable will be equal to 50% of the maximum monthly Disability Benefit, however, the maximum Residual Disability Benefit will be reduced by your total gross earnings during partial employment plus the income received from all sources listed in Reductions and may not exceed 100% of your pre-disability gross earnings. The Residual Disability Benefit payable under the terms of this provision will be no less than the Minimum Disability Benefit amount of $100.00.

Residual Disability or Residually Disabled means an amount of disability lesser than Total Disability that occurs following a period of Total Disability, during which you may be recovering and able to work on a less than full-time basis and you incur a loss of monthly gross income of at least 40%.

Waiver of Premium Benefit

If You become Totally Disabled due to a covered Accident or Sickness, Your insurance will be continued without payment of premium. Waiver of Premium will begin the first of the calendar month following the latest of: Your satisfaction of the Elimination Period; 3 months of continuous Total Disability; or the first date Total Disability Benefits are payable; provided premium has been paid from the beginning of Total Disability to the date Waiver of Premium begins.

Waiver of Premium will continue until the earliest of: the end of Your Total Disability; the end of the maximum disability benefit period; the end of the period for which benefits would otherwise be payable; the date the Policy terminates; or the date Your employment with the Policyholder or subscribing employer unit ends, as determined by your employer. American Fidelity Assurance Company will require proof on an annual basis that you remain Totally Disabled during your benefit period.

Successive Disabilities

Disabilities which result from the same or related causes will be considered one period of disability unless the disabilities are separated by your return to Active Service for at least three consecutive months.

Survivor Benefit

If You die while receiving Disability Benefits; and have been Totally Disabled for at least 180 consecutive days, a Survivor Benefit will be paid to Your beneficiary or estate. The Survivor Benefit will be paid in a lump sum and will be equal to three times the Disability Benefit for which You are eligible during the calendar month preceding death, not to exceed Your Disability Benefit, excluding any other benefits payable under this Policy.

Eligibility

This policy will be issued only to all active full-time employees of the Policyholder on Active Service working 25 hours or more per week (or 20 hours or more per week for Health Industries) who meet American Fidelity Assurance Company's (AFA) insurability requirements. Your insurance will take effect on the Effective Date of the Policy if you apply in writing, on or before said Effective Date; meet underwriting guidelines; are on Active Service; and have paid all applicable premiums due.

After the Effective Date of the Policy, Your insurance will take effect on the later of the requested effective date or the date AFA approves the written application if You are on Active Service and premium has been paid.

If You are not on Active Service, due to an Accident or Sickness when Your coverage would otherwise take effect, it will take effect on the next premium due date after the date You return to Active Service. If You are not on Active Service when Your coverage would otherwise take effect, coverage will take effect on the first day of the calendar month after the date You return to Active Service, provided that You return to Active Service within 30 days of the proposed Effective Date. If the absence from Active Service extends beyond 30 calendar days, You must complete a new application for coverage.

Active Service means that You are: doing in the usual manner all of the regular duties of Your employment on a full-time basis on a scheduled work day; and these duties are being done at one of the places of business where You normally do such duties or at some location to which Your employment sends You. You will be said to be on Active Service on a day that is not a scheduled work day only if You would be able to perform in the usual manner all of the regular duties of Your employment if it were a scheduled work day.

Reductions

5 Year, or To Age 65 or 5 Years, whichever is greater, but not beyond age 70 Disability Plans

The Disability Benefits paid to You will be reduced by the payments You and Your dependents are receiving on Your behalf from the following sources, and are receiving as a result of the same disabling condition for which benefits are claimed under the Policy:

(a) Federal Social Security Act which includes benefits paid to You and Your dependents specifically to compensate for the same disabling condition and loss of income for which benefits are claimed under this Policy;

(b) state or federal government disability or retirement plan, and are received specifically to compensate for the same disabling condition and loss of income for which benefits are claimed under this Policy; (with respect to military benefits, only the amount, if any, by which Your military retirement benefits are increased specifically to compensate for the same disabling condition and loss of income for which benefits are payable under the Policy will be used to reduce the Disability Benefit); and

(c) salary or wage continuance plans such as accrued sick leave or paid personal time used as sick leave, paid for by the Policyholder or Your employer which extend beyond the period stated in the Schedule of Benefits.

With respect to any and all of the above sources, if lump sum payment is received by You or Your dependents for a period previously paid by American Fidelity Assurance Company, any resulting overpayment will be due on a lump sum basis.

Benefits will not be reduced due to a cost of living increase in Social Security if the increase takes place while benefits are payable under the Policy.

Pre-Existing Condition Limitations

(Standard and Health Industries)

There will be no Disability Benefit payable for Total Disability resulting from a Pre-Existing Condition commencing before You have been continuously covered under the Policy for six months.

Any increase in the amount of Your monthly Disability Benefit will be subject to this Pre-Existing Condition limitation, beginning on the Effective Date of the increase.

No consideration will be given to prior group disability income coverage in determining the effect of Pre-Existing Conditions on benefits payable.

A Pre-Existing Condition means a disease, Accident or Sickness for which You: had treatment; took medication; or received a diagnosis or advice from a Physician, during the Pre-Existing Condition Exclusion Period of six (6) months, immediately before the Effective Date of Your coverage; or, for an increase in coverage, immediately before the Effective Date of the increase.

Exclusions

The Policy does not cover any loss, fatal or non-fatal, that results from: intentionally self-inflicted injury while sane or insane; an act of war, declared or undeclared; Accident sustained or Sickness contracted while in the service of the armed forces of any country; committing a felony; acting as a pilot or crew member or for performing any duty of Your occupation connected with such flight; or Accident or Sickness arising out of and in the course of any occupation for wage or profit.

No benefits are payable during any period in which You are incarcerated.

Termination of Insurance

Your coverage will end on the earliest of: the date You do not qualify as an Insured; the date You retire; the date You cease to be on Active Service; the end of the last period for which premium has been paid; or the date the Policy is discontinued.

If Your coverage ends as a result of Your termination of Active Service; such termination is caused by an Accident or Sickness for which Disability Benefits would be payable; and Total Disability is established prior to the termination of Active Service, then Disability Benefits will be paid as if such termination had not occurred.

American Fidelity Assurance Company may end the coverage if You make a fraudulent claim. American Fidelity Assurance Company may end the coverage if fewer persons are insured than the Policyholder's application requires.

Marketed and Administered by:

American Public Life Insurance Company
A member of the American Fidelity Group

2305 Lakeland Drive ▪ Flowood, MS 39232
(800) 256-8606

Underwritten by:

American Fidelity Assurance Company
A member of the American Fidelity Group

2000 N. Classen Blvd. Oklahoma City, OK 73106

This brochure highlights important features of the policy. For complete details, please refer to your certificate. Policy provisions and benefits may vary depending on the location of your employer or, where required by law, your state of residence. This policy is issued through an employer, is intended to be covered by ERISA, and will be administered and enforced with ERISA. ▪ Policy Form G-108 series ▪ California ▪ Group Disability Insurance Policy ▪ (07/13) ▪ Standard and Health Industries ▪ Direct Issue