

**Basic Group Term Life Insurance
With Accelerated Life Benefit
and AD&D**

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TWO
AT-A-GLANCE**

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Section 2

Basic Group Term Life Insurance with Accelerated Life Benefit and AD&D*

General Information

When you enroll in HealthSelectSM of Texas or a health maintenance organization (HMO), you are automatically enrolled in Basic Group Term Life Insurance with AD&D. This coverage provides \$5,000 of Basic Group Term Life Insurance and \$5,000 of Basic Group AD&D Insurance. These coverages are available at no additional cost to you.

Summary of Benefits

| Class Description | Amount of Group Term Life Insurance | Amount of Basic Group Accidental Death and Dismemberment (AD&D)* |
|---|-------------------------------------|--|
| Each Active Employee | \$5,000 | \$5,000 |
| *AD&D insurance ends upon your retirement, regardless of age. There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details. | | |

Basic Group Term Life Insurance

Your Basic Group Term Life Insurance amount is the amount to be paid to your designated beneficiary if you die. See Section 6 for more information on beneficiary designations. The Basic Group Term Life Insurance also includes:

Extended Life Insurance Benefit - This benefit is available to you if you become Totally Disabled prior to age 60. See Section 6 for details.

Conversion Privilege - This benefit is available to you if you leave employment or reduce employment with your State Agency. See Section 6 for details.

Accelerated Life Benefit - This benefit is available to you as part of the Basic Group Term Life Insurance. If you are diagnosed with a Terminal Condition and have a life expectancy of twelve months or less, you may apply for this benefit. If you have Basic Group Term Life Insurance only, see the Accelerated Life Benefit subsection below. If you have both Basic and Optional Group Term Life Insurance, see the Accelerated Life Benefit in Section 3.

Step-by-Step Instructions for Filing a Basic Group Term Life Insurance Claim

If you die as a result of any cause,

Your designated beneficiary:

- obtains a claim form through the ERS web site at www.ers.state.tx.us or contacts your Benefits Coordinator for a claim form and completes the claim form;
- submits the completed, signed claim form together with a certified copy of your death certificate to the Benefits Coordinator of your State Agency within 24 months of your death; and
- provides additional information as needed for FDL to process the claim.

Benefits Coordinator of your State Agency:

- receives the completed, signed claim form and the death certificate;
- completes the Agency Certification and Coordinator's Statement; and
- forwards the claim to ERS.

ERS:

- reviews the claim for completeness and forwards to FDL.

FDL:

- receives the claim form, death certificate and the Agency Certification and Coordinator's Statement;
- requests additional information as needed to process the claim; and
- pays the death benefit to your designated beneficiary if the claim is approved; or
- notifies your beneficiary and your Benefits Coordinator if the claim is denied for any reason.

Accelerated Life Benefit. (For Employees with Basic Group Term Life Only)

This section is applicable to you if you have only Basic Group Term Life Insurance. If you have Optional Group Term Life Insurance, see the Description in Section 3 for details of this benefit.

You or your court-appointed legal representative may request payment to you of your Basic Group Term Life Insurance amount in a single lump sum. You must be diagnosed with a Terminal Condition and have a life expectancy of twelve months or less.

FDL will review the request and evaluate whether the requirements for this benefit are met. If approved, FDL will make payment to you. The amount of the payment will reduce your Basic Term Life amount to zero and no benefit will be payable at your death. If you die after the payment of the Accelerated Life Benefit as the result of accidental bodily injuries, an AD&D benefit may be payable to your beneficiary subject to the AD&D requirements and limitations.

***Note:* If you are diagnosed with a Terminal Condition, you may elect to receive benefits under the Accelerated Life Benefit or Viatical Settlement Option, but not both. Please review your situation carefully before making your selection.**

DISCLOSURE: The Accelerated Life Benefit offered under your Basic Group Term Life Insurance coverage is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the Accelerated Life Benefit qualifies for such favorable tax treatment, the benefits will be excludable from your income and not subject to federal taxation. Tax laws relating to the Accelerated Life Benefit are complex. You are advised to consult a qualified tax advisor about the circumstances under which you could receive the Accelerated Life Benefit excludable from income under federal law. Receipt of the Accelerated Life Benefit payment may affect your or your Dependents' eligibility for public assistance such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), Supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such payment will affect your or your Dependents' eligibility for public assistance.

You may contact FDL Customer Service at 1-800-778-2281 for additional information.

Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim

Applicable if you have only Basic Group Term Life Insurance coverage. If you have Optional Group Term Life Insurance coverage, the Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim and the description of the Accelerated Life Benefit in Section 3 are applicable to you.

If you are diagnosed with a Terminal Condition and you have a life expectancy of twelve months or less,

You or your court appointed legal representative:

- obtain an Accelerated Life Insurance Benefit Claim Form through the ERS web site at www.ers.state.tx.us or contact your Benefits Coordinator for a claim form;
- complete the section which is to be completed by the Employee or Employee's legal representative; and
- sign and date the form.

Your Approved Practitioner:

- completes, signs and dates the Attending Physician's Statement;
- attaches copies of the medical test results, lab reports and any other information on which the diagnosis and life expectancy are based; and
- returns the claim form to your Benefits Coordinator.

Your Benefits Coordinator:

- completes the Employer's section, signs and dates the form; and
- forwards to FDL for review and approval.

FDL:

- receives the claim form, reviews the claim, and requests additional information if needed;
- prepares a lump sum check in the amount of your Basic Group Term Life Insurance if your claim is approved; and
- mails the check to you or your legal representative; or
- notifies you or your legal representative and your Benefits Coordinator if your claim is denied for any reason.

Basic Group AD&D Coverage

The Basic Group AD&D benefit will be paid if you have an Accidental Bodily Injury which directly results in your death or in bodily loss within 180 consecutive days from the day the accident happened.

In the event of your Accidental Death, the Basic Group AD&D amount shown in the Summary of Benefits above will be paid to your designated beneficiary.

Basic Group AD&D benefits will be paid to you if you have a bodily loss as a direct result of your Accidental Bodily Injury and if your bodily loss is one or more of these types:

- loss of your hand by *actual severance* through or above the wrist;
- loss of your foot by *actual severance* through or above the ankle joint; and
- loss of your sight in one eye resulting in total and permanent loss of vision that cannot be recovered by surgery or other means.

If one of the above bodily losses occurs, the benefit will be \$2,500. If you have two or more bodily losses at the same time, the benefit would be \$5,000. Benefits will not be paid if you independently lose one or more fingers, one or more toes, or incur a partial loss of sight.

The total Basic Group AD&D amount that will be paid for all losses resulting from the same accident will not be more than \$5,000.

There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details.

Step-by-Step Instructions for Filing a Basic Group AD&D Claim

If you die as a result of an Accidental Bodily Injury,

Your designated beneficiary:

- within 120 days of your death, obtains a claim form through the ERS web site at www.ers.state.tx.us or contacts your Benefits Coordinator for a claim form and completes the claim form;
- submits the completed, signed claim form together with a certified copy of your death certificate to the Benefits Coordinator of your State Agency within 24 months of your death; and
- provides additional information as needed for FDL to process the claim.

Benefits Coordinator of your State Agency:

- receives the completed, signed claim form, death certificate and any other attachments;
- completes the Agency Certification and Coordinator's Statement; and
- forwards the claim to ERS.

ERS:

- reviews the claim for completeness and forwards to FDL.

FDL:

- receives the claim form, death certificate, other attachments and the Agency Certification and Coordinator's Statement;
- requests additional information as needed to process the claim; and
- pays the death benefit to your designated beneficiary if the claim is approved; or
- notifies your beneficiary and your Benefits Coordinator if the claim is denied for any reason.

If you lose a hand, foot or sight in one eye as a result of an Accidental Bodily Injury,

You must:

- within 120 days of the accident, obtain a claim form through the ERS web site at www.ers.state.tx.us or contact your Benefits Coordinator for a claim form and complete the Employee's section of the claim form;
- have your doctor, who must be an Approved Practitioner, complete the attending practitioner's statement as due proof of your loss;
- return the claim form to your Benefits Coordinator; and
- provide additional information as needed for FDL to process the claim.

Benefits Coordinator of your State Agency:

- reviews the claim form for completeness of the Employee's section and attending practitioner's statement;
- completes the Employer's section of the claim form; and
- forwards the claim form to FDL to be received by FDL within 18 months of the accident.

FDL:

- receives the claim form and due proof of your loss;
- requests additional information as needed to process the claim; and
- pays the benefit amount to you if the claim is approved; or
- notifies you and your Benefits Coordinator if the claim is denied for any reason.