

Provisions Applicable to Group Term Life, AD&D, and Voluntary AD&D

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Section 6

Provisions Applicable to Group Term Life, AD&D, and Voluntary AD&D

Accidental Death, Dismemberment and Loss of Sight (AD&D) Insurance and Voluntary AD&D Limitations and Exclusions

The exclusions and limitations listed in this subsection are applicable to all AD&D and Voluntary AD&D coverages described in this book including: Basic Group AD&D, Optional Group AD&D, Dependent Group AD&D, and Voluntary AD&D.

AD&D or Voluntary AD&D benefits will not be paid for any loss caused by, resulting from, arising out of, or substantially contributed to by, any one or more of the following:

1. Intentionally self-inflicted injuries, suicide, or any attempted suicide, while sane or insane; or
2. Declared or undeclared war or any act associated with war; or
3. An accident occurring while the Insured is serving on full-time active duty in the Armed Forces of any country or international authority; or
4. Illness, disease, pregnancy, childbirth, miscarriage, bodily infirmity, or any bacterial infections other than bacterial infection occurring as a consequence of an accidental wound or cut; or
5. A loss occurring while the Insured is engaged in any felonious activity or a loss which results from or is related to the Insured's felonious activity. Conviction of a felony is not necessary for the determination of a loss resulting from felonious activity.
6. The Insured being intoxicated by reason of alcohol or drug use, or a combination thereof. "Intoxication" shall have the meaning assigned in Section 49.01, *Texas Penal Code*, as may be amended. Conviction of a crime related to intoxication is not necessary for the determination of a loss resulting from intoxication. This exclusion is applicable whether or not the loss is related to the operation of a motor vehicle.

7. Travel or flight in any vehicle or device for aerial navigation, including boarding or deplaning, while
 - a. Being used for any test or experimental purpose; or
 - b. Traveling or flying in an aircraft owned, leased, or rented by the State of Texas, as a pilot or member of the crew thereof, provided this item (b) will not apply to a pilot or crew member:
 - i. who is on approved official State of Texas business;
 - ii. who is performing duties consistent with his/her State of Texas job description; and
 - iii. who, in the case of a pilot, is properly licensed and certified by the Federal Aviation Agency to fly the type of aircraft being operated or is a properly licensed pilot who, while on approved official State of Texas business, is in the process of obtaining certification to fly the type of aircraft being operated; or
 - c. Traveling or flying in an aircraft other than an aircraft owned, leased, or rented by the State of Texas, as a pilot or member of the crew thereof, provided this item (c) will not apply to a pilot or crew member who meets all four of the following conditions at the time of any accident:
 - i. is on official State of Texas business; and
 - ii. is on approved State of Texas travel; and
 - iii. is eligible for reimbursement by the State of Texas for travel expenses; and
 - iv. in the case of a pilot, is properly licensed and certified by the Federal Aviation Agency to fly the type of Aircraft being operated; or
 - d. Engaged in stunt flying, skydiving, crop dusting, banner towing, or experimental test flights, or while giving or receiving any training or instructions unless the training or instructions are in conjunction with approved official State of Texas business; or
 - e. While being operated by, for, or under the direction of any military authority of the United States of America or the similar air transport service of any other country unless such aircraft is on temporary loan to a State Agency, college, or university, and the flight is in conjunction with approved non-military official State of Texas business.

Beneficiary Designations

You may name anyone you wish as beneficiary of your group term life, AD&D or Voluntary AD&D insurance. You may also change your beneficiary designation at any time, unless you have made an irrevocable beneficiary designation through a Viatical Settlement for Group Term Life Insurance coverage. Then you may only change your beneficiary designation for your Basic AD&D, Optional AD&D, and Voluntary AD&D coverages, as these coverages are not subject to an irrevocable beneficiary designation for Viatical Settlement. For the change to be effective, the form must be signed by you, witnessed, and filed with your Employer prior to your death. A beneficiary designation, change, or cancellation in your will or other legal document which is **not** on file with your Employer, will not be effective. If you have not named a beneficiary, or if the beneficiary you have named dies before you, your group term life, AD&D, or Voluntary AD&D insurance benefit will be paid in the following order:

- Your surviving spouse, or if none, then
- Your child(ren) and descendants of your deceased child(ren) by representation, or if none, then
- Your parents or the surviving parent, or if none, then
- The duly appointed executor or administrator of your estate, or
- If none of the above, any other kin entitled under the laws of the state where you lived at the date of your death.

If, within one year after your death:

- no claim for payment has been filed by a person entitled to it as shown in the order above, or
- if a person makes a claim within a year, but is not allowed to receive it by any statute or regulation,

then the claim payment may be made in the order stated above as if the person who did not make a claim or is not allowed to receive it had died before you. The claim payment is final and no other party can recover the money.

If, within two years after your death:

- no claim for payment has been filed by a person entitled to it as stated in the order above, and
- neither ERS nor FDL has received notice that a claim will be made,

then the payment may be made to the person who, in the judgment of ERS, is rightfully entitled to it. The claim payment is final and no other party can recover the money.

If, within four years after your death:

- payment has not been made under this “Beneficiary Designation” subsection; and
- no claim for payment by a person entitled under this “Beneficiary Designation” subsection is pending,

then the amount payable is credited to the Fund, as defined in the Act.

If you designate your spouse as beneficiary of your group term life, AD&D, or Voluntary AD&D insurance, and if :

- the marriage ends in divorce after your designation is made; and
- you die before the new designation is made,

your insurance benefit will be paid in accordance with Sections 7.004 and 9.301 of the *Texas Family Code*.

Changes in Insurance

You may make changes to your insurance coverage; however, the time frame for the change to become effective depends on the change you make or request. The following shows some time frames for insurance change effective dates:

- If you have a change in salary or a birthday, the amount of your insurance will be updated the following September 1.
- If you reduce your insurance amount or you retire, the changes to your insurance will be effective on the first of the month following such change.
- If you are not Actively at Work on the day the change in insurance would begin, the change will begin on the day you return to Active Work.
- Contact your benefits coordinator if you wish to change your insurance.

Conversion Privilege

Conversion For You

You may convert your Group Term Life Insurance (both Basic and Optional amounts) to an individual policy of whole life insurance if your employment ends for any reason or if you are no longer eligible for these coverages. Evidence of Insurability is not required if you apply for the individual life insurance policy and pay the first premium within 31 days after your group coverage ends.

If you convert to an individual life insurance policy, the premium will cost more than your group term life insurance premium.

Note: The individual life insurance policy does not include the Extended Life Insurance Benefit, AD&D, or the Accelerated Life Benefit and is not term insurance.

If the Group Policy is discontinued, you may convert to an individual life insurance policy (as described above) as if your employment ends on the date the Group Policy ends, provided:

- you were insured under the Group Policy when the Group Policy ends;
- you were continuously insured under the Group Policy for at least five years before the Group Policy ends; and
- your insurance under the Group Policy ends because the Group Policy has ended.

The individual life insurance policy will not be for an amount of insurance greater than the smaller of the following amounts:

- the amount of your insurance under the Group Policy, minus the amount of any life insurance you are eligible for under any group policy issued or reinstated by FDL or by any other life insurance company within 31 days after the termination of the Group Policy; or
- \$2,000.

If you die within the 31-day period allowed for conversion, a benefit may be paid to your beneficiary. The amount paid will be the amount your beneficiary would have received if you had applied for conversion. This benefit may be paid, regardless of whether or not you applied for it.

Conversion For Your Covered Spouse

Your covered spouse may convert his or her Dependents' Group Term Life Insurance amount to an individual policy of whole life insurance if:

- your employment ends for any reason;
- you are no longer eligible for Dependents' insurance under these coverages; or
- you die.

Your covered spouse is not required to provide Evidence of Insurability if your spouse applies for the individual policy and pays the first premium within 31 days after group coverage ends.

If your covered spouse converts to an individual life insurance policy, the premium will cost more than your covered spouse's group term life insurance premium.

Note: The individual life insurance policy will not include AD&D insurance and is not term insurance.

If the Group Policy is discontinued or is changed to end coverage for Dependents, your covered spouse will be able to convert his or her Dependents' Group Term Life Insurance to an individual life insurance policy (as described above), provided:

- your covered spouse was insured under the Group Policy when the Group Policy ends;
- your covered spouse was continuously insured under the Group Policy for at least five years before the Group Policy ends; and
- your covered spouse's insurance under the Group Policy ends because the Group Policy has ended.

The individual life insurance policy will not be for an amount of insurance greater than the smaller of the following amounts:

- the amount of your covered spouse's insurance under the Group Policy, minus the amount of any life insurance your covered spouse is eligible for under any group policy issued or reinstated by FDL or by any other life insurance company within 31 days after the termination of the Group Policy; or
- \$2,000.

If your covered spouse dies within the 31-day period allowed for conversion, a benefit may be paid to your covered spouse's beneficiary. The amount paid will be the amount your covered spouse's beneficiary would have received if your covered spouse had applied for conversion. This benefit may be paid, regardless of whether or not you or your covered spouse applied for conversion.

Extended Life Insurance Benefits (Waiver of Premium)

If you are younger than 60 and become Totally Disabled (as certified by an Approved Practitioner) for six continuous months or more and cannot be gainfully employed in any occupation, your Group Term Life Insurance may be continued without any payment of premium. You must give written proof of your Total Disability to FDL within 6 to 18 months after the date you became Totally Disabled. From then on until you are age 70 or older, you must provide proof of continuing disability at least once a year. After you reach age 70 and you have been continuously disabled and are receiving Extended Life Insurance Benefits, no additional proof of continuing disability is required. However, FDL may request that you complete a questionnaire each year to make sure that information in FDL's files is accurate and up-to-date.

You can obtain a claim form through the ERS website at www.ers.state.tx.us or by contacting your benefits coordinator.

If your claim is filed correctly, your life insurance may continue while your claim is pending approval. If approved, your Extended Life Insurance Benefit will begin on the first day of the month following the date you became Totally Disabled and may be continued for up to 12 months. Your Extended Life Insurance Benefit may continue for additional periods up to 12 months, if you give FDL proof of continuing Total Disability. FDL can request that you be medically examined at any time. After you are approved for Extended Life Insurance Benefits, inform FDL of any beneficiary changes or designations or contact FDL to discuss any questions or concerns.

The original proof of your Total Disability and continuing proof must be provided with the "Extended Life Insurance Benefits" claim form. You can obtain a claim form through the ERS website at www.ers.state.tx.us or by contacting your benefits coordinator. Please note that Extended Life Insurance Benefits claim forms are different from other disability claim forms. Be sure you complete the right form so you can avoid a delay in claims processing.

The amount of Extended Life Insurance Benefit that you may receive depends on the amount of your Group Term Life Insurance in effect on the day you become Totally Disabled, as shown in the Summary of Benefits. In the event of your death, that amount will be paid to your designated beneficiary.

However, if you are still Totally Disabled when you reach age 70, there will be a coverage reduction. That coverage reduction will be a one time reduction at age 70 to reduce your coverage to 50% of your Election I Optional Group Term Life Insurance amount plus \$2,500 Basic Group Term Life Insurance (if you have health coverage through the Group Benefits Program) or to a total of \$12,500 (whichever is less). This coverage amount will not be subject to future age-based benefit reductions.

This Extended Life Insurance Benefit will automatically end when you:

- are no longer Totally Disabled;
- do not give FDL proof of continuing Total Disability (if you are under age 70); or
- are not medically examined when requested by FDL.

If your employment ends before you are eligible to enroll in Extended Life Insurance Benefits, or you have applied but your claim is pending, you may want to apply for an individual life insurance policy (see “Conversion Privilege”). If your claim for Extended Life Insurance Benefit is not approved, and you did not apply for an individual life insurance policy during the 31-day conversion period, you will not have any life insurance under this Group Benefits Program.

If you have converted your group coverage to an individual life insurance policy, your Extended Life Insurance Benefit will not become effective until:

- you cancel the individual life insurance policy by returning it to FDL; and
- it is determined that a claim has not been made under the individual life insurance policy.

Extended Life Insurance Benefits do not apply to AD&D or Voluntary AD&D insurance or any Total Disability that happens after you have retired or no longer work for your State Agency.

If your death occurs before you give FDL an application for Extended Life Insurance Benefits, your group term life insurance may be payable to your beneficiary if:

- your death occurs within 18 months of the date of your Total Disability; and
- your beneficiary gives FDL the claim form and proof of your continuous Total Disability within 18 months from the date of your Total Disability.

Step-by-Step Instructions for Filing an Extended Life Insurance Benefits Claim

You must:

- Six months after the onset of your Total Disability, obtain a claim form through the ERS website.⁹ If you do not have access to the website, you may call ERS at (512) 867-7711 or (877) 275-4377 for assistance.
- complete identifying information in the *To be Completed by Employee or Employee's Legal Representative* section of the claim form, and send the claim form to your benefits coordinator.

Benefits coordinator of your State Agency:

- completes the Employer's section, signs, and dates; and
- returns the claim form to you for further handling.

You:

- obtain the completed form from your benefits coordinator. Have your doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement;
- your doctor returns the claim form to you for further handling;
- complete all outstanding information on the form, sign, and date the claim form, and forward to FDL at the address shown on the form; and
- when you forward the claim form, provide and/or authorize an Approved Practitioner to provide additional information as needed to process the claim, including information each year to show your continued Total Disability.
- FDL must receive the form within 18 months of the onset of your Total Disability.

⁹ At www.ers.state.tx.us, click on **Insurance**; click on **Life & Disability (Optional Coverage)**; click of the Fort Dearborn Life logo; click on **Resource Center** and then on **Forms** .

FDL:

- receives the claim form and due proof of your Total Disability;
- requests additional information from you or an Approved Practitioner, as you have so authorized, if needed; and
- notifies you and ERS if your Extended Insurance Benefit is approved; or
- notifies you, your benefits coordinator, and ERS if the claim is denied for any reason.

Note: If there is a conflict in medical opinion between your Approved Practitioner's opinion and FDL's Approved Practitioner's opinion, the opinions of FDL's Approved Practitioner will prevail.

How to Request a Review of a Claim

If your claim for benefits is reduced or denied, you or your beneficiary may ask FDL to reconsider the claim by submitting a written request with additional information about your claim.

If the claim is again denied after reconsideration, FDL will send you a letter with instructions on how to file a grievance with the Employees Retirement System of Texas. If you desire to file a grievance, you are required to send your written request, along with copies of all correspondence from FDL, and any other related information to the:

Grievance Administrator
Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711-3207

Your written request to ERS must be made and postmarked or received by ERS no later than 90 days following the date of FDL's letter to you notifying you of your right to appeal. ERS will send you a decision in writing.

If you have any questions about the appeal process, please contact ERS' Customer Benefits Division. You may call or write:

Customer Benefits Division
Employees Retirement System of Texas
P.O. Box 13207
Austin Texas 78711-3207

(512) 867-7711 (in Austin) or toll free (877) 275-4377

Incontestability

Your coverage under the Group Policy cannot be contested after two years from the effective date, except for nonpayment of premiums and except if coverage has been obtained through fraud, attempted fraud, or misrepresentation.

In the absence of fraud, attempted fraud, or misrepresentation, no statement made by any person insured under the Group Policy relating to his or her insurability will be used in contesting the insurance validity if the insurance for which such statement was applicable has been in force for a period of two years during such person's lifetime. Any statement used to contest the validity of the insurance must be contained in a written instrument signed by him or her.

Statements made and information provided in an Evidence of Insurability application will not be used to contest the validity of insurance if the insurance obtained through such Evidence of Insurability has been in force for a period of two years.

Incomplete or Incorrect Information

If during the underwriting or claims review process FDL has reason to believe that information provided is not correct or is incomplete, FDL may, subject to an authorization signed by you or your designated beneficiary, request additional information from the sources listed in the authorization.

Incorrect information could cause an otherwise valid claim to be denied or coverage to be rescinded or canceled.

Misstatement of Age

If the age of an insured person is misstated under the Group Policy, the amount of insurance for that person will be determined by the Group Policy. An adjustment of premiums will be made by the Employer to reflect the person's true age and correct premiums.

Non-Assignability

The insurance and any benefits provided by the Group Policy cannot be assigned, except by irrevocable beneficiary designation made as part of a Viatical Settlement permitted by law. Basic AD&D, Optional AD&D, Dependents' AD&D, and Voluntary AD&D Insurance are not subject to irrevocable beneficiary designations in conjunction with a Viatical Settlement.

Physical Examination and Autopsy

The Employee's Basic and Optional Group Term Life Insurance is not subject to this provision. The Claims Administrator, at its own expense, shall have the right and opportunity to have the person of an Employee examined by an Approved Practitioner of its own choosing when and as often as it may be reasonably required during the pendency of a claim hereunder and to require an autopsy in case of death, where it is not forbidden by law.

Legal Action

No action at law or in equity may be brought against FDL to recover on your AD&D coverage or Voluntary AD&D coverage prior to the expiration of 60 days after proof of loss has been filed, nor may such action be brought at all unless brought within three years from the expiration of the time within which proof of loss is required. Nothing herein shall be deemed to constitute a waiver of the defenses and protections afforded FDL and ERS by Chapter 1551, *Texas Insurance Code*, and/or Chapter 2001, *Texas Government Code*.

Suicide Exclusions

- The Employee's Basic Group Term Life Insurance is not subject to this Suicide Exclusion.
- Benefits available under any of the AD&D or Voluntary AD&D coverages will not be paid if the Employee's or Dependent's death is the result of intentionally self-inflicted injuries, suicide, or attempted suicide, while sane or insane.
- Group Term Life Insurance benefits under the Employee's

Optional Group Term Life Insurance and Dependents' Group Term Life Insurance coverages will not be paid if the Employee's or Dependent's death is a result of intentionally self-inflicted injuries, suicide, or attempted suicide, while sane or insane, unless the insurance coverage was continuously in effect for two years immediately prior to the death. The amount of insurance that will be paid is the amount of the Employee's Optional Group Term Life Insurance or Dependents' Group Term Life Insurance that has been continuously in effect for at least two years immediately prior to the date of death. Any increase in the amount of insurance coverage that has been in force less than two years and that resulted solely from salary changes, but not including increases in the insurance coverage amount based on changes in the election or multiple level of coverage, will be included in the insured amount, except that the insurance amount will be based on the insured's salary on September 1 immediately prior to the date of death.

Termination of Insurance

All of your insurance will automatically end on the:

1. last day of the month in which your employment with your State Agency ends, or you become ineligible for coverage. Contact your benefits coordinator for details.
2. expiration date of the time period in which your last premium payment was made in full and covered for that period;
3. date you are expelled from the Group Benefit Program for fraud or attempted fraud;
4. date the Group Policy is amended to end insurance for any class(es) of Employees eligible for coverage under the Group Policy; or
5. Group Policy termination date.

Your Dependents' Insurance will also end if any of the above events happen. In addition, Dependent Insurance will end:

- On the last day of the month in which an individual is no longer a Dependent as defined in this book; or
- When your Dependent Child reaches age 25 or marries.

Please notify your benefits coordinator immediately if your child(ren) no longer meets the definition of a Dependent or marries.