

# Paycheck Protector<sup>®</sup>

*Short Term Disability Income Insurance - Series 3*

*From American Fidelity Assurance Company (AFA)*

*“Your most valuable asset  
is your ability to work  
and earn a living.”*

*- C.W. Cameron  
Founder of American Fidelity*



# Why Do You Need Disability Income Protection?

*Think of it as insurance on your income.*

## Do You Feel It's Important To Protect All of Your Assets?

You probably have insurance on your Home and Auto in case of an unfortunate event. But, do you have disability insurance to help protect your income if you suddenly become disabled?

*About 1 out of 3 working Americans will become disabled for at least 90 days: <sup>1</sup>*

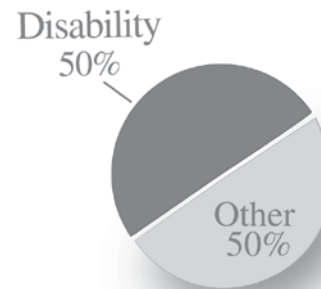


*1 out of 3 working Americans*

## How Would You Feel If You Were Unable To Earn A Paycheck?

Disability can affect you and your family's financial security. Out of the tens of thousands of mortgage foreclosures that occur each year, HALF are due to a disability.

That HALF would have likely been able to keep their home and have a roof over their heads had they purchased adequate income protection.



*Disability causes nearly 50% of all personal bankruptcies each year. <sup>2</sup>*

## How Does Your Plan Work?

It's Simple! Disability Income Insurance 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.

## Plan Highlights

- Benefits Paid Directly to You
- Rate Will Not Increase with Age
- Waiver of Premium Benefit (not applicable for 90-day plan)
- Return to Work Benefit

## Your Plan Selections

### Benefit Options

**Monthly Benefit Amount:** \_\_\_\_\_

*Your maximum benefit amount is based upon 25% of your monthly income. Benefit amounts start at \$300 and go up to a maximum Monthly Disability Benefit of \$5,000. Actual benefit amount subject to company approval.*

**Your Disability Payment Begins** on this day of Disability due to a covered Accidental Injury or Sickness: \_\_\_\_\_

**Maximum Benefit Period** for Disability due to a covered Accidental Injury or Sickness will be payable up to: \_\_\_\_\_

### Payroll Deduction Amounts

Paycheck Protector® Plan      \$ \_\_\_\_\_

Total Per Pay Period      \$ \_\_\_\_\_

Scheduled Effective Date      \_\_\_\_\_

<sup>1</sup>Terry, Gary. "Disability income insurance misconceptions." Life and Health Adviser. n.d. Web. 24 Mar. 2011.

<sup>2</sup>"Preparing for Disability." Council for Disability Awareness. 2010. Web. 24 Mar. 2011.

# Important Policy Provisions

## Eligibility

All permanent employees or members and employees of members on Active Employment working 25 hours or more per week are eligible.

## Effective Date of Coverage

Your insurance or any changes in the Disability Benefit, Elimination Period, or Maximum Disability Period will take effect on the later of the requested Effective Date or the date American Fidelity approves the written application, if you apply in writing on or before said Effective Date, meet American Fidelity's underwriting rules, are on Active Employment, and have paid all applicable premiums due.

If you are not on Active Employment due to an Accidental Injury or Sickness when your coverage would otherwise take effect, coverage will take effect on the first of the month following the date you go back to Active Employment for at least five consecutive workdays, provided you return to work within 30 calendar days of the proposed Effective Date of coverage. If your absence from Active Employment extends beyond 30 calendar days, you must complete a new application for coverage. Any changes in the Policy provisions will apply only to covered periods of Disability which begin after the Effective Date of such changes, subject to all the provisions of the Policy.

"Active Employment" 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.

## Disabled Due to a Covered Disability and Not Working

Your Disability Payment will be the lesser of: the Disability Benefit (as indicated on your application for coverage, as approved by American Fidelity) or, 25% of your Monthly Compensation.

## Waiver of Premium (not applicable for 90-day plan)

If you become Disabled and are eligible to receive a Disability Payment, Waiver of Premium will begin the first of the month following your satisfaction of the Elimination Period or three months of continuous Disability, whichever is later, provided the premium has been paid from the beginning of Disability to the date Waiver of Premium begins.

Waiver of Premium will continue until:

- the end of your Disability;
- the end of the Maximum Benefit Period;
- the date you are no longer eligible to receive a Disability Payment;
- the date the Policy terminates; or
- the date your employment with the Policyholder or subscribing employer unit ends, whichever first occurs.

American Fidelity will require proof on an annual basis that you remain Disabled during said period.

## Pre-Existing Condition Limitation

"Pre-Existing Condition" means a disease, Accidental Injury, Sickness, physical condition, or mental illness for which you have experienced any of the following:

- treatment;
- incurred expense;
- took medication;
- received care or services including diagnostic testing or related measures; or
- received a diagnosis or advice from a physician,

during the 12-month period immediately before your Effective Date of coverage.

The term Pre-Existing Condition will also include conditions which are related to such disease, Accidental Injury, Sickness, physical condition or mental illness.

If Disability is due to a Pre-Existing Condition and begins before you have been continuously covered under the Policy for 24 months, no Disability Benefit will be payable. This provision will not apply if you have gone treatment-free, incurred no expense, taken no medication, and received no diagnosis or advice from a Physician, for 12 consecutive months for such condition(s).

Benefits will not be excluded for Disability due to a Pre-Existing Condition, which begins after you have been continuously covered under the Policy for 24 months.

Any increase in benefits will be subject to this Pre-Existing Condition. A new Pre-Existing Condition period must be satisfied with respect to any increase applied for and approved by American Fidelity.

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

## Exclusions

The Policy does not cover any loss, fatal or non-fatal, which results from:

- intentionally self-inflicted injury while sane or insane;
- War or acts of war when serving as a member of any military, airforce, naval organization, or an auxiliary unit thereto. This exclusion includes Accidental Injury sustained or Sickness contracted while in the service of any military, naval or air force of any country engaged in war or act of war. American Fidelity will refund the pro rata unearned premium for any such period you or your dependent is not covered.;
- Accidental Injury sustained or Sickness contracted while in the service of the armed forces of any country;
- committing a felony;
- penal incarceration. American Fidelity will not pay benefits for Disability or any other loss for any period for which you are incarcerated in a penal or correctional institution for a period of 30 consecutive days or longer; or
- Accidental Injury or Sickness arising out of and in the course of any occupation for wage or profit or for which you are entitled to Workers' Compensation.

No Disability Payment will be provided for any period in which you are not under the regular and appropriate care of a physician.

## Total Disability (or Totally Disabled)

The term "Total Disability" (or Totally Disabled) means you are unable to perform with reasonable continuity the material and substantial duties of your occupation in the usual and customary way.

## Hospital

The term "Hospital" shall not include an institution used by you as

- a place for rehabilitation;
- a place for rest or for the aged;
- a nursing or convalescent home;
- a long term nursing unit or geriatrics ward; or
- an extended care facility for the care of convalescent, rehabilitative or ambulatory patients.

## Termination of Insurance

Your insurance coverage will end on the earliest of these dates:

- the date you do not meet the Eligibility requirements;
- the date you retire;
- the date you cease to be on Active Employment;
- 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 Employment, such termination is caused by an Accidental Injury or Sickness for which Disability Benefits would be payable, and Disability is established prior to the termination of Active Employment, then Disability Benefits will be paid as if such termination had not occurred. American Fidelity may end coverage if fewer persons are insured than required by the Policyholder's application.

American Fidelity may end the coverage if you make a fraudulent claim.

*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 endorsed/sponsored by an association or issued through an association, an employer, or a trust in which the employer is a member; is intended to be covered by ERISA, and will be administered and enforced in accordance with ERISA.*



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***Claim forms available online.***