

PAYMENT OF BENEFITS

Under Your Basic and Supplementary Life and AD&D Insurance

Generally, if proceeds are received under a life insurance contract because of the death of the insured person, the benefits are not taxable income and do not have to be reported. Any interest received would be taxable and would need to be reported just like any other interest received.

Payment of Your Life Insurance Benefit

Your basic and supplementary life insurance benefit is paid to your beneficiary(ies) if you die while your coverage is in effect. If you are diagnosed as being terminally ill, you may be eligible to receive a portion of your basic and supplementary life insurance benefit while you are still living (see "Accelerated Benefit Option").

If you are a participant in the **Cash Accumulation Fund** under the Supplementary Life Insurance Plan, any balance in this account will be added to your life insurance amount and paid, income tax-free, to your beneficiary(ies).

If you assigned your basic and supplementary life insurance coverage, see "Benefits Can Be Assigned."

For information about how to file a claim, see "Claims."

Accelerated Benefit Option

The accelerated benefit option allows you to receive a portion of your basic and supplementary life insurance benefit if you are diagnosed as being terminally ill with a life expectancy of six or fewer months. The minimum amount you may request is \$10,000. The maximum amount is the lesser of \$250,000 or 50% of your basic and supplementary life insurance benefit. You may use this money in any way you wish.

Here are some guidelines that may affect your eligibility or decision to apply for this benefit:

- You are not eligible for the accelerated benefit option if you previously assigned your life insurance coverage (see "Benefits Can Be Assigned"), or if your life insurance benefit is to be paid to a former spouse as part of a divorce agreement.
- If your basic life insurance coverage is scheduled to be reduced within six months of the date the accelerated benefit option is approved, the payment will be limited to 50% of the reduced amount of the basic life insurance coverage.

- If your basic or supplementary life insurance coverage is scheduled to fully terminate within six months of the date the accelerated benefit option has been approved, the accelerated benefit option will not apply to the coverage that is terminating.
- Any basic life insurance benefit eligible for conversion will be reduced by any accelerated benefit option amount paid under this provision.
- You may want to ask your professional tax advisor about the taxability of accelerated benefit option benefits before applying for this benefit.
- Accelerated benefit option benefits may affect your eligibility for benefits under state and federal law.
- The life insurance benefit payable to your beneficiary(ies) upon your death will be reduced by any amount paid to you under the accelerated benefit option.

Call the Insurer (see “Important Contacts”) to request an accelerated benefit option form.

Payment of Your Basic and Supplementary AD&D Insurance Benefits

Your **AD&D** insurance pays benefits if you die or suffer a covered loss (see “Covered Losses Under Basic, Supplementary and Dependent AD&D Insurance” and “What’s Not Covered”) within 90 days of a qualifying accident on or off the job.

The following chart shows you how benefits are paid for covered losses.

HOW YOUR AD&D INSURANCE BENEFITS ARE PAID		
<i>Loss of *</i>	<i>Benefit Paid *</i>	<i>Payment Is Made to</i>
Your life	100% of your coverage amount	Your beneficiary(ies)
A hand, a foot or sight in one eye	50% of your coverage amount	You
Your speech or hearing	50% of your coverage amount	You
Two or more of the above accidental losses	100% of your coverage amount	You
The thumb and index finger on the same hand	25% of your coverage amount	You
*The maximum payment for all losses resulting from one accident is 100% of your coverage amount.		

Refer to “Terms You Should Know” for definitions of the above losses.

If you assigned your **AD&D** insurance, see “Benefits Can Be Assigned.”

For information about how to file a claim, see “Claims.”

Under Dependent Life and Dependent AD&D Insurance

Generally, if proceeds are received under a life insurance contract because of the death of the insured person, the benefits are not taxable income and do not have to be reported. Any interest received would be taxable and would need to be reported just like any other interest received.

Payment of Dependent Life Insurance Benefits

Dependent life insurance benefits are paid to you if one of your covered **eligible dependents** dies while dependent life insurance is in effect.

For information about how to file a claim, see “Claims.”

Payment of Dependent AD&D Insurance Benefits

Dependent **AD&D** insurance will pay a benefit to you if one of your covered **eligible dependents** dies or suffers a covered loss (see “Covered Losses Under Basic, Supplementary and Dependent AD&D Insurance” and “What’s Not Covered”) within 90 days of a qualifying accident.

The following chart shows you how benefits are paid for covered losses.

HOW DEPENDENT AD&D INSURANCE BENEFITS ARE PAID	
Loss of *	You Will Receive*
His or her life	100% of his or her coverage amount
A hand, a foot or sight in one eye	50% of his or her coverage amount
His or her speech or hearing	50% of his or her coverage amount
Two or more of the above accidental losses	100% of his or her coverage amount
The thumb and index finger on the same hand	25% of his or her coverage amount
*The maximum payment for all losses resulting from one accident is 100% of your dependent’s coverage amount.	

Refer to “Terms You Should Know” for definitions of the above losses.

For information about how to file a claim, see “Claims.”

Covered Losses Under Basic, Supplementary and Dependent AD&D Insurance

For benefits to be paid, the death or covered loss:

- Must be caused solely as the result of a qualifying accident that occurs while the individual's coverage is in effect, and
- Must occur within 90 days of the accident.

Not all accidental deaths or losses are covered. For information about accidental deaths or losses for which no benefits will be paid, see "What's Not Covered."

What's Not Covered

Basic, supplementary and dependent **AD&D** insurance do not pay benefits for accidental death or losses caused by:

- Committing or trying to commit a felony or other serious crime or an assault
- Physical or mental illness
- Treatment of an illness or surgical procedure
- An infection (unless it is caused by an external visible wound as a result of an accident)
- Disease, ptomaine or bacterial infections
- Suicide or attempted suicide
- Driving a vehicle while intoxicated as defined by the laws of the jurisdiction in which the vehicle was being operated
- Injuring oneself on purpose
- War or warlike actions in times of peace

The Insurer (see "Important Contacts") determines whether benefits will be paid.

How Benefits Are Paid

The Insurer (see “Important Contacts”) will process the claim and will make payment when the claim is approved. The amount of the benefit determines how payment is made. A check is issued for payments under \$5,000. If the payment is \$5,000 or more, the proceeds are paid into a money market account established in your or your beneficiary’s name.