

TEXAS PoliceTrust

Accidental Death & Dismemberment & Accident Disability Coverage

Accident only insurance policy underwritten by: ACE American Insurance Company (A Stock Company) Philadelphia, PA 19106

Policy administered by: *Health Special Risk, Inc.*, (a licensed Third Party Administrator) Carrollton, TX 75007

Policy Period: April 1, 2012 to April 1, 2013

All Sickness Disability Benefits are self-insured by the Texas Police Trust and are not insured by ACE American Insurance Company

DESCRIPTION OF COVERAGE

Benefits, Definitions, Policy Terms, Conditions & Exclusions

CLASSES OF ELIGIBLE PERSONS:

A person may be insured only under one Class of Eligible Persons even though he or she may be eligible under more than one class.

- **Class 1: All employees of the Participating Organization who are in Active Service.**
- **Class 2: All Pilot's and crew members of the Participating Organization who are in Active Service**

ACCIDENT ONLY DISABILITY BENEFITS:

- The Benefit Waiting Period for all Disability Benefits is seven (7) days from the date of a Covered Accident
- The Maximum Benefit Period for all Disability Benefits is:
 - Temporary Total Disability: Fifty-two (52) Weeks
 - Partial Total Disability: Four (4) Weeks
- The Amount of Benefit for all Disability Benefits is sixty percent (60%) of pre-disability earnings up to the Maximum Amount shown below.
- The Maximum Benefit Amount is:
 - Option 1:
 - \$25,000 Accidental Death & Dismemberment
 - Temporary Total Disability, Accident Only - \$ 1,000 per Month
 - Partial Total Disability, Accident Only - \$175 per Week
 - Option 2:
 - \$25,000 Accidental Death & Dismemberment
 - Temporary Total Disability, Accident Only - \$ 1,000 per Month
 - Partial Total Disability, Accident Only - \$175 per Week
 - Temporary Sickness Disability - \$ 1,000 per Month *
 - Option 3:
 - \$25,000 Accidental Death & Dismemberment
 - Temporary Total Disability, Accident Only - \$ 1,500 per Month
 - Partial Total Disability, Accident Only - \$175 per Week
 - Temporary Sickness Disability - \$ 1,500 per Month *

* NOTE: The Sickness Disability Benefits offered in Options 2 & 3 are not insured by ACE American Insurance Company. Sickness Disability Benefits are self-insured benefits provided directly from the Texas Police Trust

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ACCIDENTAL DEATH & DISMEMBERMENT BENEFITS

- **Class 1: Principal Sum: \$25,000**
- **Class 2: Principal Sum: \$10,000**

Time Period for Accident: 365 days from the date of a Covered Accident

DEFINITIONS

“Accident” means a sudden, unexpected and unintended event.

“Active Service” means a Covered Person is either 1) actively at work performing all regular duties on a full-time basis either at his or her employer’s place of business or someplace the employer requires him or her to be; 2) employed, but on a scheduled holiday, vacation day or period of approved paid leave of absence; or 3) if not employed, able to engage in substantially all of the usual activities of a person in good health of like age and sex and not confined in a Hospital or rehabilitation or rest facility.

“Covered Accident” means an accident that occurs while coverage is in force for a Covered Person and results directly and independently of all other causes in a loss or Injury covered by the Policy for which benefits are payable.

“Covered Activity” means any activity in which a Covered Person must be engaged when a Covered Accident occurs in order to be eligible for benefits under the Policy. These Covered Activities are listed in the *Schedule of Benefits* and described in the Hazards section of the Policy.

“Covered Loss” or “Covered Losses” means an accidental death, dismemberment, or other Injury covered under the Policy.

“Covered Person” means any eligible person, including Dependents if eligible for coverage under the Policy, for whom the required premium is paid. If the cost for this insurance is paid for by the Policyholder, individual applications are not required for an eligible person to be a Covered Person.

“Doctor” means a licensed health care provider acting within the scope of his or her license and rendering care or treatment to a Covered Person that is appropriate for the conditions and locality. It will not include a Covered Person or a member of the Covered Person’s Immediate Family or household.

“Hospital” means an institution that: 1) operates as a Hospital pursuant to law for the care, treatment, and providing of inpatient services for sick or injured persons; 2) provides 24-hour nursing service by Registered Nurses on duty or call; 3) has a staff of one or more licensed Doctors available at all times; 4) provides organized facilities for diagnosis, treatment, and surgery, either: (i) on its premises; or (ii) in facilities available to it, on a prearranged basis; 5) is not primarily a nursing care facility, rest home, convalescent home, or similar establishment, or any separate ward, wing, or section of a Hospital used as such; and 6) is not a place for drug addicts, alcoholics, or the aged.

“Injury” means accidental bodily harm sustained by a Covered Person that results directly and independently from all other causes from a Covered Accident. The Injury must be caused solely through external, violent and accidental means. All injuries sustained by one person in any one Covered Accident, including all related conditions and recurrent symptoms of these injuries, are considered a single Injury.

“Insured” means a person in a Class of Eligible Persons for whom the required premium is paid making insurance in effect for that person.

“Medical Emergency” means a condition caused by an Injury or Sickness that manifests itself by symptoms of sufficient severity that a prudent lay person possessing an average knowledge of health and medicine would reasonably expect that failure to receive immediate medical attention would place the health of the person in serious jeopardy.

“Medically Necessary” means a treatment, service, or supply that is: 1) required to treat an Injury; 2) prescribed or ordered by a Doctor or furnished by a Hospital; 3) performed in the least costly setting required by the Covered Person’s condition; and 4) consistent with the medical and surgical practices prevailing in the area for treatment of the condition at the time rendered.

Purchasing or renting 1) air conditioners; 2) air purifiers; 3) motorized transportation equipment; 4) escalators or elevators in private homes; 5) eye glass frames or lenses; 6) hearing aids; 7) swimming pools or supplies for them; and 8) general exercise equipment are not Medically Necessary. A service or supply

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may not be Medically Necessary if a less intensive or more appropriate diagnostic or treatment alternative could have been used. We may consider the cost of the alternative to be the Covered Expense.

“We,” “Our,” “Us” means the insurance company underwriting this insurance or its authorized agent.

ELIGIBILITY FOR INSURANCE

Each person in one of the Classes of Eligible Persons shown in the *Schedule of Benefits* is eligible to be insured on the Policy Effective Date, or the day he or she becomes eligible, if later. We maintain the right to investigate eligibility status and attendance records to verify eligibility requirements are met. If We discover the eligibility requirements are not met, Our only obligation is to refund any premium paid for that person.

EFFECTIVE DATE OF INSURANCE

For new enrollees into the plan, coverage will be effective the 1st day AFTER premium has been paid through the enrollment web-site. Coverage will be from the 1st day after enrollment until the end of the current month.

Henceforth after the initial enrollment, coverage will be in place from the 1st of the month for which premium is paid until the last day of each month.

Your premium will be automatically charged to your credit card around the 25th of each month for the next month’s coverage.

If an Eligible Person is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to Active Service.

TERMINATION DATE OF INSURANCE

An Insured’s coverage will end on the earliest of the date:

1. the Policy terminates;
2. the Insured is no longer eligible; or
3. the period ends for which premium is paid.

DESCRIPTION OF BENEFITS

The following Provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits on a class level.

Accidental Death and Dismemberment Benefits

If Injury to the Covered Person results, within the Time Period for Loss shown in the *Schedule of Benefits*, in any one of the losses shown below, We will pay the Benefit Amount shown below for that loss. The Principal Sum is shown in the *Schedule of Benefits*. If multiple losses occur, only one Benefit Amount, the largest, will be paid for all losses due to the same Covered Accident.

Schedule of Covered Losses - Covered Loss Benefit Amount

Life	100% of the Principal Sum
Two or more Members.....	100% of the Principal Sum
One Member	50% of the Principal Sum
Thumb and Index Finger of the Same Hand.....	25% of the Principal Sum

Member” means Loss of Hand or Foot, and Loss of Sight. “Loss of Hand or Foot” means complete Severance through or above the wrist or ankle joint. “Loss of Sight” means the total, permanent Loss of Sight of one eye. “Loss of a Thumb and Index Finger of the Same Hand” means complete Severance through or above the metacarpophalangeal joints of the same hand (the joints between the fingers and the hand). “Severance” means the complete separation and dismemberment of the part from the body.

Age Reduction Schedule. The amount payable for a loss will be reduced if an Insured is age 70 or older on the date of the Accident causing the loss. The amount payable for the Insured’s loss is a percentage of the amount that would otherwise be payable, as shown below.

AGE ON DATE OF ACCIDENT PERCENTAGE OF BENEFIT AMOUNT OTHERWISE PAYABLE

- 70-74 65%
- 75-79 45%

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- 80-84 30%
- 85 and older 15%

Premium for an Insured age 70 or older is based on 100% of the coverage that would be in effect if the Insured were under age 70. "Age" as used above refers to the age of the Insured on his or her most recent birthday.

Disability Benefits

We will pay the Disability Benefit shown in the Schedule of Benefits if a Covered Person is Temporarily Totally Disabled or Partially Disabled as a direct result of, and from no other cause but, a Covered Accident. Disability Benefits will begin when:

1. the applicable Benefit Waiting Period shown in the Schedule of Benefits for this benefit is satisfied; and
2. the Covered Person provides satisfactory proof of Temporary Total Disability or Partial Disability to Us.

Benefit Payments will end on the first of the following dates:

1. the date the Covered Person dies; or
2. the date the Covered Person is no longer Temporarily Totally Disabled or Partially Disabled; or
3. the date the Maximum Benefit Period for this benefit ends; or
4. the date the Covered Person fails to submit satisfactory proof of continuing Temporary

Total Disability or Partial Disability:

"Total Disability" or "Totally Disabled" means, due to an Injury from a Covered Accident, a Covered Person:

1. if employed, cannot do any work for which he or she is, or may become, qualified by reason of education, experience or training; and
2. if not employed, cannot perform the normal and customary activities of a healthy person of like age and sex.

"Partial Disability" or "Partially Disabled" means a Covered Person is able to work after a period for which Total Disability benefits are payable under the Policy, but is not:

1. able to perform all the material duties of his or her occupation; and
2. earn more than \$1,000 or more in gross earnings per month.

Partial Disability must be the result of the same Covered Accident for which Total Disability benefits were payable.

HAZARDS INSURED AGAINST

We will pay benefits described in this Policy when a Covered Person suffers a loss or Injury as a result of a Covered Accident during one of the Covered Activities listed in the Schedule of Benefits. We will only pay benefits if the Insured is engaged in one of the hazards described below when the Covered Accident occurs. Unless otherwise specified, We pay benefits only once for any one Covered Accident, even if it is covered by more than one hazard.

24-Hour Coverage

We will pay the benefits described in the Policy when a Covered Person suffers a Covered Accident any time while insured by the Policy. Unless otherwise specified, We will pay benefits only once for a Covered Accident.

Owned, Leased, or Controlled Aircraft

The Covered Accident must take place while:

1. the Covered Person is riding in, or getting on or off of, a covered aircraft; or
2. as a result of a Covered Person being struck by a covered aircraft.
3. away from the Policyholder's premises in the Covered Person's city of permanent assignment;
4. on business for the Policyholder; and
5. in the course of the Policyholder's business.

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This coverage will start at the actual start of the trip. It does not matter whether the trip starts at the Covered Person's home, place of work, or other place. It will end on the first of the following dates to occur:

1. the date a Covered Person returns to his or her home;
2. the date a Covered Person returns to his or her place of work; or
3. the date a Covered Person makes a Personal Deviation.

"Personal Deviation" means:

1. an activity that is not reasonably related to the Policyholder's business; and
2. not incidental to the purpose of the trip.

An aircraft will be deemed "controlled" by the Policyholder if the Policyholder may use it for more than 10 straight days or more than 15 days in any year.

Description of Aircraft Covered: The *Schedule of Benefits* will list type of Aircraft, license number, and passenger seating capacity.

Aircraft Restrictions: If the Covered Accident happens while a Covered Person is riding in, or getting on or off of, an aircraft, We will pay benefits, but only if:

1. he or she is riding as a passenger only, and not as a pilot or member of the crew (except as provided by the Policy); and
2. the aircraft has a valid certificate of airworthiness; and
3. the aircraft is flown by a pilot with a valid license; and
4. the aircraft is not being used for: (i) crop dusting, spraying, or seeding; firefighting; skywriting; skydiving or hang gliding; pipeline or power line inspection; aerial photography or exploration; racing, endurance tests, stunt or acrobatic flying; or (ii) any operation which requires a special permit from the FAA, even if it is granted (this does not apply if the permit is required only because of the territory flown over or landed on).
5. the aircraft is a military transport aircraft flown by the U.S. Military Airlift Command (MAC), or similar air transport service of another country.

Pilots' and Crew Members' Coverage: The Covered Accident must take place while:

1. traveling as a licensed pilot or member of the crew;
2. on business for the Policyholder; and
3. in the course of the Policyholder's business.

All such trips must be authorized by the Policyholder. The Covered Accident must take place while an Insured is flying as a licensed pilot or member of the crew of the aircraft described below.

Description of Aircraft Covered: The Schedule of Benefits will list type of Aircraft, license number, and passenger seating capacity.

EXCLUSIONS

We will not pay benefits for any loss or Injury that is caused by, or results from:

- intentionally self-inflicted Injury.
- suicide or attempted suicide.
- war or any act of war, whether declared or not.
- service in the military, naval or air service of any country.
- sickness, disease, bodily or mental infirmity, bacterial or viral infection, or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food.
- piloting or serving as a crewmember in any aircraft (except as provided by the Policy).
- commission of, or attempt to commit, a felony, an assault, or other illegal activity.

This insurance does not apply to the extent that trade or economic sanctions or regulations prohibit Us from providing insurance, including, but not limited to, the payment of claims.

CLAIM PROVISIONS

Notice Of Claim: A claimant must give Us or Our authorized representative written (or authorized electronic or telephonic) notice of claim within 90 days after any loss covered by the Policy occurs. If notice cannot be

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given within that time, it must be given as soon as reasonably possible. This notice should identify the Covered Person and the Policy Number.

Claim Forms: Upon receiving written notice of claim, We will send claim forms to the claimant within 15 days. If We do not furnish such claim forms, the claimant will satisfy the requirements of written proof of loss by sending the written (or authorized electronic or telephonic) proof as shown below. The proof must describe the occurrence, extent and nature of the loss.

Proof Of Loss: Written (or authorized electronic or telephonic) proof of loss must be sent to the agent authorized to receive it. Written (or authorized electronic or telephonic) proof must be given within 90 days after the date of loss. If it cannot be provided within that time, it should be sent as soon as reasonably possible. In no event, except in the absence of legal capacity, should proof of loss be sent later than one year from the time proof is otherwise required.

Claimant Cooperation Provision: Failure of a claimant to cooperate with Us in the administration of a claim may result in the termination of a claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Time Payment Of Claims: Any benefits due will be paid when We receive written (or authorized electronic or telephonic) proof of loss.

Payment Of Claims: If the Insured dies, any death benefits or other benefits unpaid at the time of the Insured's death will be paid to the beneficiary our records indicate the Insured designated for these plan benefits.

If there is no named beneficiary or surviving beneficiary on record with Us or Our authorized agent, We pay benefits in equal shares to the first surviving class of the following: 1) Spouse; 2) Children; 3) Parents; 4) Brothers and sisters. If there are no survivors in any of these classes, We will pay the Insured's estate.

All other benefits will be paid to the Insured. If the Insured is: (1) a minor; or (2) in Our opinion unable to give a valid release because of incompetence, We may pay any amount due to a parent, guardian, or other person actually supporting him or her. Any payment made in good faith will end Our liability to the extent of the payment.

Beneficiary: The Insured may designate a beneficiary. The Insured has the right to change the beneficiary at any time by written (or electronic and telephonic) notice. If the Insured is a minor, his or her parent or guardian may exercise this right for him or her. The change will be effective when We or Our authorized agent receive it. When received, the effective date is the date the notice was signed. We are not liable for any payments made before the change was received.

We cannot attest to the validity of a change.

Assignment: At the request of the Insured or his or her parent or guardian, if the Insured is a minor, medical benefits may be paid to the provider of service. Any payment made in good faith will end our liability to the extent of the payment.

Physical Examinations And Autopsy: We have the right to have a Doctor of Our choice examine the Covered Person as often as is reasonably necessary. This section applies when a claim is pending or while benefits are being paid. We also have the right to request an autopsy in the case of death, unless the law forbids it. We will pay the cost of the examination or autopsy.

Legal Actions: No lawsuit or action in equity can be brought to recover on this Policy: (1) before 60 days following the date proof of loss was given to Us; or (2) after 3 years following the date proof of loss is required.

ADMINISTRATIVE PROVISIONS

Premiums: The premiums for this Policy will be based on the rates currently in force, the plan and amount of insurance in effect.

Changes In Premium Rates: We may change the premium rates from time to time with at least 31 days advanced written, or authorized electronic or telephonic notice. No change in rates will be made until 12 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12-

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month period. However, We reserve the right to change rates at any time if any of the following events take place.

1. The terms of the Policy change.
2. A division, subsidiary, affiliated organization, or eligible class is added or deleted from the Policy.
3. Any federal or state law or regulation is amended to the extent it affects Our benefit obligation.
4. There is a change in the market factors or factors bearing on the risk assumed.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

Payment of Premium: The first Premium is due on the Policy Effective Date. If any premium is not paid when due, the Policy will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

Policy Grace Period: A Policy Grace Period of 31 days will be granted for the payment of the required premiums. The Policy will remain in force during the Grace Period. If the required premiums are not paid during the Policy Grace Period, insurance will end on the last Premium Due Date on which required premiums were paid. The Policyholder will be liable to Us for any unpaid premium for the time the Policy was in force.

Schedule of Affiliates: Eligible Persons employed by any affiliate or subsidiary corporation of the Policyholder as of the Policy Effective Date are covered under the Policy. Their coverage will begin and end in accordance with the Effective Date of Insurance and Termination Date of Insurance provisions in the Policy. A list of these affiliates and subsidiaries must be kept on file with the Company.

Newly Acquired Organizations: The premium shown on the *Schedule of Benefits* applies only to the Policyholder and any affiliates or subsidiary corporations covered on the Policy Effective Date. However, eligible employees of organizations acquired by the Policyholder during the Policy Term may be covered based on the following terms. The Policyholder must: (1) report to Us within 60 days of the acquisition the name of the newly acquired organization and any underwriting information we may need to calculate the premium; and (2) the required additional premium, if any, must be paid.

GENERAL PROVISIONS

Entire Contract; Changes: The Policy (including any endorsements or amendments), the signed application of the Policyholder, and any individual applications of Covered Persons, are the entire contract. Any statements made by the Policyholder or Covered Persons will be treated as representations and not warranties. No such statement shall void the insurance, reduce the benefits, or be used in defense of a claim for loss incurred unless it is contained in a written application.

To be valid, any change or waiver must be in writing (or authorized electronic or telephonic communications). It must be signed by our president or secretary and be attached to the Policy.

No agent has authority to change or waive any part of the Policy.

Policy Effective Date And Termination Date: The Policy begins on the Policy Effective Date shown on page 1 of the Policy. We may terminate this Policy by giving 31 days advance notice in writing (or authorized electronic or telephonic means) to the Policyholder. The Policyholder may terminate this Policy on any Premium Due Date by giving 31 days advance written (or authorized electronic or telephonic) notice to Us. This Policy terminates automatically on the earlier of: 1) the last day of the Policy Term; or 2) the Premium Due Date if Premiums are not paid when due. Termination takes effect at 12:00 a.m. (midnight) at the Policyholder's address on the date of termination.

Clerical Error: If a clerical error is made, it will not affect the insurance of any Covered Person. No error will continue the insurance of a Covered Person beyond the date it should end under the Policy terms.

Examination Of Records And Audit: We shall be permitted to examine and audit the Policyholder's books and records at any time during the term of the Policy and within 2 years after the final termination of the Policy as they relate to the premiums or subject matter of this insurance.

Certificates Of Insurance: Where it is required by law, or upon the request of the Policyholder, We will make available certificates outlining the insurance coverage and to whom benefits are payable under the Policy.

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Conformity With State Laws: On the effective date of this Policy, any provision that is in conflict with the laws in the state where it is issued is amended to conform to the minimum requirements of such laws.

Not In Lieu Of Workers' Compensation: This Policy is not a workers' compensation policy. It does not provide workers' compensation benefits.

Subrogation: We may recover any benefits paid under the Policy to the extent a Covered Person is paid for the same Injury or Sickness by a third party, another insurer, or the Covered Person's uninsured motorists insurance. We may only be reimbursed to the amount of the Covered Person's recovery. Further, We have the right to offset future benefits payable to the Covered Person under the Policy against such recovery.

We may file a lien in a Covered Person's action against the third party and have a lien on any recovery that the Covered Person receives whether by settlement, judgment, or otherwise, and regardless of how such funds are designated. We shall have a right to recovery of the full amount of benefits paid under the Policy for the Injury or Sickness, and that amount shall be deducted first from any recovery made by the Covered Person. We will not be responsible for the Covered Person's attorney's fees or other costs.

Upon request the Covered Person must complete the required forms and return them to Us or Our authorized agent. The Covered Person must cooperate fully with Us or Our representative in asserting its right to recover. The Covered Person will be personally liable for reimbursement to Us to the extent of any recovery obtained by the Covered Person from any third party. If it is necessary for Us to institute legal action against the Covered Person for failure to repay Us, the Covered Person will be personally liable for all costs of collection, including reasonable attorneys' fees.