



LONG TERM DISABILITY PLAN

PLAN DOCUMENT

Effective August 26, 2010

CALIFORNIA LAW ENFORCEMENT ASSOCIATION

GROUP

LONG TERM DISABILITY PLAN

Effective August 26, 2010

(Includes Plan Benefit Options A through E)

**CALIFORNIA LAW ENFORCEMENT ASSOCIATION
GROUP LONG TERM DISABILITY PLAN**

TABLE OF CONTENTS

Section	Page
1. BACKGROUND AND ADOPTION OF PLAN.....	1
1.1. <u>BACKGROUND AND PURPOSE</u>	1
1.2. <u>ADOPTION OF PLAN</u>	1
1.3. <u>PURPOSE OF PLAN</u>	1
2. NAME OF PLAN.....	1
4. ADMINISTRATION.....	1
5. ACCOUNTING AND ACTUARIAL SERVICES.....	2
5.1. ACCOUNTING.....	2
5.2. ACTUARIAL REVIEW.....	2
6. AGENT FOR SERVICE OF PROCESS.....	2
7. ELIGIBILITY FOR PARTICIPATION AND COVERAGE; EFFECTIVE DATE FOR PARTICIPATION; EFFECTIVE DATE FOR INCREASE IN BENEFITS.....	2
7.1. ELIGIBILITY FOR PARTICIPATION.....	2
7.2. EFFECTIVE DATE OF PARTICIPATION.....	3
7.2.1. DEFERRED EFFECTIVE DATE FOR PARTICIPATION OR INCREASE IN BENEFITS.....	3
7.3. ENROLLMENT CARD.....	3
8. TERMINATION.....	3
8.1. TERMINATION OF PARTICIPATION.....	3
8.2. TEMPORARY TERMINATION OF PARTICIPATION.....	4
8.2.1. PARTICIPATION FOLLOWING TEMPORARY TERMINATION.....	5
8.3. TERMINATION OF ACTIVE SERVICE.....	5
8.4. SUBSEQUENT ELIGIBILITY.....	5
9. CONTRIBUTIONS.....	5
9.1. WAIVER OF CONTRIBUTIONS FOR DISABLED PARTICIPANTS.....	5
9.2. NATURE OF CONTRIBUTIONS.....	6
9.3. REFUNDS OF CONTRIBUTIONS.....	6
10. FUND.....	6
11. DISABILITY INCOME BENEFITS; PROOF OF DISABILITY.....	6
11.1. PAYMENT OF DISABILITY INCOME BENEFITS.....	6
11.1.1. DURATION OF BENEFITS FROM TOTAL DISABILITY.....	6
11.1.2. DELAYED PAYMENT OF DISABILITY INCOME.....	7
11.2. EARLY REDUCED BENEFITS.....	7
11.3. RECURRENT DISABILITIES.....	8
11.4. AMOUNT OF DISABILITY INCOME.....	8
11.4.1. OTHER PROVISIONS REGARDING AMOUNT OF DISABILITY INCOME.....	10

11.5. BENEFIT REDUCTION AND OFFSET FOR OFFSETTING BENEFIT/INCOME AMOUNTS.....	10
11.5.1. CHANGES IN SOCIAL SECURITY ACT.....	12
11.5.2. APPROVED REHABILITATIVE EMPLOYMENT.....	12
11.5.3. ELECTION TO RECEIVE UNREDUCED BENEFITS BY UNPAID OFFSETTING BENEFIT/INCOME AMOUNTS.....	12
11.5.4. 50/50 INTEGRATION BENEFIT.....	13
11.6. DISABILITIES EXCLUDED FROM COVERAGE; MODIFIED COVERAGE.....	13
11.6.1. DISABILITIES EXCLUDED.....	13
11.6.2. MODIFIED BENEFITS.....	14
11.6.3. PRIOR COVERAGE CREDIT.....	15
11.7. MINIMUM BENEFIT.....	16
11.7.1. MINIMUM BENEFIT ELIGIBILITY AMOUNT.....	16
11.7.2. USE OF PERSONAL LEAVE.....	16
11.8. MAXIMUM BENEFIT PERIOD.....	16
11.8.1. SAFETY PERSONNEL.....	16
11.8.2. NON-SAFETY PERSONNEL.....	16
11.9. MAXIMUM BENEFIT LIMITATIONS FOR DISABILITY DUE TO PSYCHOLOGICAL/STRESS DISORDER, DRUG ABUSE OR OTHER SPECIFIED CONDITIONS.....	17
11.9.1. PSYCHOLOGICAL/STRESS DISORDER.....	17
11.9.2. DRUG ABUSE DISORDER.....	17
11.9.3. HIV/AIDS AND ARC.....	17
11.9.4. SELF-REPORTED SYMPTOMS; CHRONIC FATIGUE SYNDROME AND FIBROMYALGIA.....	18
11.9.5. DISABILITY ARISING CONCURRENTLY WITH PSYCHOLOGICAL/STRESS DISORDER, DRUG ABUSE OR HIV/AIDS OR ARC.....	18
11.10. PROOF OF DISABILITY.....	18
11.11. PARTICIPANT COOPERATION REQUIREMENTS; CONTINGENT PAYMENTS.....	18
11.11.1. REIMBURSEMENT AGREEMENT; ACKNOWLEDGEMENT FORM.....	19
11.11.2. FAILURE TO COMPLY.....	20
11.12. COST OF LIVING ADJUSTMENT.....	20
12. OFFSET AND REPAYMENT, RECOVERY OF OFFSETTING BENEFIT/INCOME AMOUNTS.....	20
13. DEATH BENEFITS AND SURVIVOR BENEFITS.....	21
13.1. DEATH BENEFIT.....	21
13.1.1. AMOUNT OF DEATH BENEFIT; PAYMENT OF DEATH BENEFIT.....	21
13.1.2. BENEFICIARY; PAYMENT OF DEATH BENEFIT TO BENEFICIARY.....	22
13.2. SURVIVOR BENEFITS.....	23
15. CLAIMS PROCEDURE.....	24
15.1. NOTICE OF CLAIM.....	24
15.2. CLAIMS REVIEW.....	24
15.3. NOTICE OF DECISION.....	24
15.4. CLAIMS DENIAL PROCEDURE.....	25
15.5. APPEAL OF DENIAL.....	25
16. BINDING ARBITRATION.....	26
16.1. DISPUTES.....	26
16.2. NEGOTIATION PERIOD; PREREQUISITE TO ARBITRATION.....	26
16.3. BINDING ARBITRATION.....	26
16.4. SELECTION OF ARBITRATOR.....	26
16.5. ARBITRATION PROCEDURES.....	26
16.6. GOVERNING LAW.....	28
17. DISCRETIONARY AUTHORITY OF ADMINISTRATOR AND BOARD OF DIRECTORS.....	28
18. AMENDMENT.....	28

19. WAIVER.....	28
20. SUMMARY PLAN AND DESCRIPTIVE MATERIALS	28
21. NON-ASSIGNABILITY OF PAYMENT.....	29
22. MISTAKE OF FACT	29
23. EMPLOYEE'S INTERESTS IN PLAN ASSETS.....	29
24. APPLICABLE LAW	29
25. EXHIBITS	29
26. TIME.....	29
27. CAPTIONS.....	29
28. GENDER AND NUMBER.....	29
29. NO EMPLOYMENT OBLIGATION.....	29
50/50 INTEGRATION BENEFIT	31
ACTIVE SERVICE	31
ADMINISTRATOR	31
ACTIVITIES OF DAILY LIVING	31
APPROVED REHABILITATIVE EMPLOYMENT	32
ASSOCIATION.....	32
BASE MONTHLY EARNINGS	32
BENEFICIARY	32
BENEFIT	33
BENEFIT REDUCTION	33
BOARD OF DIRECTORS	33
BYLAWS	33
CATASTROPHIC DISABILITY	33
CODE	33
CONTRIBUTIONS.....	33
DEATH	33
DEATH BENEFIT	33
DISABILITY INCOME.....	34
DISPUTE	34
DRUG	34
DRUG ABUSE.....	34
DRUG ABUSE DISORDER	34
ELIGIBLE DEPENDENT SURVIVOR	34
ELIGIBLE TO RECEIVE BENEFITS.....	35
ELIMINATION PERIOD.....	35
EMPLOYEE.....	35
EMPLOYER.....	35
ERISA	36
EFFECTIVE DATE OF PARTICIPATION	36
EVIDENCE OF HEALTH.....	36
FUND	36
IDL	36
INDUSTRIAL DISABILITY	36
INITIAL ENROLLMENT PERIOD.....	36

INJURY	36
INSURANCE CODE	37
MAXIMUM BENEFIT	37
MAXIMUM BENEFIT PERIOD	37
MINIMUM BENEFIT	37
NON-INDUSTRIAL DISABILITY	37
NON-SAFETY PERSONNEL	37
OFFSETTING BENEFIT/INCOME AMOUNTS	38
OWN OCCUPATION DISABILITY	38
PARTICIPANTS	38
PARTICIPATING ASSOCIATION	38
PENSION PROGRAM	38
PHYSICIAN	38
PLAN	39
PRE-EXISTING CONDITION	39
PREGNANCY	39
PRIOR COVERAGE CREDIT	39
PSYCHOLOGICAL/STRESS DISORDER	39
REGULAR CARE OF A PHYSICIAN	39
SAFETY PERSONNEL	39
SICKNESS	39
SURVIVOR BENEFIT	40
TEMPORARY TERMINATION	40
THIRD PARTY CONTRACTS	40
TOTAL DISABILITY	40
TRAINEE	40
UNPAID OFFSETTING BENEFIT/INCOME AMOUNTS	40

CALIFORNIA LAW ENFORCEMENT ASSOCIATION

RESTATED

LONG TERM DISABILITY PLAN

1. Background and Adoption of Plan.

1.1. Background and Purpose. Various unions and other profit and non-profit mutual benefit associations desirous of providing long-term disability benefits to participating members formed and established California Law Enforcement Association, a California non-profit mutual benefit corporation (the "**Association**").

1.2. Adoption of Plan. The Association adopted this long-term disability plan ("**Plan**") effective as of May 1, 1985 and as amended thereafter, and has adopted this restated Plan effective as of August 26, 2010. To the fullest extent applicable, this Plan is intended to provide benefits that qualify under and comply with section 501(c)(9) of the Internal Revenue Code of 1986, as now or hereafter amended, part 1 of title I-B of the Employee Retirement Income Security Act of 1974, as now or hereafter amended ("**ERISA**"), and sections 11400 through 11407 of the California State Insurance Code, as now or hereafter amended. This Plan is the Association's group long term disability plan. Separate long term disability plans are available for certain individual participants not participating through a Participating Association as required under the provisions of this Plan. The coverage, participation, benefits and other terms and conditions of any and all individual plans are subject in all respects to the applicable individual plan document provisions.

1.3. Purpose of Plan. The Plan has been formed to provide death and disability benefits to participating members of police departments. The Benefits provided under the Plan are fully integrated with and reduced by other benefits that may be available to a Participant, including, without limitation, retroactive or continuing pensions, workers' compensation awards and payments and awards from insurance companies or third parties, as described more fully below.

2. Name of Plan. This Plan shall be known as the "**California Law Enforcement Association Group Long Term Disability Plan.**"

3. Defined Terms. The terms used in this Agreement have the meanings set forth on Exhibit A attached hereto. (Certain additional definitions applicable to a specific Section may be defined in that Section.)

4. Administration. This Plan shall be administered on a contract basis with a qualified California-licensed third party administrator pursuant to the terms of an Administrative Services Agreement of form and content consistent with the terms of this Plan and applicable

law and as approved by the Board of Directors. The Administrator shall have duties as set forth in the Administrative Services Agreement and as required under this Plan and shall operate under the supervision and control of the Board of Directors. The Administrator of this Plan is:

CALIFORNIA ADMINISTRATION
INSURANCE SERVICES, INC.
P.O. Box 31
Martell, California 95654-0031
Telephone: 1-(800) 832-7333

5. Accounting and Actuarial Services.

5.1. Accounting The Plan and Association shall keep their books and records on a fiscal year basis, with a fiscal year ending June 30th, unless modified by the Board of Directors. The Administrator shall retain a certified public accounting firm on behalf of the Plan, which firm shall be instructed to conduct audits of the Plan no less than annually and shall be instructed to review the financial statements on a quarterly basis. The certified public accountants shall be instructed to provide to the Board of Directors annual audited financial statements prepared in accordance with generally accepted accounting principles, consistently applied. The certified public accountants shall also be instructed to prepare and provide quarterly reviewed financial statements to the Executive Board of the Board of Directors.

5.2. Actuarial Review. The Plan shall also retain a licensed actuarial firm to conduct periodic reviews of such items as are designated by the Executive Board of the Board of Directors. The actuarial firm shall provide written reports to the Administrator or Executive Board of the Board of Directors regarding the results of such reviews.

6. Agent for Service of Process. The Board of Directors and the Administrator designate as agent for service of process under the Plan and Bylaws Weintraub Genshlea Chediak Law Corporation, Attention Christopher Chediak, at the following address: 400 Capitol Mall, 11th Floor, Sacramento, California 95814.

7. Eligibility for Participation and Coverage; Effective Date for Participation; Effective Date for Increase in Benefits.

7.1. Eligibility for Participation. An Employee shall become eligible to become a Participant when (i) the Participant's Participating Association elects to become associated, is accepted for association and remains associated and in good standing with the Association in accordance with the Bylaws, (ii) the Participant's Participating Association has a sufficient Plan participation level to comply with the minimum participation levels established by the Board of Directors (the minimum participation levels may vary with regard to different Plan Options), (iii) the Participant is in Active Service in a full-time position as a Safety Personnel member or civilian worker in a qualifying law enforcement agency and complies with all prerequisites to being a Participant, (iv) the Participant is an active member of his Participating Association and (v) the Participant has provided to the Plan Administrator all required forms, including without limitation, Evidence of Health, if applicable. A Participant's eligibility for continued participation shall be limited as provided in this Plan, including without limitation, the proof of disability and cooperation requirements of Sections 11.10 and 11.11 hereof. All Participants

must enroll in one of the Plan coverage alternatives, A through E. The applicable Plan coverage alternative for a Participant will be determined by the Plan Administrator based on the designation selected by the Participant's Participating Association and the Contribution amounts received by the Plan.

7.2. Effective Date of Participation. Once a prospective Participant is eligible to participate in the Plan pursuant to Section 7.1, Plan participation will become effective ("**Effective Date of Participation**") when the prospective Participant satisfies all of the following conditions: (i) the Employee provides to the Administrator a properly completed enrollment card as described in Section 7.3 and receipt of the enrollment card is verified by the Administrator, (ii) the Employee provides to the Administrator evidence that the Employee has applied for a payroll deduction for the required Contributions or the Employee's Participating Association or Employer are making the required Contribution on the Employee's behalf, and (iii) the Administrator receives the first required Contribution. Unless the Participant enrolls within the Initial Enrollment Period and except to the extent eligible for the Prior Coverage Credit, no coverage shall apply at any time with regard to a Total Disability resulting from any Pre-existing Condition of that Participant. Receipt of the required Contribution, evidence of payroll deduction or enrollment card by any party other than the Administrator, including without limitation any Participating Association or officer thereof or any member of the Board of Directors, shall not satisfy the conditions specified at subsections (i), (ii) or (iii) above.

7.2.1. Deferred Effective Date for Participation or Increase in Benefits. If an Employee or Participant is not eligible to participate on what would otherwise be his or her effective date for an increase in Benefits or entry into the Plan because the Employee is not in Active Service and/or is not a member of his or her Participating Association, then the Employee's eligibility to participate or eligibility for the increase in Benefits shall be deferred until thirty (30) days after the Employee returns to Active Service (not modified, light or limited duty status) and reinstates membership in the Participating Association, as applicable. Upon returning to Active Service for thirty (30) days, certain Pre-existing Conditions may be excluded from coverage under the Plan in accordance with the provisions hereunder governing Pre-existing Conditions.

7.3. Enrollment Card. In order to enroll, each prospective Participant must complete and return to the Administrator a properly executed Plan enrollment card in the form adopted by the Board of Directors from time to time. The Administrator shall provide to prospective Participants a proper enrollment card. Participation shall not commence until the properly completed enrollment card is returned to the Administrator, regardless of whether the prospective Participant, Participating Association or Employer makes the required Contribution. Such enrollment card shall specify such matters as the Board of Directors determines to be appropriate, including without limitation, that the prospective Member agrees to be bound by the provisions of this Plan and understands the applicable coverage limitations with regard to Pre-existing Conditions.

8. Termination.

8.1. Termination of Participation. A Participant's participation in the Plan shall immediately terminate on the first to occur of the following dates:

(a) Termination of Plan. Upon the termination of this Plan, in which event

Benefits payable for ongoing Total Disabilities to Participants Eligible to Receive Benefits on the date of termination shall continue to the extent of available assets in the Fund;

(b) End of Active Service Status. Except as set forth in Section 8.2 with regard to a Temporary Termination, on the date that such party ceases to be in Active Service or otherwise ceases to qualify as a Participant, unless on that date the Participant is Totally Disabled and the Plan is making monthly Benefit payments to the disabled Participant;

(c) Retirement Under Pension Program. On the date of such Participant's retirement under any Pension Program provided to the Participant by the Participant's Employer, unless on that date the Participant is Totally Disabled and the Plan is making monthly Benefit Payments to the disabled Participant;

(d) Member of Armed Forces. Except as set forth in Section 8.2 (c) hereof with regard to a Temporary Termination, on the date such party becomes a full-time member of the armed forces of any country;

(e) Participating Association. On the date the Participant ceases to be a member in good standing of the Participating Association designated by the Board of Directors for the Participant's Employer, or the Participating Association ceases to satisfy the minimum participation or any other requirements necessary to continue as a Participating Association under this Plan and the Bylaws, whether by reason of expulsion, suspension, resignation or any other reason in accordance with this Plan and the Bylaws; or

(f) Full Monthly Contribution. If none of the events described in subsections (a) through (e) above apply, on the fifteenth (15th) day of the month following the last month when the party made a full monthly Contribution or for which the full monthly Contribution was made on behalf of such Participant, except to the extent the monthly Contribution is waived as a result of a Total Disability for which the Plan is paying the Participant monthly Disability Income Benefits. Full monthly Contribution amounts must continue during periods when the Participant is not receiving monthly Disability Income Benefits due to Offsetting Benefit/Income Amounts.

8.2. Temporary Termination of Participation. A Participant's participation in the Plan and eligibility to receive any Benefits shall temporarily terminate during the following periods:

(a) Not in Active Service. Any temporary periods in which a Participant is not in Active Service, including without limitation due to strikes or similar labor disputes, other than due to a Total Disability for which the Participant is Eligible to Receive Benefits and regularly scheduled vacation time;

(b) Layoff. Any layoff from Active Service at work other than for a Total Disability for which the Participant is Eligible to Receive Benefits; and

(c) Return to Active Duty. Any temporary periods of twenty-four (24) months or less due to a Participant being recalled to active duty with the armed forces, or performing active duty, annual training or inactive duty training for the armed forces of any country, during which time the Participant will continue to be eligible for the Death Benefit as

provided in Section 13.1.

8.2.1. Participation Following Temporary Termination. After a period of Temporary Termination, provided that the Participant remains eligible for participation in the Plan in all respects as specified in Section 7.1, the Participant may again enroll in and participate in the Plan beginning thirty (30) days after the end of a period described in Sections 8.2(a) or (b) (temporary leave or layoff), or immediately after the end of a period described in Section 8.2(c) (return to active duty); provided, that if the Participant was Totally Disabled at the commencement of such Temporary Termination, the Active Service requirement for participation shall not apply to the re-enrollment if the Participant remained Totally Disabled during the entire period of Temporary Termination. The re-enrolled Participant shall not be covered or eligible to receive any Benefits under the Plan for any Death or Total Disability that results from an Injury, Sickness or Pregnancy that arose during the period of Temporary Termination. An Injury, Sickness or Pregnancy will be considered to have arisen during the period of Temporary Termination if, had it began or existed prior to the first enrollment of the Participant, it would have been considered a Pre-existing Condition and if based on an event, accident, occurrence, medical treatment, or symptoms that occurred during the period of Temporary Termination that had not occurred prior to the Temporary Termination.

8.3. Termination of Active Service. Termination of Participation under this Section 8 shall begin immediately after the Participant's last hour of Active Service prior to the event causing the termination under Section 8.1 or Temporary Termination under Section 8.2.

8.4. Subsequent Eligibility. Except as set forth in Section 8.2 with regard to periods of Temporary Termination, once a Participant is terminated under this Section 8, that person may begin participation again in the Plan only as set forth in Section 7 and subject to the limitations on eligibility and Pre-existing Conditions for new Participants set forth in this Plan.

9. Contributions. Each Participant shall make a monthly Contribution to the Plan in advance or have a monthly Contribution made to the Plan on the Participant's behalf. The Board of Directors establishes the required monthly Contribution amounts for each of the Plan Options for Benefits and coverage. Contributions must be made through payroll deduction or in another manner approved by the Board of Directors, in its sole discretion. The monthly Contributions shall be payable in full for all or any portion of a month in which a Participant participates in the Plan. No Participant is entitled to a refund for any portion of a monthly Contribution amount as a result of the termination of the Participant's coverage under this Plan during that month. The monthly Contribution amount is subject to change, at the discretion of the Board of Directors, upon at least thirty (30) days written notice to a Participant's Participating Association or to the Participant. The monies received hereunder, earnings thereon and recovered Offsetting Benefit/Income Amounts shall constitute the Fund.

9.1. Waiver of Contributions for Disabled Participants. A Participant is not required to make the monthly Contribution hereunder during any month that the Participant is Totally Disabled and receiving Disability Income Benefit payments (not including the Minimum Benefit) from the Plan for every working day of the month. Contributions must continue during the Elimination Period and other periods of time that a Participant is not receiving Disability Income due to Offsetting Benefit/Income Amounts, including without limitation, when the Participant is receiving payments under Labor Code Sections 4800, 4850, 4850.5 or any

equivalent payments.

9.2. Nature of Contributions. Notwithstanding any provisions contained herein to the contrary, Contributions and Benefits under the Plan are not and shall not be construed to be Employer provided, whether or not the Participating Association or Employer facilitates the deduction of payments from Participants' paychecks. Participation hereunder is solely by agreement between the Participant and the Plan and the Participating Associations.

9.3. Refunds of Contributions. The Plan will refund Contributions made by a Participant for any periods of time that the Participant is not eligible to participate in the Plan. No interest shall be payable on the refunded amount.

10. Fund. The Board of Directors shall manage the Fund. The Administrator, under supervision of the Board, shall pay Benefits from the Fund in accordance with the Bylaws and this Plan.

11. Disability Income Benefits; Proof of Disability.

11.1. Payment of Disability Income Benefits. After a Participant, while participating in the Plan and eligible for coverage, provides sufficient proof to the Administrator in accordance with all of the requirements of the Plan and Sections 11.10 and 11.11 hereof that the Participant is Totally Disabled from a covered Injury, Sickness or Pregnancy, the Participant will be "Eligible to Receive Benefits" in accordance herewith. Following the Elimination Period or Extended Elimination Period, if applicable, the disabled Participant is entitled to a monthly Disability Income Benefit during each month that the Participant is Totally Disabled and under the Regular Care of a Physician with regard to such Injury, Sickness or Pregnancy, subject to complying with all requirements of this Plan regarding the Total Disability. The Disability Income Benefits shall continue during the continuance of the Total Disability, but not to exceed the Maximum Benefit Period and subject in all cases to the maximum monthly Disability Income amount established by the Board of Directors from time to time pursuant to this Plan and the Bylaws. The amount of Disability Income Benefits may be limited, reduced or offset as provided in this Plan, including without limitation, offsets for Offsetting Benefit/Income Amounts, as specified in Section 11.4. In addition, if the Participant later receives Offsetting Benefit/Income Amounts, he or she may be obligated to repay the Plan all or a portion of the recovered amounts as provided in Section 12. A Participant's continuing right to receive Disability Income Benefits is additionally subject to all other applicable conditions and limitations set forth in this Plan.

11.1.1. Duration of Benefits from Total Disability. If a covered Sickness, Injury or Pregnancy causes a Participant, directly and independently of any other sources, to be Totally Disabled, the Participant is eligible for Disability Income Benefits as provided in Section 11.1 in an amount determined in accordance with Section 11.4 hereof. The Plan shall pay the Participant Disability Income as a Benefit during the period that the Participant continues to be Eligible to Receive Benefits and Totally Disabled up to the duration of the Maximum Benefit Period. These Benefits will be payable for an Own-Occupation Disability up to a total of twenty-four (24) months (or twelve (12) months for Non-Safety Personnel), unless the Maximum Benefit Period applies. For Industrial Disabilities, the Benefit period of twenty-four (24) months (or twelve (12) months for Non-Safety Personnel) will begin on the date that the Sickness, Injury

or Pregnancy causes the Participant to be Totally Disabled or on the last date of Active Service, whichever is later. For Non-Industrial Disabilities, the Benefit period begins after the applicable Elimination Period. After the twenty-four (24) months (or twelve (12) months for Non Safety Personnel), a Participant will be considered to be Totally Disabled and may continue receiving Disability Income while Eligible to Receive Benefits and up to the Maximum Benefit Period only while completely unable to perform any and every duty of any gainful occupation for which he or she may reasonably become fit by virtue of education, experience or training. These Benefits may be offset or reduced by Offsetting Benefit/Income Amounts and Unpaid Offsetting Benefit/Income Amounts as provided in Sections 11.4 and 11.5.3.

11.1.2. Delayed Payment of Disability Income. The Plan's payment of Disability Income Benefits may be delayed in whole or in part due to a Participant's failure to provide all proof of disability required under Section 11.10 or the Participant's failure to cooperate as required under Section 11.11. Upon correction of such failure in a manner satisfactory to the Board of Directors, the Plan shall pay the Participant a monthly Disability Income payment that is increased to one hundred fifty percent (150%) of the monthly Disability Income Benefit amount (as reduced by Offsetting Income/Benefit Amounts), that the Participant is entitled to receive under Section 11.4, until the Participant has recovered all accrued Disability Income Benefits that would have been paid as periodic payments but were delayed pending receipt of the proof of disability and/or compliance with the cooperation. No such increased monthly payment shall exceed one hundred and fifty percent (150%) of the Disability Income amount that the Participant is otherwise eligible to receive as a monthly Benefit hereunder. This one hundred fifty percent (150%) maximum shall not apply with respect to Dispute settlements during the claims procedure under Section 14 that are approved by the Board of Directors.

11.2. Early Reduced Benefits. A Participant may, by written request to the Administrator, apply for early payment of Disability Income during the Elimination Period or Extended Elimination Period. In order to do so, the Participant must supply proof reasonably acceptable to the Administrator establishing that the Participant suffers from (i) a long-term Non-Industrial Disability or (ii) a long-term disability that the Participant believes is an Industrial Disability but for which the Participant's entitlement to benefits under the California Workers' Compensation system or the applicable pension system is disputed by the Employer. If the Participant's request is approved by the Administrator, in accordance with guidelines adopted by the Board of Directors, the Plan shall pay the Participant a reduced Disability Income Benefit during the balance of the Elimination Period or Extended Elimination Period, as applicable. The reduced Disability Income Benefit shall equal the total Disability Income Benefits that the Administrator estimates as payable during an anticipated duration of the Participant's Total Disability following the Elimination Period or Extended Elimination Period, as applicable (but not to exceed a total of one (1) year), prorated into monthly payments over a period that includes the balance of the Elimination Period or Extended Elimination Period, as applicable, and the anticipated Benefit duration used by the Administrator in estimating the total Benefits payable. While the Participant remains Totally Disabled, the reduced Disability Income payments shall continue following the expiration of the Elimination Period or Extended Elimination Period, as applicable, until, as a result of the reduced Benefits paid, the Participant reimburses the Plan for the excess payments made during the Elimination Period or Extended Elimination Period, as applicable. Thereafter, Benefits shall return to the amount, if any, payable without the reduction for early Benefit payments under this Section. If the Administrator determines that the Participant will not be entitled to Benefits for a period sufficient to repay the excess Benefit

amount, the Administrator may offset the excess against future Benefit payments or the Participant must repay the excess if no offset is likely to be available, in the estimation of the Administrator or Board of Directors.

11.3. Recurrent Disabilities. Except for the Benefit limitations applicable to disabilities arising from a Psychological/Stress Disorder, Drug Abuse or the other conditions specified in Section 11.9 and subject to the Maximum Benefit Period limitations, following a period of Total Disability, if the Participant resumes his or her regular occupation, accepts light duty services from his or her Employer, or accepts Approved Rehabilitative Employment and performs all the material duties of his or her occupation for a continuous period of more than twelve (12) consecutive months, any subsequent disability resulting from the same cause or causes is considered a new period of disability and does not constitute a continuation of the Participant's prior disability and the Participant shall be entitled to Benefits, when appropriate, in accordance with the applicable provisions of this Plan (including the Elimination Period requirements). If the Participant resumes his or her regular occupation, accepts light duty services or accepts Approved Rehabilitative Employment for less than twelve (12) full continuous months, any disability resulting from or contributed to by the same cause or causes is not considered a new period of disability and the periods of return to work are treated as a continuation of the Participant's disability period for the purpose of the Plan's Benefit limitations under Section 11.6.2(d). After twelve (12) consecutive months, the recurring disability shall only be considered a continuation of the same disability period for the purposes of computing the Maximum Benefit Period. This Section is not intended and should not be construed to allow or require any continuing coverage for recurring disabilities or Benefit payments to or for a former Participant after the termination of his or her participation in the Plan.

11.4. Amount of Disability Income. Subject in all cases to the exclusions, offsets, reductions and limitations described herein, if a Participant becomes Totally Disabled from a covered disability and is Eligible to Receive Benefits under Section 11.1, the Plan shall pay the Participant Benefits as provided in this Section 11.4:

(a) Safety Personnel. Subject to the limitations set forth in this Section 11.4 and the Plan, the Disability Income Benefit amount for Safety Personnel Participants who incur a Non-Industrial Disability that is not subject to a disputed worker's compensation claim is (i) eighty percent (80%) of the Participant's Base Monthly Earnings for Plan Options A, B, or E, (ii) seventy-five percent (75%) of the Participant's Base Monthly Earnings for Plan Option C, and (iii) seventy percent (70%) of the Participant's Base Monthly Earnings for Plan Option D. (The Disability Income Benefit amount is rounded to the nearest dollar.) If the Participant's Total Disability is an Industrial Disability or a disability for which the characterization of the disability as Industrial or Non-Industrial is disputed in a worker's compensation proceeding brought before the California Workers' Compensation Appeals Board, the monthly Disability Income Benefit amount (which shall be rounded to the nearest dollar) is seventy percent (70%) of that Participant's Base Monthly Earnings for Plan Options A, C, D and E, and seventy five percent (75%) for Plan Option B. The Disability Income Benefit amount may not exceed the maximum monthly Disability Income amount then in effect as set forth in Section 11.4(e), and is subject limitation for IDL eligible Participants as set forth in Section 11.4(c), and may be increased for a Catastrophic Disability as and to the extent provided in Section 11.4(d). For Safety Personnel Participants who have IDL coverage with respect to their qualifying Employment and whose Participating Association has been approved in accordance with such requirements as may be

established by the Board or Administrator for increased coverage, the monthly Disability Income Benefit amount is ninety percent (90%) of the Participant's Base Monthly Earnings for a Non-Industrial Disability that is not a disputed workers' compensation claim, not to exceed the maximum monthly Disability Income amount then in effect as described in Section 11.4(e) and subject to the limitation for IDL eligible Participants set forth in Section 11.4(c) and the increased Benefit amount for a Catastrophic Disability as and to the extent set forth in Section 11.4(d);

(b) Non-Safety Personnel. Subject to the limitations set forth in this Section 11.4 and the Plan, the Disability Income Benefit amount for Participants who are Non-Safety Personnel is sixty-six and two-thirds percent (66 2/3%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings. The Disability Income Benefit amount may not exceed the maximum monthly Disability Income amount then in effect as set forth in Section 11.4(e), and is subject limitation for IDL eligible Participants as set forth in Section 11.4(c), and may be increased for a Catastrophic Disability as and to the extent provided in Section 11.4(d);

(c) Exception for IDL Eligible Participant. If the Participant is an Employee in a classification that is eligible for IDL and is not eligible for benefits under California Labor Code Section 4800 or 4850 or similar, equivalent benefits, the monthly Disability Income Benefit payable to such Participant shall not exceed sixty-six and two-thirds percent (66 2/3%) (rounded to the nearest dollar) of the Participant's regular Base Monthly Earnings for both Industrial and Non-Industrial Disabilities subject to the maximum monthly Disability Income amount, except for the increased Benefit amount for a Catastrophic Benefit as and to the extent set forth in subsection (d) of this Section 11.4. If the Participant's IDL Benefits are denied due to recurrence of a disability within the previous twenty-four (24) months, then the Participant's Benefits shall be limited to fifty percent (50%) (rounded to the nearest dollar) of the Participant's regular Base Monthly Earnings subject to the Maximum Benefit amount, and, except for the increased Benefit amount for a Catastrophic Benefit as set forth in subsection (d) of this Section 11.4;

(d) Catastrophic Disability. If a Total Disability qualifies as a Catastrophic Disability and the Participant is a Safety Personnel, the Disability Income amount is one hundred percent (100%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings or eighty percent (80%) if the Participant is eligible to participate in IDL, during the first (i) thirty (30) months of Catastrophic Disability following the Elimination Period with respect to Plan Options A, B, and C, and (ii) twenty-four (24) months of Catastrophic Disability following the Elimination Period with respect to Plan Options D and E. If a Total Disability qualifies as a Catastrophic Disability and the Participant is a Non-Safety Personnel, the Disability Income amount for the Participant is eighty percent (80%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings during the first eighteen (18) months of Catastrophic Disability following the Elimination Period. After this eighteen (18) or thirty (30) month Catastrophic Disability period, Benefits will return to the levels described in Sections 11.4(a), (b) and (c) if the Participant remains eligible for Benefits under such Sections. The Catastrophic Disability Benefits are subject to all offsets, limitations and reductions to Disability Income other than pursuant to Sections 11.4(a) and (b), and not to exceed the Maximum Benefit amount then in effect and established by the Board of Directors as described in Section 11.4(e);

(e) Maximum Benefit Amount. The Maximum Benefit amounts shall be

established by the Board of Directors at least annually and shall be set forth on the Schedule of Benefits, included with the Summary Plan Description. This maximum Disability Income limitation is intended to limit the amount of Disability Income that a Participant is eligible to receive under the Plan or that is otherwise payable for any monthly period before any reduction by the amount of all Offsetting Benefit/Income Amounts received by the Participant and Offsetting Benefit/Income Amounts that the Participant is entitled to receive (as provided in Section 11.5). The Board may change this monthly Maximum Benefit amount from time to time; and

(f) Trainee Participants. The Disability Insurance Benefits amount for a Trainee Participant who becomes Totally Disabled is set forth in Section 14.

11.4.1 Other Provisions Regarding Amount of Disability Income. The amount of Disability Income that a Participant is eligible to receive under the Plan or that is otherwise payable for any monthly period will be reduced by the amount of all Offsetting Benefit/Income Amounts received by Participant and Offsetting Benefit/Income Amounts that the Participant is entitled to receive (as provided in Section 11.5). However, the Participant may remain entitled to a Minimum Benefit while receiving vacation or sick leave pay and remaining on paid status as provided in Section 11.7 hereof. The Participant's rate of Base Monthly Earnings as of the last day of the Elimination Period for a disability shall be used to calculate Disability Income, except as otherwise provided in the definition of "Base Monthly Earnings" set forth on Exhibit A. The effective date for the entitlement of a Participant to any increase in the monthly Disability Income Benefits amount payable under this Plan shall be deferred as provided in Section 7.2.1 above. If Disability Income is payable for any period of time which is less than a full month, the payment for such period will be proportionately reduced based upon a thirty (30) day month, such that the Member shall receive one thirtieth (.0333) of the monthly Disability Income Benefit for each day of the partial month.

11.5. Benefit Reduction and Offset for Offsetting Benefit/Income Amounts. Subject to the Minimum Benefit exception pursuant to Section 11.7, during or after the period when a Participant is Totally Disabled, if the Participant or the Participant's Eligible Dependent Survivor receives or is immediately entitled to receive Offsetting Benefit/Income Amounts, as defined below, from any source or recovery, regardless of how characterized, and these Offsetting Benefit/Income Amounts have not already been applied to reduce the Participant's Benefits, then the amount of Benefits that the Participant or Eligible Dependent Survivor is entitled to receive hereunder for such Total Disability shall be reduced by the Offsetting Benefit/Income Amounts until the Plan has been repaid in full. In addition, the Participant must repay to the Plan recovered excess amounts as specified in Section 12 (Recovery of Offsetting Benefit/Income Amounts). To the fullest extent permitted by applicable law, the Offsetting Benefit/Income Amounts comprise:

(a) Workers' Compensation Benefits. Any amount the Participant receives or is eligible to receive from any source as a result of the Participant's disability under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose, including without limitation, amounts for partial or total disability. The Plan is entitled to first claim and payment, before any other party, and from any recovery, regardless of how the recovery is characterized and regardless of whether the Participant is thereby fully compensated or made whole by such recovery. The Plan does not recover from permanent disability

payments. However, the maximum Disability Income Benefits that the Plan will pay to a Participant, when added to all Workers' Compensation Act awards, including permanent disability (PD) awards, may not exceed one hundred percent (100%) of the Participant's pre-disability Base Monthly Earnings;

(b) Group Insurance Benefits. Any amount the Participant receives or is eligible to receive as a result of the Participant's disability under any group insurance plan or coverage providing disability income benefits other than group credit insurance or group mortgage disability insurance;

(c) Compulsory Benefits and Negotiated Benefits. Any amount the Participant receives or is eligible to receive as a result of the Participant's disability (i) under any compulsory benefit act or law including without limitation, any state unemployment compensation disability benefit law or state disability income benefit law, or (ii) pursuant to Sections 4800 or 4850 of the California Labor Code, IDL or any amendment thereof, or any successor or comparable provision or any negotiated substitute;

(d) Other Income Sources. Any amount the Participant receives as (i) earnings for work or services (including self-employment) performed by a Participant during his or her period of Total Disability hereunder, whether payable by the Participant's Employer, any other employer or by self-employment (other than fifty percent (50%) of Approved Rehabilitative Employment as provided in Section 11.5.2) or (ii) sick leave, vacation pay, other personal leave balances or catastrophic leave balances (donated time by the Participant's Employer or fellow employees), unless such sick leave, vacation pay or other personal balance is paid as a lump sum, post-retirement distribution or the 50/50 Integration Benefit applies;

(e) Any Other Disability Benefits or Pension Program Benefits. The unmodified and unreduced amount of any disability income benefits, or other income or payments (determined without regard to any election by the Participant to receive reduced Disability Income) the Participant receives or is entitled to receive under any Pension Program provided by the Participant's Employer or any prior employer or any union or other organization other than (i) any lump sum distribution of the Participant's entire interest in any Pension Program, except to the extent the payment of such lump sum eliminates or reduces the Participant's entitlement to receive an annuity or other amount payable as a result of the Participant's disability, or (ii) any amount comprising the Participant's voluntary contributions to the Pension Program or the earnings accrued on such voluntary contributions;

(f) Social Security Benefits. Subject to the limitation contained in Section 11.5.1, any amount that the Participant, his or her spouse or his or her child or children receive or are eligible to receive because of the Participant's disability or retirement or to which he or she would be entitled if an application for such payment were submitted and approved, under the United States Social Security Act;

(g) Third Party and Insurance Benefits or Litigation Entitlement or Recoveries. Any other amount that a Participant receives or is entitled to receive with respect to any period during which Benefits are payable to the Participant that are based on or a result of the disability or loss of pay, from any third party or entity or fund (including, without limitation, by or through the Participant's Employer or Employer's agent or union or association) or any

insurance coverage maintained by or on behalf of the Participant (including, without limitation, insurance for uninsured or underinsured motorists) or on behalf of a third party or entity or as direct or indirect payment or recovery for lost wages or related benefits, or physical or emotional injury including, without limitation, pain and suffering, punitive, special or consequential damages recovery;

(h) Benefits For Which the Participant Fails to Apply. Any of the Offsetting Benefit/Income Amounts described in subsections (a) through (g) of this Section 11.5 to which a Participant would be entitled following application or submission of appropriate forms, demands or statements or other appropriate action; and

(i) Benefits Waived by the Participant. Any of the Offsetting Benefit/Income Amounts described in subsections (a) through (h) of this Section 11.5 that the Participant waived or forfeited through benefit election, stipulation, compromise, release, neglect, agreement or other waiver, or through the Participant's action or inaction.

11.5.1. Changes in Social Security Act. If a Participant becomes entitled to receive a Disability Income Benefit under the Plan, the amount of the Benefit, after being initially computed in accordance with the provisions of this Plan, shall not be reduced solely due to any subsequent change in the United States Social Security Act that increases the Social Security Act benefits; provided, however, that any and all cost of living increases to the amount of Social Security Act benefits to which the Participant is entitled will be applied to reduce Plan Benefits.

11.5.2. Approved Rehabilitative Employment. If a Participant accepts Approved Rehabilitative Employment while Totally Disabled and Disability Income Benefits are payable under this Plan (or would be payable except for the offsetting income from such employment), then during the period the employment continues to constitute Approved Rehabilitative Employment the Benefit to which the Participant is entitled shall be reduced by fifty cents (\$.50) for each dollar earned from such Approved Rehabilitative Employment rather than the full amount of such pay. The Administrator and the Board of Directors have the authority in their sole discretion to approve employment as Approved Rehabilitative Employment and to withdraw this approval at any time.

11.5.3. Election to Receive Unreduced Benefits by Unpaid Offsetting Benefit/Income Amounts. If a Participant is eligible for, or is claiming eligibility for, Unpaid Offsetting Benefit/Income Amounts, the Participant shall have the option to elect (on such election form as is established by the Board of Directors) either of the following:

(a) Unreduced Benefits. To receive the monthly Disability Income payments under the Plan not reduced by the amount of the anticipated Unpaid Offsetting Benefit/Income Amounts until the Offsetting Benefit/Income Amounts are paid to the Participant. On receipt or control of any such benefit or income amounts, the Participant or Eligible Dependent Survivor must immediately repay the Plan for the resulting excess payment of Benefits as specified in Section 12 hereof; or

(b) Reduced Benefits. To receive the monthly Disability Income reduced by the amount of Offsetting Benefit/Income Amounts, as estimated by the Administrator.

Immediately following the Participant's receipt of such Offsetting Benefit/Income Amounts, the Participant shall be paid additional Benefits if the estimate resulted in an underpayment, or the Participant shall repay the Plan if the estimate resulted in an excess payment.

11.5.4. 50/50 Integration Benefit. The Plan will pay a 50/50 Integration Benefit for a Totally Disabled Participant who elects to receive and receives any one hundred percent (100%) sick leave days payable as two fifty percent (50%) sick leave days for the period following the sixty day (60) Elimination period. The 50/50 Integration Benefit is only available for Total Disabilities arising after March 17, 2000.

11.6. Disabilities Excluded from Coverage; Modified Coverage.

11.6.1 Disabilities Excluded. Participants, their Eligible Dependent Survivors, and named Beneficiaries (for the Death Benefits) shall not receive Benefits, and Benefits shall not be paid to or on behalf of the Participant (whether or not the Participant is otherwise Eligible to Receive Benefits) with regard to or as a result of:

(a) Self-Inflicted. A disability caused or contributed to by intentionally self-inflicted injuries while sane or insane;

(b) Military Service. Any disability arising out of war, declared or undeclared, civil or international or any act or hazard of war or substantial armed conflict between organized forces of a military nature, including without limitation any disability caused by any Injury, Sickness or Pregnancy occurring while on full time active duty in the armed forces, and any disability caused by Injury, Sickness or Pregnancy while on reserve military duty provided that Death Benefits may continue to be available for up to twenty-four (24) months during a Temporary Termination during a war or armed military conflict pursuant to the terms and conditions for Death Benefits set forth in Section 13;

(c) Unlawful or Unethical Conduct. Death or a disability arising directly or indirectly from the Participant committing or attempting to commit any unlawful act or a breach of ethical standards. In addition, a Participant will not be entitled to receive any Benefits for a disability or Death that arises or occurs during a period of incarceration;

(d) Regular Care of a Physician; Cooperation. Any disability during any period that the Participant (i) is not under the Regular Care of a Physician, (ii) has failed to follow material treatment recommendations of the Participant's qualifying physician, (iii) has not obtained sufficient Physician verification of the Total Disability as requested by the Board or Administrator, or (iv) has not otherwise complied with Section 11.10 or Section 11.11 hereof regarding proof of disability and cooperation;

(e) Vocational Rehabilitation. Any disability arising during any period in which the Participant participates in a vocational rehabilitation program;

(f) Maximum Benefit Period. Any disability arising after the Maximum Benefit Period;

(g) Elective Procedures. Any disability or Death arising as a result of, or in

connection with, an elective surgical procedure that is medically unnecessary, except to the extent that the Prior Coverage Credit applies; or

(h) Trainee Participant Preexisting Condition, Drug Abuse Disorder and Psychological/Stress Disorder Exclusions. Any (i) disability or Death of a Trainee Participant that is caused or contributed to by a Preexisting Condition, and (ii) any disability that is due to or arises from a Drug Abuse Disorder or a Psychological/Stress Disorder.

11.6.2. Modified Benefits. Participants, their Eligible Depending Survivors, and name Beneficiaries (for the Death Benefits) shall be eligible only to receive modified Benefits with regard to or as a result of:

(a) Self-Inflicted. Death by suicide unless the Participant has been a Participant in the Plan for twenty-four (24) months or more. Prior to twenty-four (24) months, the Participant will be eligible only for a two thousand dollar (\$2,000) Death Benefit as specified in Section 13;

(b) Pre-existing Conditions. Any disability or Death that was caused or contributed to by any Pre-existing Condition, or from surgical or other medical treatment for any such Pre-existing Condition, unless or to the extent that (i) the Participant properly enrolled for participation and became covered under the Plan during the Initial Enrollment Period for the Participant, or (ii) the Participant is eligible for the Prior Coverage Credit and was covered for such disability or Death under the qualifying prior coverage, and (iii) the Participant is not a Trainee. Participants who properly enrolled for participation and become covered under the Plan during the Initial Enrollment Period (x) the Participant is not eligible for Benefits for a Total Disability caused by or contributed to by a Preexisting Condition if such Total Disability occurs within twenty-four (24) months after the Effective Date of Participation, or forty-eight (48) months if the Participant has acquired immune deficiency syndrome (AIDS), AIDS related complex (ARC) or has tested positive for human immunodeficiency virus (HIV) and (y) no Death Benefits shall be payable for a Death occurring prior to forty-eight (48) months following the Effective Date of Participation. The Pre-existing Condition limitation described in this Section 11.6.2(b) may not apply to a Participant eligible for Prior Coverage Credit as described in Section 11.6.3;

(c) Psychological/Stress, Drug Abuse or Other Specified Conditions Beyond Stated Benefit Period. Except to the extent of the Maximum Benefit Period specified in Section 11.9, any disability that is due to or resulting from a Psychological/Stress Disorder, Drug Abuse, human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC), Vertigo or fibromyalgia or chronic fatigue syndrome or any other self-reported syndromes or symptoms that are not verifiable by a Physician approved by the Plan Administrator. In addition, a Participant is not eligible for Plan Benefits with regard to a Total Disability resulting from (i) fibromyalgia or chronic fatigue syndrome or the self-reported symptoms described in Section 11.9.4 for a period of twenty-four (24) months after your initial enrollment, (ii) a Psychological/Stress Disorder or Drug Abuse for a period of twenty-four (24) months after initial enrollment, or (iii) HIV, AIDS or ARC for a period of forty-eight (48) months after the Participant's initial enrollment. No Benefits are payable for a disability that is due to or resulting from Vertigo;

(d) Recurrence of Disability. Any disability that reoccurs following a Participant's return to Active Service and while continuing to participate in the Plan and results in a Total Disability before the Participant has returned to Active Service for twelve (12) full continuous months beyond the Benefit period for the original disability, as specified in Section 11.3. In such event, a Participant may be eligible for Benefits to the extent of the balance, if any, of the available Benefit period remaining for the original Total Disability (computed based upon the total elapsed time since the inception of the Total Disability, without regard to any return to Active Service of less than twelve (12) consecutive months) if the Participant satisfies all other requirements for participation and eligibility hereunder; or

(e) Unlawful Conduct. During periods of incarceration before or after conviction for any unlawful acts. A Participant will not be entitled to receive any Benefits under this Plan during periods of incarceration with respect to an unlawful or allegedly unlawful act or acts. In addition, if a Participant has a disability that arose or occurred during such an incarceration, then following a Participant's Own Occupation Disability, the Participant shall continue to be considered Totally Disabled for the purposes of this Plan only if the Participant is not able to perform the material duties of any other occupation for which the Participant is or may reasonably become fit by virtue of education, experience and training. Accordingly, during periods of a Participant's incarceration and following conviction for a felony or other unlawful act or for a disability that arises or occurs during an incarceration, the definition of "Total Disability" set forth on Exhibit A with regard to disabilities that continue more than such twenty-four (24) month period (or twelve (12) month period) shall be determined without regard whether the Participant is able to earn at least fifty percent (50%) of his or her Base Monthly Earnings.

11.6.3 Prior Coverage Credit. The Prior Coverage Credit allows a Participant to obtain continuing coverage for Total Disabilities from a Pre-existing Condition and for other Total Disabilities immediately upon the Effective Date of Participation in the Plan, despite the Pre-existing Condition exclusion. A Participant shall be entitled to a Prior Coverage Credit if (i) the Participant is covered under a qualifying group long term disability insurance program (as described below) for six (6) months prior to the Effective Date of Participation, and (ii) the Participant's coverage under such long term disability insurance program has not been revoked or terminated as of such date (other than as a result of the Participant's transfer into this Plan at the time the Participant's Participating Association joins the Plan) and (iii) the Participant properly enrolls for participation in the Plan within sixty (60) days after becoming eligible for participation under Section 7.1. A Participant entitled to the Prior Coverage Credit shall neither gain nor lose coverage solely due to the Participant's transfer from such prior qualifying long term disability insurance program into the Plan. If the Plan replaces the Participant's prior qualifying long term disability coverage, the Participant will be eligible for immediate coverage upon the Effective Date of Participation and the Participant will be entitled to coverage for any Pre-existing Condition that is covered under the prior carrier's plan. A Participant will be entitled to this Prior Coverage Credit only if he or she is eligible for coverage under this Plan and was continuously covered under the prior carrier's plan during the period commencing one hundred and eighty one (181) days prior to the effective date and continuing through the day before the Effective Date of Participation and if the prior coverage is pre-approved by the Plan Administrator. A Participant's coverage under this Plan shall remain subject to all other conditions for continuing participation in and coverage under the Plan, including without limitation, the payment of all required Contributions when due. A Participant's entitlement to

Benefits during any period that a Prior Coverage Credit applies shall at all times be limited to the lesser of the Benefits the Participant would have received under the Participant's prior long term disability insurance program or the Benefit payable under the Plan. These Benefits are subject to all offsets, reductions and elimination periods under the Plan or prior program. As a prior condition to any Participant's eligibility for a Prior Coverage Credit, the Participant must provide or cause to be provided to the Administrator for Board approval as qualifying prior coverage, prior to the Participant's Participating Association's joining the Plan, a copy of the certificate or contract for the qualifying prior coverage as well as full and complete claim information regarding the Participants' coverage thereunder.

11.7. Minimum Benefit.

11.7.1. Minimum Benefit Eligibility and Amount. Following sixty (60) days of Total Disability while participating in the Plan, a Safety Personnel Participant shall be entitled to a "Minimum Benefit" of one thousand dollars (\$1,000.00) per month for the period of time described below. This amount is reduced to five hundred dollars (\$500.00) per month for Non-Safety Personnel and five hundred dollars (\$500.00) per month while any dispute remains pending as to the characterization of the Participant's disability as Industrial or Non-Industrial in a proceeding before the Workers' Compensation Appeals Board. This Minimum Benefit shall continue during the period of time that the Participant (i) receives accrued vacation pay, sick leave or other earned or donated pay from the Participant's Employer or co-workers and remains on department pay status, and (ii) is under the Regular Care of a Physician. The Minimum Benefit is not payable during the period of time when the Participant is eligible to receive California Labor Code section 4800 or 4850 pay, IDL benefits, or any equivalent amended, comparable or replacement provision or negotiated substitute.

11.7.2. Use of Personal Leave. A Participant is entitled to stop using available sick leave or other leave balances or donated time after the Elimination Period. Participants electing to continue receiving available personal leave balances following the Elimination Period will be entitled to receive the Minimum Benefit as described above.

11.8. Maximum Benefit Period. The Maximum Benefit Period shall be as set forth in this Section 11.8. All periods of Total Disability arising from the same cause or causes shall be treated as a single period of continuous Total Disability for the purpose of computing the Maximum Benefit Period.

11.8.1. Safety Personnel. Subject to the limitations for Psychological/Stress Disorder, Drug Abuse and the other conditions specified under Section 11.9, Participants who become Totally Disabled while employed as a Safety Personnel and prior to age sixty-five (65) may receive Benefits for the Participant's lifetime. If the Participant is age sixty-five (65) or older when the Total Disability occurs he or she may receive Benefits for a maximum period of no more than twenty-four (24) months.

11.8.2. Non-Safety Personnel. Except as provided pursuant to Section 11.9 for Psychological/Stress Disorders, Drug Abuse, human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC), Participants who become Totally Disabled while employed as Non-Safety Personnel prior to age sixty-five (65) may receive Benefits for a maximum period of not greater than thirty-six (36) months. If the

Participant is age sixty-five (65) or older when the Total Disability occurs, he or she may receive Benefits for a maximum period of no more than twenty-four (24) months. This thirty-six (36), twenty-four (24) or eighteen (18) month period begins on the last date of Active Service for Industrial Disabilities or the end of the applicable Elimination Period for Non-Industrial Disabilities.

11.9. Maximum Benefit Limitations for Disability Due to Psychological/Stress Disorder, Drug Abuse or Other Specified Conditions. The Maximum Benefit Period for a Total Disability resulting from a Psychological/Stress Disorder, Drug Abuse or the other conditions specified in this Section 11.9 shall be limited as provided below.

11.9.1. Psychological/Stress Disorder. A Participant with a Total Disability that is due to or results from a Psychological/Stress Disorder, including any physical manifestation thereof, shall in no event be entitled to receive Disability Income Benefits hereunder for more than (i) a maximum Total Disability period (following the applicable Elimination Period) for a single Psychological/Stress Disorder occurrence of three (3) months and (ii) a maximum aggregate Total Disability period (following the applicable Elimination Period(s)), and (iii) during such Participant's lifetime of six (6) months. A Trainee Participant is not entitled to receive Disability Income Benefits for or as a result of a disability that is due to or results from a Psychological/Stress Disorder, including any physical manifestations thereof. A Participant must return to Active Service for at least three hundred and sixty-five (365) days from the last day for which the Participant accrued Benefits from a Psychological/Stress Disorder before that Participant is next entitled to apply for or obtain Benefits as a result of any other Psychological/Stress Disorder.

11.9.2. Drug Abuse Disorder. A Participant with a Total Disability that is due to or results from a Drug Abuse Disorder shall not be entitled to receive Benefits hereunder for more than a maximum disability period (following the applicable Elimination Period) (i) for a single occurrence of no more than three (3) months and (ii) during such Participant's lifetime of six (6) months. A Trainee Participant is not entitled to receive Disability Income Benefits for or as a result of a disability that is due to or results from a Drug Abuse Disorder. A Participant must return to Active Service for at least three hundred and sixty-five (365) days from the last day for which the Participant accrued Benefits arising from a Drug Abuse before that Participant is next entitled to apply for or obtain Benefits as a result of any other Drug Abuse.

11.9.3. HIV/AIDS and ARC. Except as provided below with regard to a Total Disability determined by the Administrator or Board of Directors to have arisen out of, or in the course of employment and accepted as an Industrial Disability in the Participant's Workers' Compensation proceeding, a Participant having a Total Disability that is due to or resulting from human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC), including any physical manifestation thereof, shall in no event be entitled to receive Benefits hereunder for more than a maximum aggregate disability period (following the applicable Elimination Period(s)) during such Participant's lifetime of twenty-four (24) months. Without in any manner limiting the twenty-four (24) month lifetime maximum, a Participant must return to Active Service for at least three hundred and sixty-five (365) days from the last day for which the Participant received Plan Benefits related to human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC) before that Participant is next entitled to apply for or obtain any remaining

available Benefits related to human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC).

11.9.4 . Self-Reported Symptoms; Chronic Fatigue Syndrome and Fibromyalgia.

A Participant having a Total Disability that is due to or arising from chronic fatigue syndrome or fibromyalgia or a condition that is diagnosed based on self-reported symptoms that are not objectively verifiable by a qualified physician appointed by the Plan, including any physical manifestations thereof, shall not be entitled to receive Disability Income Benefits hereunder for more than a maximum disability period (following the applicable Elimination Period) of twelve (12) months. No Disability Income Benefits are payable with regard to a Total Disability due to or arising from vertigo.

11.9.5 . Disability Arising Concurrently With Psychological/Stress Disorder, Drug Abuse or HIV/AIDS or ARC. If a Participant incurs a Total Disability during a period that the Participant is already receiving Benefits arising from Drug Abuse, a Psychological/Stress Disorder or human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC) and such Total Disability arises independently from such condition, then the Participant shall be entitled to continuing Benefits without regard to the six (6) month period limitation applicable to Drug Abuse or Psychological/Stress Disorders but will remain subject to the twenty-four (24) month period limitation for human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC).

11.10. Proof of Disability. A Participant shall not be eligible to receive Disability Income Benefits or for the continued payment of Disability Income Benefits, unless the Participant periodically submits a written verification statement from a Physician on such form or forms as the Administrator may supply establishing that the Participant has suffered a Total Disability by Injury, Sickness or Pregnancy. The Administrator shall, in its sole and reasonable discretion, determine the frequency and duration of such required Physician statements. In addition to such written Physician's statement, the Administrator may require that the Participant obtain periodic and additional examinations from physicians selected by the Administrator to verify the Total Disability or the term of the Total Disability. The Participant shall not be charged for the physicians' fees for such additional examinations unless he or she fails to attend a scheduled examination without sufficient prior notice to the Administrator to prevent a cancellation charge from the examining physician, or unless the fee is waived for good cause, as determined at the sole discretion of the Plan Administrator. The Participant shall not be required to travel to a location outside of a one hundred fifty (150) mile radius from the Participant's home to obtain such examinations. The Participant shall be available for such examinations and shall be present for such examinations within no more than thirty (30) days following the Administrator's notice. If the Participant fails to complete any additional examination or otherwise provide adequate proof of a Total Disability in full and timely compliance with this Section, the Participant will immediately and temporarily forfeit any rights to receive Benefits under this Plan until the Participant has fully complied with all such requirements.

11.11. Participant Cooperation Requirements; Contingent Payments. Each Participant must cooperate in good faith with the Administrator and Plan in the institution and completion in a timely manner of any and all proceedings and submitting applications, in a timely manner, that are, in the Administrator's sole discretion, necessary or useful to recover any and all Offsetting Benefit/Income Amounts to which the Participant is reasonably entitled. Without limiting the

generality of the foregoing, a disabled Participant must take all actions reasonably necessary to obtain a determination of whether such disability claim entitles the Participant to any payments or benefits under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose. The Participant must provide the Administrator with copies of any and all documentation requested by the Administrator with regard to any such proceedings including without limitation copies of all medical reports, deposition transcripts, accident reports and claim forms. Neither the Plan nor the Administrator shall knowingly use, disclose or permit any of its employees or agents to disclose confidential medical information, except to the Board of Directors, the Plan's legal counsel, actuary and outside accountants or as reasonably necessary in connection with the administration or maintenance of the Plan or as required by law, without the Participant's authorization. Every Participant must take all action and complete all filings, forms and documents requested by the Administrator for the purpose of establishing, perfecting or evidencing the rights of the Plan or Participant to recover Offsetting Benefit/Income Amounts and the obligation of the Participant to repay to the Plan such Offsetting Benefit/Income Amounts, including without limitation as provided in Section 11.11.1. Upon the Participant's receipt of any Offsetting Benefit/Income Amounts, the Participant immediately must repay the Plan for Benefit amounts received from the Plan as provided in Section 12. A Participant who has received Plan Benefits with regard to a disability shall not settle a pending Workers' Compensation action or third party injury claim or compromise and release any such claims involving or potentially involving such disability without the consent and approval of the Plan Administrator as to the amounts repayable to the Plan from the proceeds therefrom. If the Participant is unable to recover any such amounts, but has taken all action that is necessary or reasonably useful to collect the amounts, the Participant shall not be required to repay the Plan for such sums. All Participants receiving Benefits or Eligible to Receive Benefits shall, on request by the Administrator, immediately provide to the Administrator copies of all documents necessary to verify the Participant's income, including without limitation copies of all income tax returns of the Participant during the periods that the Participant is Totally Disabled and the two (2) years prior to the Participant's disability. In addition, upon request from the Administrator, a Participant immediately must provide to the Administrator the complete address and telephone number for the primary residence of the Participant.

11.11.1. Reimbursement Agreement; Acknowledgement Form. The Administrator may require a Participant to properly execute and promptly return to the Administrator a reimbursement agreement and an acknowledgement of the Participant's obligations hereunder to repay Offsetting Benefit/Income Amounts in accordance with this Plan and may also require, and the Participant must properly execute and promptly return to the Administrator to be filed or published, one or more forms of (i) lien assignment or other similar or related documents of claim, (ii) documents perfecting or evidencing the rights of the Plan to recover and the Participant to repay the Plan for any Offsetting Benefit/Income Amounts, and (iii) any other documents with regard to any payment of Benefits by the Plan, all of which the Participant must properly execute and promptly return to the Administrator. Without limiting the generality of the foregoing, any Participant with a claim for Offsetting Benefit/Income Amounts described in Section 11.5 (g) may be required to deliver to the Administrator either (i) a letter of acknowledgment and agreement of the Participant's legal counsel regarding the Plan's entitlement to recover Benefits of form and content established by the Plan from time to time or (ii) in appropriate circumstances, as determined by the Board, a confession of judgment contingent upon recovery, in such form as is established by the Board, as such forms are amended from time to time.

11.11.2. Failure to Comply. If a Participant fails to comply with any of the requirements set forth in this Section 11.11 (without regard to the materiality thereof), the Participant shall immediately forfeit any rights to continuing Benefits and must immediately and without required notice or demand repay the Plan for all Offsetting Benefit/Income Amounts previously advanced by the Plan, together with all attorneys' fees the Plan incurs in the collection of these amounts.

11.12. Cost of Living Adjustment. If a Participant is entitled to Disability Income Benefits with regard to a Total Disability that continues for more than twenty four (24) months following the Elimination Period or Extended Elimination Period, as applicable, and is a Non-Industrial Disability, the amount of such monthly Disability Income shall be subject to a cost of living adjustment in accordance with this Section. During a continuing Total Disability, the Disability Income Benefits of a disabled Participant entitled to a cost of living adjustment shall be increased by four percent (4%) above the Benefit level immediately prior to such adjustment commencing on the first month of each of the third, fourth, fifth, sixth, seventh, and eighth year anniversaries of the month following the Elimination Period or Extended Elimination Period, as applicable, up to a Maximum Benefit amount equal to the Base Monthly Earnings of the Participant upon which the Disability Income is based pursuant to Section 11.4. Commencing on the ninth year of the same Total Disability and continuing until the Participant attains age sixty-five (65), Benefits shall be increased annually by a cost of living adjustment equal to the annual change in the published consumer price index for California retail transactions for that year, as selected by the Board of Directors. Following age sixty-five (65), no further cost of living adjustment shall apply.

12. Offset and Repayment, Recovery of Offsetting Benefit/Income Amounts. When a Participant, the Participant's Eligible Dependent Survivor, or Beneficiary receives Benefits under the Plan, the Plan is entitled to recover any amounts that the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary receives that are Offsetting Benefit/Income Amounts (and for which a prior Benefit deduction has not been made), up to the amount of the total Benefits paid to the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary by the Plan for such disability. The Plan may recover from or offset future Benefits against any and all Offsetting Benefits/Income Amounts, regardless of their characterization and including, without limitation, future medical claims. The Plan has the first right against any and all Offsetting Benefit/Income Amounts. The Participant, the Participant's Eligible Dependent Survivor, and Beneficiary hold in trust for the Plan any and all such recovered amounts until the claims of the Plan are satisfied in full. The Participant, the Participant's Eligible Dependent Survivor, and Beneficiary must execute and deliver to the Administrator all requested agreements, instruments and papers and do whatever else is necessary, reasonable or appropriate to secure the rights of the Plan under this Section, including without limitation the execution of a reimbursement agreement and a form of acknowledgment of the Participant's, the Participant's Eligible Dependent Survivor's, and Beneficiary's obligations to reimburse the Plan for recovered Offsetting Benefit/Income Amounts in substantially the form adopted by the Board of Directors from time to time. The failure of the Plan to properly file a lien in an action to recover Offsetting Benefit/Income Amounts shall not limit or waive the Participant's, the Eligible Dependent Survivor's, or Beneficiary's obligations to reimburse the Plan in full for such amounts and to promptly and properly execute and return to the Administrator an acknowledgement of the Plan's lien rights or other documents secure the Plan's right of recovery. The Participant, the

Participant's Eligible Dependent Survivor, and Beneficiary shall do nothing to prejudice or reduce the rights of the Plan under this Section without the written consent of the Administrator or another authorized Plan representative. All Offsetting Benefit/Income Amount recoveries by a Participant, the Participant's Eligible Dependent Survivor, or Beneficiary must immediately be paid to the Plan to the extent of its entitlement hereunder and shall be applied to reimburse the Plan for the Benefits paid to the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary, plus expenses incurred by the Plan. A different apportionment may be made to effect a settlement of a claim if agreed upon in writing by the Administrator on behalf of the Plan or by another authorized Plan representative and all other parties in interest. If a Participant, the Participant's Eligible Dependent Survivor, or Beneficiary fails to reimburse the Plan to the full extent of its entitlement immediately following such a recovery of Offsetting Benefit/Income Amounts, the total sum which the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary then owes to the Plan shall bear interest at a simple annual rate of ten percent (10%) accruing from the date of demand by the Plan until paid. If the total amount recovered by the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary is less than the amount necessary to reimburse the Plan plus the amount required to cover the Participant's, Eligible Dependent Survivor's, Beneficiary's reasonable expenses actually incurred in collecting such Offsetting Benefit/Income Amounts, the recovery shall first be applied to reimburse the Participant, Eligible Dependent Survivor, or Beneficiary for the reasonable attorney's fees actually incurred in collecting the Offsetting Benefit/Income Amounts. Except as set forth in the preceding sentence, the Participant (and the Participant's Eligible Dependent Survivor and Beneficiary) shall be solely responsible for the costs of collection and the "common fund" doctrine shall not apply. No expenses, attorney's fees or costs the Participant, Eligible Dependent Survivor, or Beneficiary incurs shall be applied to reduce any amounts to which the Plan is entitled. The Plan is entitled to full reimbursement regardless of whether the Participant, the Participant's Eligible Dependent Survivor, or Beneficiary is made whole by the recovery. The Participant, the Participant's Eligible Dependent Survivor, or Beneficiary shall pay to the Plan all reasonable costs, fees and expenses, including without limitation attorneys' fees incurred in the enforcement of the Participant's, Eligible Dependent Survivor's, or Beneficiary's obligations under the Plan. The Participant, the Participant's Eligible Dependent Survivor, or Beneficiary must comply with the requirements of this Section as a condition to their right to receive Benefits.

13. Death Benefits and Survivor Benefits.

13.1. Death Benefit. The Plan shall pay a Death Benefit upon (i) the Death or the imminent and certain Death of a Participant while participating and covered under the Plan or (ii) the Death of a Participant while on active duty with the armed forces of a country and on a Temporary Termination pursuant to Section 8.2(c) above (of no more than twenty-four (24) months). The Plan shall pay the Death Benefit following receipt by the Administrator of evidence of Death by a physician's statement and/or such other evidence as the Administrator may reasonably require. The Plan shall pay a Death Benefit for a Participant who dies while receiving Benefits and, at the date of Death, was no longer employed by an Employer, due to retirement or otherwise, only if the Participant's cause of Death is the Sickness or Injury that qualified the Participant to receive such Benefits.

13.1.1. Amount of Death Benefit; Payment of Death Benefit. The Death Benefit shall be payable in accordance with rules adopted by the Board and, subject to the limitations set

forth herein, is (i) sixty thousand dollars (\$60,000) for Participants that elected and are covered under Plan Option B, (ii) fifty-five thousand dollars (\$55,000) for Participants that elected and are covered under Plan Options A or C and for Trainee Participants, (iii) fifty thousand dollars (\$50,000) for Participants that elected and are covered under Plan Option D, and (iv) ten thousand dollars (\$10,000) for Participants that elected and are covered under Plan Option E. The Death Benefit for Plan Options A and C and for Trainee Participants are payable as an initial ten thousand dollar (\$10,000) amount and thirty (30) monthly payments of one thousand five hundred dollars (\$1,500). The Death Benefit for Plan Option B is payable as an initial ten thousand dollar (\$10,000) amount and thirty (30) monthly payments of one thousand six hundred sixty six dollars and sixty six cents (\$1,666.66) or the unpaid balance of the Death Benefit amount for the final payment. The Death Benefit for Plan Option D is payable as an initial ten thousand dollar (\$10,000) amount and thirty (30) monthly payments of one thousand three hundred thirty three dollars and thirty three cents (\$1,333.33) or the unpaid balance of the Death Benefit amount for the final payment. The Death Benefit for Plan Option E is payable as a single lump sum of ten thousand dollars (\$10,000). For all Plan Options other than Trainee Participants, if the Death is caused by suicide and if the Participant participated in the Plan more than twenty-four (24) months, the Death Benefit is ten thousand dollars (\$10,000), payable as a single lump sum, or if the Participant participated in the Plan less than twenty-four (24) months the Death Benefit is two thousand dollars (\$2,000), payable as a single lump sum. No Death Benefits are payable for a Trainee Participant's Death that is caused by suicide. In addition, during a Temporary Termination pursuant to Section 8.2(c) due to a return to active duty in the armed forces (and subject to the limitations set forth in Section 8.2(c)), the Death Benefit shall be twenty thousand dollars (\$20,000), payable as an initial four thousand dollar (\$4,000) amount, and ten (10) monthly payments of one thousand six hundred dollars (\$1,600) for Plan Options A through D and for Trainee Participants, and ten thousand dollars (\$10,000) payable as an initial two thousand dollar (\$2,000) amount, and ten (10) monthly payments of eight hundred dollars (\$800) for Plan Option E. Notwithstanding the foregoing, no Death Benefits are payable with regard to a Death arising from a Preexisting Condition, unless the Participant is not a Trainee Participant, the Participant enrolled in and became covered under the Plan during the Initial Enrollment Period for the Participant, and the Death occurs after the Participant has been covered under the Plan for a continuous period of at least forty-eight (48) months and received no medical treatment for the condition for a period of at least twelve (12) consecutive months during the forty-eight (48) month period. No Death Benefits are payable for a Trainee Participant's Death that arises from a Preexisting Condition. Certain other limitations may apply with regard to Pre-existing Conditions, as described in Section 11.6.2(b).

13.1.2. Beneficiary; Payment of Death Benefit to Beneficiary. The Plan shall pay the Death Benefits to the most recent Beneficiary designated by the Participant to the Administrator in writing or to his or her estate if the Beneficiary predeceases the Participant or Dies within three (3) days after Participant's Death. A Participant may remove a Beneficiary and select a new Beneficiary in accordance with such procedures as the Administrator or Board of Directors may establish from time to time. The Death Benefit amount may be reduced under certain circumstances, as defined by the Board of Directors from time to time, if claims are presented to the Administrator by or on behalf of a person or entity claiming to be the legal Beneficiary but not listed as the most recent designated Beneficiary. In such qualifying situations, the Administrator may, at the sole discretion of the Board, withhold Death Benefits until the party claiming to be the proper Beneficiary has the opportunity to initiate legal proceedings establishing the proper legal Beneficiary. If legal proceedings are instituted by

persons claiming to be the Beneficiary and the Plan obtains legal counsel with respect to such proceedings, the Death Benefit will be reduced by the amount of legal fees incurred by the Plan in connection with such proceedings.

13.2. Survivor Benefits. In the event of a Participant's Death while the Participant is (i) Eligible to Receive Benefits and (ii) receiving monthly Disability Income Benefit payments, a Survivor Benefit shall be paid to the Eligible Dependent Survivor of the Participant, unless the Death is the result of a suicide. Accordingly, if a Participant dies while the Participant is Totally Disabled, but not receiving Disability Income Benefit payments due to Offsetting Benefit/Income Amount recoveries by the Participant, no Survivor Benefit is payable hereunder. If the Participant does not have an Eligible Dependent Survivor, no Survivor Benefits shall be payable. No Survivor Benefits are payable for a Death from suicide. The Survivor Benefit shall comprise the payment of Disability Income to the Eligible Dependent Survivor continuing six (6) months or, if less, until the first to occur of the Death of the Eligible Dependent Survivor, or until the date that the deceased Participant's Disability Income Benefits would have terminated due to the Benefit period limitations hereunder.

14. Trainee Participation and Benefits. Subject to the exclusions, offsets, reductions and other limitations regarding Benefits set forth herein that are applicable to Safety Personnel and subject to the additional limitations set forth in this Section 14, the following terms of coverage shall be applicable with respect to Trainee Participants:

(a) Disability Income Benefit. If a Participant who is a Trainee becomes Totally Disabled from a covered disability and is Eligible to Receive Benefits under Section 11.1, the Disability Income Benefit amount for the Trainee Participant is sixty six and two-thirds percent (66 2/3%) (rounded to the nearest dollar) of the Trainee Participant's Base Monthly Earnings;

(b) Maximum Benefit Period. The Maximum Benefit Period for a Trainee Participant is thirty six (36) months;

(c) Own Occupation Disability Period. The Own Occupation Disability period for a Trainee Participant is twelve (12) months, after which the Trainee Participant must qualify under the expanded (any occupation), definition of Total Disability as set forth herein in order to be considered Totally Disabled under this Plan;

(d) Maximum Benefit. The Maximum Benefit for a Trainee Participant is four thousand dollars (\$4,000) per month, subject to any additional maximum Benefit limitations applicable hereunder, including without limitation the reductions for Offsetting Benefit/Income Amounts pursuant to Section 11.5;

(e) Death Benefit. The Death Benefit is fifty-five thousand dollars, payable in accordance with Section 13.1.1 and subject to the imitations set forth therein and in this Section 14; and

(f) Preexisting Condition Exclusion; Drug Abuse Disorder and Psychological/Stress Disorder Exclusion. All Pre-existing Conditions, Drug Abuse Disorders, and Psychological/Stress Disorders are excluded from coverage under the Plan and no Benefits

are payable with regard to any Pre-Existing Condition for a Trainee Participant. Accordingly, Trainee Participants, their Eligible Dependent Survivors and named Beneficiaries, as applicable, shall not be entitled to (i) Disability Income or Death Benefits for a disability that is caused or contributed to by a Preexisting Condition or a Death arising from a Preexisting Condition, or (ii) Disability Income Benefits for or as a result of a disability that is due to or arises from a Drug Abuse Disorder or a Psychological/Stress Disorder.

15. Claims Procedure.

15.1. Notice of Claim. A Participant or former Participant, Beneficiary, Eligible Dependent Survivor or other person seeking Benefits under the Plan (“**Claimant**”) or his or her representative must file a written notice of claim for Benefits under the Plan by contacting the Administrator, by telephone or in writing, and submitting a completed claim form together with proof of disability to the Administrator. The Claimant agrees to notify the Administrator of a claim within twenty (20) days after the Total Disability occurs if the Elimination Period is still in effect or if he or she is unsure whether he or she is eligible for Benefits. The Administrator or Board of Directors, or an authorized committee of the Board of Directors, in their sole discretion, may extend this period if the Claimant establishes a good cause for the delay. The failure by a Claimant to timely provide written notice of a claim and proof of disability shall be grounds upon which the Plan may alter a Claimant' eligibility for or duration of Benefits or the duration of the Elimination Period in accordance with such reasonable rules and procedures as the Board of Directors may establish from time to time. Written notice of a claim for Benefits given by or on behalf of the Claimant to the Administrator or the Plan's agent for service of process shall constitute notice to the Administrator. The Claimant must also complete all other documents required under the Plan in connection with the Claimant's claim, including an acknowledgement form, all necessary Worker's Compensation lien forms, an election form or promissory note, if required, and third party lien forms, and provide to the Administrator true and complete copies of any personal tax returns or other documents requested by the Administrator in connection with such claim.

15.2. Claims Review. The Administrator shall determine eligibility for Benefits in accordance with guidelines established by the Board of Directors in accordance herewith. Any decision by the Administrator as to eligibility for Benefits shall be subject to review as described below by the Board of Directors. The Board of Directors shall have the final authority to determine the acceptance or denial of a claim as provided herein.

15.3. Notice of Decision. The Administrator will notify the Claimant of the acceptance of the claim for Benefits or denial of the claim, or any part of the claim, within forty five (45) days after the Claimant has submitted the claim and all documents required under Section 15.1 in connection therewith. If the Administrator determines that, due to reasonable circumstances, additional time is required to make the determination, the Administrator may extend the forty five (45) day period for an additional thirty (30) days. The Administrator will use its best efforts to notify the Claimant before the end of the original forty five (45) day period if a thirty (30) day extension is needed. This decision period may be extended again, for a second thirty (30) day period. If the decision period is extended because the Administrator requires more information from the Claimant, the Administrator will notify the Claimant of the additional information needed and the Claimant must provide all the requested information within forty five (45) days of receipt of the request for additional information. A decision may be delayed beyond the

periods specified above if the Claimant fails or refuses to provide any requested information or documentation required hereunder.

15.4. Claims Denial Procedure. Any denial of a claim for Benefits, in whole or in part, shall be explained in writing or by electronic mail notification and the explanation shall include (i) the specific reason for the denial, (ii) the Plan provision upon which the denial was based, (iii) a description of any additional information the Claimant might be required to provide in order to establish eligibility and an explanation of why it is needed, (iv) an explanation of the Plan's claim review procedure and a statement regarding the Claimant's right to appeal the decision as provided herein, (v) if an internal rule, guideline or protocol was used in the determination, a description of the rule, guideline or protocol or notice that the Claimant may obtain a copy free of charge, on request, and (vi) if the determination was based on issues as to medical necessity or experimental medical procedures, an explanation of the issues or notice that the Claimant may obtain a copy free of charge, on request.

15.5. Appeal of Denial. The Claimant, his or her Beneficiary, or a duly authorized representative, may appeal any denial of a claim for Benefits, in whole or in part, by filing a written request for a review to the duly elected Executive Board of the Board of Directors ("**Executive Board**") (at the address of the Administrator or the Agent for Service of Process) within one hundred and eighty (180) days following the denial. The Claimant will be provided an opportunity for a full and fair review, including consideration of all information and documents provided regarding the claim, whether or not submitted by the Claimant for the initial determination. The Claimant will be provided, upon written request, copies of or access to documents and records that are directly relevant to his or her claim. The appeal must detail in writing the reasons for the request for appeal and any applicable Plan provisions on which the appeal is based and address any other relevant issues to establish the basis of the appeal. The Claimant may be represented throughout this review process. The review of the appeal will be conducted by members of the Executive Board or other Board members who did not make the initial determination. The committee members may consult with trained medical personnel as to matters requiring medical judgment and will identify any health care professional engaged (who will not be a professional contacted on the initial determination). A representative of the committee members will notify the Claimant of the decision on the appeal within forty-five (45) days after the Plan's receipt of the appeal, unless a specific hearing or more information is required. The Plan may extend this period by an additional forty-five (45) days upon notice which will be provide during the first decision period. Alternatively, the decision may be delayed until after the next regularly scheduled meeting of the committee. The notice of decision will include: (i) specific reason(s) for the decision; (ii) reference to the specific Plan provisions on which the decision is based; (iii) a statement that the Claimant can receive, free of charge, upon written request, copies or access to all documents and information relevant to his or her claim; (iv) a statement describing the negotiation procedures pursuant to the Plan and the Claimant's right to obtain information pertaining to these procedures, and a statement about his or her rights to pursue legal action; (v) if an internal rule, guidance or protocol was used in the decision process, a copy of the rule, guideline or protocol or notice that a copy can be obtained free of charge on request; and (vi) if the determination is based upon issues regarding medical necessity or experimental items, an explanation of the basis for the determination or a statement that the explanation can be provided free of charge upon request; and (vii) a statement concerning voluntary alternative dispute resolution options, including mediation and the arbitration process described in Section 16.

16. Binding Arbitration.

16.1. Disputes. Any Dispute shall be resolved by binding arbitration administered by the American Arbitration Association (“AAA”) under its Employee Benefit Plan Claims Arbitration Rules, incorporated by reference herein, except as provided herein to the contrary. This Section 16 and the claims procedures set forth in Section 15 establish the exclusive method of resolving Disputes; provided, that the Association or the Plan shall be entitled, at its option, to initiate judicial proceedings in order to recover Benefits or other amounts that it is entitled to recover under the provisions hereof or applicable law, including without limitation judicial proceedings to prevent the dissipation of assets that it is otherwise entitled to recover under the Plan. No party to a Dispute shall have the right to sue regarding a Dispute except as provided in this Section. No Participant shall be entitled to initiate arbitration until completing all available claims procedures set forth in Section 15 and Section 16. The final decision of the arbitrator shall be binding, final and conclusive. Judgment on the award rendered by the arbitrator may be entered in any court having competent jurisdiction.

16.2. Negotiation Period; Prerequisite to Arbitration. If a Dispute arises, the party desiring to proceed with arbitration shall, in good faith, be available and shall use his, her or its reasonable best efforts for a period of thirty (30) days following written notice to resolve the Dispute by agreement through negotiation or, at the election of the Board or Executive Board, mediation. To commence the Dispute resolution process, a party may serve written notice on the other specifically identifying the Dispute and requesting that efforts to resolve the Dispute begin. Each party must then cooperate in good faith to establish one or more meetings to resolve the Dispute. The good faith negotiation provided for in this Section is a prerequisite to initiating arbitration hereunder.

16.3. Binding Arbitration. If the parties' good faith efforts at resolving the Dispute by agreement through negotiation are unsuccessful within the thirty (30) day period following the written notice of the Dispute described in Section 16.2, the Dispute between the parties shall be submitted to, and conclusively determined by, binding arbitration in accordance with this Section 16.

16.4 Selection of Arbitrator. The Dispute shall be heard and determined by one neutral arbitrator. The arbitrator shall be appointed in the following manner: immediately after the filing of the demand or submission, the AAA shall submit simultaneously to each party an identical list of names of persons chosen from the California State members of the AAA's Employee Benefit Panel. Each party shall have seven (7) business days from the mailing date within which to strike any name on the list, number the remaining names to indicate the order of preference, and return the list to the AAA. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been approved on both lists, and in accordance with the designated order of preference, the AAA shall invite the acceptance of an arbitrator to serve. If the parties fail to agree upon any of the persons named, if those named decline or are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the AAA shall have the power to make the appointment from among the other members of this panel without the submission of any additional list.

16.5. Arbitration Procedures. The arbitration shall proceed as follows:

(a) AAA; Confidentiality. Except as provided herein to the contrary, the rules applicable to the arbitration shall be the AAA Employee Benefit Plan Claims Arbitration Rules. The arbitration shall be conducted in an expedited manner. Except as provided herein to the contrary, the rules applicable to the arbitration shall be the AAA Employee Benefit Plan Claims Arbitration Rules. The arbitration shall be conducted in an expedited manner. Except as may be required by law, neither a party to the arbitration nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of all parties to the arbitration;

(b) Location. All arbitration hearings and depositions, including the arbitration hearing, preliminary hearing and permitted depositions (as described below) shall be conducted at the offices of the Plan's legal counsel in Sacramento, California. The Plan shall reimburse a Participant attending the arbitration hearing, preliminary hearing, and/or permitted deposition who is a party to the arbitration occurring pursuant to this Section 16, and up to one representative of such Participant who also attends the hearing on behalf of such Participant a maximum of Two Hundred Dollars (\$200) each for the actual costs of travel to attend such arbitration hearings. This reimbursement is subject to and shall be in accordance with the Plan's claim reimbursement rules and limitations as in effect from time to time. The arbitrator shall proceed with due dispatch;

(c) Limited Discovery; Exchange of Information. Consistent with the expedited nature of the arbitration, each party will, upon the written request of the other party, promptly provide to the other copies of all documents upon which the producing party may rely in support of or in opposition of any claim or defense, and the identification of any witnesses to be called at the arbitration hearing. Each party may conduct no more than one deposition prior to the arbitration hearing and no deposition may last longer than three hours. All such depositions shall be completed within forty five (45) days following the appointment of the arbitrator and the party requesting the deposition must provide notice thereof at least ten (10) days in advance to the deponent and to the other party. All objections are reserved for the arbitration hearing, except for objections based on privilege and proprietary and confidential information. No document requests or interrogatories shall be permitted. With the exception of the exchange of documents, witness list, and deposition permitted herein, no other discovery procedures will be permitted;

(d) Preliminary Hearing. A single preliminary scheduling hearing shall occur promptly following the appointment of the arbitrator, but in no event longer than fifteen (15) days after the appointment of the arbitrator, at which time (i) the parties shall exchange all documentation not previously exchanged regarding the Dispute in each party's possession or control that such party intends to use at the arbitration, (ii) the arbitrator shall determine the matters to be resolved based upon a brief statement by each party, and (iii) the arbitrator will consider other matters that will expedite the arbitration process. At the request of either party or at the discretion of the arbitrator, the preliminary scheduling hearing may be held telephonically;

(e) Arbitration Hearing Date; Active Involvement. Following the preliminary hearing the arbitration hearing shall be held on the earliest available date determined by the arbitrator. The AAA shall mail to each party notice thereof at least ten (10) days in advance;

(f) Arbitration Hearing. Generally, the hearing shall not exceed one (1) day. The arbitrator shall be responsible for being actively involved and shall comply with the requirements of the law and the Plan. The arbitrator shall determine the order of the hearing and may require further submission of documents within fifteen (15) days after the completion of the arbitration hearing. For good cause shown, the arbitrator may schedule an additional hearing, not to exceed one (1) day, within seven (7) business days after the initial day of the hearing; and

(g) Decision. Within thirty (30) days following the completion of the arbitration hearing, the arbitrator shall prepare a written determination of the arbitration decision, which shall include the reasoned basis and logic for each material finding. The parties agree that if the arbitrator finds any disputed claim to be meritorious, the arbitrator shall have the authority to order legal relief appropriate to the claim, including fees, costs, and expenses as provided for in the AAA Employee Benefit Plan Claims Arbitration Rules, but that in no event shall the arbitrator have authority to award punitive, special or exemplary damages. The final decision of the arbitrator shall be in such written form that a judgment may be entered in any court of the State of California or having competent jurisdiction thereof.

16.6. Governing Law. The Dispute shall be determined in accordance with the terms of this Section 16 and the applicable provisions of the Plan. To the extent that state law shall not have been preempted by the provisions of ERISA, or any other laws of the United States heretofore or hereafter enacted, as the same may be amended from time to time, the Plan provisions shall be construed and constructed according to the laws of the State of California. Any disputes regarding the interpretation of this Section 16 shall be determined by the arbitrator.

17. Discretionary Authority of Administrator and Board of Directors. In carrying out their respective duties under the Plan, the Administrator, Board of Directors and other named fiduciaries have complete and absolute discretion and authority to interpret the terms and provisions of the Plan and to determine Eligibility to Receive Benefits and entitlement to Benefits under the Plan. Any interpretation or determination made pursuant to this discretionary authority has full force and effect, unless it is established that the interpretation or determination was arbitrary and capricious.

18. Amendment. The terms of this Plan may be amended at the discretion of the Board of Directors in accordance with the requirements of the Bylaws. Notice of any material amendment shall be periodically given to all Participants, either directly or through distribution to each Participant's Participating Association for delivery to the Participant.

19. Waiver. Any of the terms or conditions of this Plan may be waived at any time by the party entitled to the benefit thereof, but no such waiver shall affect or impair the right of the waiving party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or of any other term or condition.

20. Summary Plan and Descriptive Materials. A Summary Plan Description and other descriptive materials setting forth a summary of the Plan shall be distributed to Participants. The Summary Plan Description may be distributed through the use of the Internet, including by electronic mail delivery or through Web Sites, or through CD's, written documents, and other means reasonable under the circumstances. The distribution may be made through the Participants' Participating Associations, or through other means reasonably anticipated to

provide the Summary Plan Description and other materials to the Participants.

21. Non-Assignability of Payment. Disability Income and other Benefits are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred or assigned. When any person entitled to Disability Income or other Benefits is under a legal disability or in the Board of Directors' opinion is in any way incapacitated so as to be unable to manage his or her affairs, the Board of Directors may cause such person's Disability Income or other Benefits to be paid to such person's legal representative for his or her benefit, or to his or her spouse and/or the legal guardian of any children who are under age twenty-one (21) in any manner that the Board of Directors may in their sole and absolute discretion determine.

22. Mistake of Fact. Any misstatement or any other mistake of fact in any certificate, notice or other document filed with a Participating Association or the Board of Directors shall be corrected when it becomes known and proper adjustment made by reason thereof. Neither the Board of Directors nor any Participating Association shall be liable in any manner for any determination of fact made in good faith.

23. Employee's Interests in Plan Assets. Except with respect to his or her right to receive any Benefits for which the Participant is qualified under the Plan, no Participant or any other person shall have any right, title or interest in or to the assets of the Fund, or in or to any Contributions thereto, such Contributions being made to and held under the Fund for the sole purpose of providing Benefit payments under the Plan and administering the Plan in accordance with its terms. Neither the Board of Directors nor the Administrator nor any third party or association in any way guarantees the Fund from loss or depreciation nor do they guarantee the payment of any persons under the Plan. The liability of the Board of Directors and/or Administrator or any third party for payment of Disability Income under the Plan as of any date is limited solely to the then assets of the Fund.

24. Applicable Law. To the extent that state law shall not have been preempted by the provisions of ERISA, or any other laws of the United States heretofore or hereafter enacted, as the same may be amended from time to time, this Plan shall be administered, construed and constructed according to the laws of the State of California.

25. Exhibits. All exhibits to which reference is made are deemed incorporated in this Plan whether or not actually attached.

26. Time. Time is of the essence of this Plan.

27. Captions. All Section captions are for reference only and shall not be considered in construing this Plan.

28. Gender and Number. As used in this Plan, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

29. No Employment Obligation. Nothing contained herein is intended or should be construed to create any obligation on the part of an Employer or Participation Association to

continued employment or Benefits. This Plan is not Employer provided or sponsored.

30. Severability. If a court of competent jurisdiction makes a final determination that the scope and/or operation of any provision of this Plan is too broad to be enforced as written, the parties intend that the court should reform such provision to such narrower scope and/or operation as it determines to be enforceable. If, however, a court of competent jurisdiction makes a final determination that any provision of this Plan is illegal, invalid, or unenforceable under present or future law, and not subject to reformation, then (i) such provision shall be excluded from this Plan to the extent necessary to cause the remaining provisions to be enforceable in conformity with the intentions of the parties, (ii) this Plan shall be construed and enforced as if such provision was never a part of this Plan, and (iii) the remaining provisions of this Plan shall remain in full force and effect and shall not be affected by illegal, invalid, or unenforceable provision or by the severance.

EXHIBIT A

CERTAIN DEFINITIONS

“**50/50 Integration Benefit**” means the following Plan Benefit: If an Employer allows a Participating Association to elect to utilize each of that Participant’s one hundred percent (100%) sick leave days as two (2) fifty percent (50%) sick leave days, then commencing sixty (60) days after becoming Totally Disabled due to a Non-Industrial Disability, the Participant may exercise this sick leave utilization option and the Plan will pay a fifty percent (50%) of Base Monthly Earnings Benefit to the Participant for each day that the fifty percent (50%) of sick leave days are utilized (in addition to the Participant’s fifty percent (50%) sick leave Benefit). This Benefit will be subject to reduction for any Offsetting Benefit/Income Amounts other than the fifty percent (50%) sick leave pay.

"**Active Service**" means an Employee’s normal full-time employment of at least thirty (30) hours per week with a qualifying municipal or public corporation or district at the Employer's usual place of business or other assigned work location. An Employee will not be considered to be in "**Active Service**" during (i) any extended leave, administrative leave, or other absence of the Employee without pay that continues for a period of more than three (3) work days (other than due to a Total Disability), or (ii) any extended leave or other absence of the Employee of greater than thirty (30) consecutive days with pay (other than due to a Total Disability).

"**Administrator**" means that person or entity described in Section 4 hereof.

"**Activities of Daily Living**" means the self-care functions of Bathing, Dressing, Toileting, Transferring, Ambulating, Contenance and Eating, as defined below:

(a) "**Bathing**" means cleaning the body using a tub, shower or sponge bath, including the acts of getting a basin of water, managing faucets, entering into and departing out of a tub or shower, and reaching head and body parts for soaping, rinsing and drying;

(b) "**Dressing**" means putting on and taking off, fastening and unfastening garments and undergarments, and special devices such as back or leg braces, corsets, elastic stockings/garments and artificial limbs or splints;

(c) "**Toileting**" means sitting on and exiting off a toilet or commode and emptying or flushing a toilet or commode, managing clothes and wiping and cleaning the body after toileting, and using and emptying a bedpan and urinal;

(d) "**Transferring**" means moving from one sitting or lying position to another sitting or lying position (for example, from bed to or from a wheelchair or sofa, coming to a standing position and/or repositioning to promote circulation and prevent skill breakdown);

(e) "**Ambulating**" means the ability to walk and move about without assistance;

(f) "**Contenance**" means the ability to control the bowel and bladder as well

as the use of ostomy and/or catheter receptacles and to apply diapers and disposable barrier pads, if applicable; and

(g) **"Eating"** means the acts of reaching for, picking up and grasping a utensil and cup, placing food onto a utensil, bringing the food, utensil and cup to the mouth, manipulating food on a plate and cleaning the face and hands as necessary following a meal.

"Approved Rehabilitative Employment" means any occupation or employment for wage or profit approved by the Board of Directors in writing prior to commencement thereof for which the Participant is reasonably fitted by training, education or experience or may reasonably become qualified based on the Participant's training, education and experience. Approved Rehabilitative Employment must be performed during a period in which the Participant suffers from a Total Disability and is otherwise Eligible to Receive Benefits hereunder. The Participant must disclose all terms and conditions of such employment to the Administrator and the Board of Directors prior to approval by the Board of Directors. The Board of Directors shall have complete and absolute discretion to adopt standards for Approved Rehabilitative Employment, which the Board of Directors may modify from time to time. The Board of Directors may at its discretion withdraw its approval of any Participant's Approved Rehabilitative Employment upon thirty (30) days' prior written notice to the Participant following the Board of Directors' determination that the occupation or employment no longer complies with the standards then in effect for Approved Rehabilitative Employment.

"Association" means the California Law Enforcement Association, a California non-profit, mutual benefit corporation with no **"members," as the term "members"** is used in Section 3710, et seq., of the California Corporations Code.

"Base Monthly Earnings" means (except as provided in the final two sentences of this Section) an Employee's base monthly rate of earnings, comprising the Employee's base pay plus any holiday pay, educational incentive pay, or other specialty assignment pay, shift differential pay, clothing allowance pay, longevity pay and hazardous duty compensation. "Base Monthly Earnings" does not include any bonuses, overtime pay, or other extra compensation not listed in the preceding sentence of this Section. Base Monthly Earnings of a Totally Disabled Participant is determined based upon (i) the rate of pay of a Totally Disabled Participant in effect as of the last day of the Elimination Period, or Extended Elimination Period, if applicable, or, (ii) for Safety Personnel with an Industrial Disability, the rate of pay in effect as of the last day for which the Participant receives compensation under California Labor Code section 4800 or 4850, or any contractual obligation of the Employer, whether pursuant to collective bargaining or other agreement or statute requiring equivalent pay. An alternate definition of **"Base Monthly Earnings"** will apply for a Participant who retires from his or her qualifying Employer's employment and, as a result begins to receive pension benefits under the California Public Employees' Retirement System or another city or county retirement system for public employees. Following the effective date of such a retirement, and while the Participant receives pension benefits from the public employee retirement system, **"Base Monthly Earnings"** means the unmodified pension allowance used for the Participant's wage calculation amount as applied by the applicable public retirement system.

"Beneficiary" means a living person or charitable or non-charitable organization selected by a Participant as beneficiary on the Participant's enrollment card or, if applicable,

named as replacement beneficiary in the most recent subsequent writing delivered to the Administrator and signed and dated by the Participant that specifies the Participant's desire to have a new beneficiary. This "Beneficiary" is the party entitled to receive the Participant's Death Benefit when provided under the Plan for such Participant. (Any Survivor Benefit for the Participant is payable to the Participant's Eligible Dependent Survivor, as provided herein.)

"Benefit" means the Disability Income payments and Death and Survivor Benefit amounts payable under this Plan or pursuant to Third Party Contracts from time to time adopted by the Board of Directors pursuant to this Plan and including without limitation any Minimum Benefit payable under Section 11.7 hereof. The amount payable as Benefits hereunder is reduced by Offsetting Benefit/Income Amounts as provided herein and shall be subject to all other requirements set forth in this Plan. The Administrator shall maintain a schedule of Benefits as in effect from time to time, a copy or summary of which shall be provided to any Participant submitting a written request therefore to the Administrator along with the Summary Plan Description. Any Benefits provided hereunder pursuant to Third Party Contracts shall be limited to such disability or other benefits approved by the Board of Directors and permissible in compliance with section 501(c)(9) of the Code, sections 11400 through 11407 of the Insurance Code and any applicable provisions of ERISA.

"Benefit Reduction" means any required reduction in the amounts payable as Benefits in accordance with the terms of Section 11.5 hereof.

"Board of Directors" or "Board" means (i) those persons appointed or elected as members of the Board of Directors of the Association, as replaced or changed from time to time pursuant to the Bylaws, or (ii) an authorized committee of the Board of Directors, when applicable. The Board of Directors and duly appointed committees of the Board acting within the scope of their authority, shall have the complete and absolute discretion and authority to interpret the provisions of this Plan as provided in Section 17 hereof.

"Bylaws" means the bylaws of the Association, as now or hereafter amended.

"Catastrophic Disability" means a Total Disability that causes the disabled Participant to be unable to perform three (3) or more of the Activities of Daily Living from the first date of onset of such Total Disability. A Total Disability shall continue to constitute a "Catastrophic Disability" only during such periods of time as the Participant remains unable to perform three (3) Activities of Daily Living.

"Code" means the Internal Revenue Code of 1986, as now or hereafter amended, or any duly enacted successor Internal Revenue Code.

"Contributions" means the required payments made to the Plan by or on behalf of each Participant in accordance with Section 9 hereof.

"Death" means brain-death as conclusively determined, if necessary, by a neurological examination administered by a qualified neurologist (based upon the lack of cortical and brain stem function).

"Death Benefit" means the Benefit payable to a Participant's Beneficiary upon

the Death or imminent and certain Death of a Participant, as and when provided in Section 13 hereof.

"Disability Income" means the disability income Benefit pursuant to Section 11 of this Plan, generally payable to Participants as a monthly amount.

"Dispute" means any claim, controversy, dispute, demand, or cause of action arising out of, relating to, or based in any way upon (i) a claim for Benefits payable under the terms of the Plan, or (ii) this Plan, its operation or administration, or the breach or alleged breach of any of the terms of this Plan, including without limitation, any rights, offsets, duties or obligations under the terms of this Plan. A Participant, former Participant, Beneficiary, Eligible Dependent Survivor or other party with a claim, controversy, dispute, demand or cause of action that arises out of, relates to or is based in any way upon the Plan or the operation or administration of the Plan must resolve such matter through the claims procedure and arbitration process set forth in Sections 15 and 16.

"Drug" means a substance (not used primarily as food) that is used for the diagnosis, cure, mitigation, treatment, or prevention of disease, illness, or symptoms, or that is intended to affect the structure, chemical process, or any function of a person's body.

"Drug Abuse" means alcoholism, the use of illegal drugs or substances, or any improper use of legally available drugs, including without limitation the use of any drugs not prescribed by the Participant's Physician or drugs not taken in accordance with the prescription and the advice of the Participant's Physician. "Drug Abuse" does not include the use of a drug that is medically prescribed by the Participant's Physician and taken in accordance with the prescription and the advice of the Participant's Physician.

"Drug Abuse Disorder" means any disability that is due to or resulting from Drug Abuse.

"Effective Date of Participation" has the meaning set forth in Section 7.2.

"Eligible Dependent Survivor" means the Participant's qualifying legal spouse, if living and mentally competent (as competency is determined by a court of law) or the Participant's dependent children, as defined below, if there is no qualifying spouse. In order for a spouse to qualify as an Eligible Dependent Survivor, the spouse must have married the Participant in accordance with applicable state law prior to the first to occur of (i) the medical diagnosis of the Participant as having the condition that ultimately causes the Death of the Participant, and (ii) the occurrence of the Participant's Total Disability resulting from such condition. If the Participant does not have a qualifying spouse or if the qualifying spouse shall have predeceased the Participant, then "Eligible Dependent Survivor" means the legal guardian, custodian or conservator of the Participant's dependent children (whether natural or adopted) who are under age eighteen (18) or who are legally disabled and dependent without regard to age; provided, that the dependent children must qualify as legal issue of the Participant (whether natural or adopted) as of the first to occur of items (i) and (ii) of the second sentence of this Section. A Participant's qualifying spouse shall be presumed to have predeceased the Participant for the purposes of this Plan if the spouse fails to survive the Participant by at least three (3) days. If such qualifying spouse is mentally incompetent, then "Eligible Dependent Survivor"

means the custodian or conservator of the Participant's qualifying spouse.

"Eligible to Receive Benefits" means a Participant who is Totally Disabled from a covered Injury, Sickness or Pregnancy and receiving or immediately entitled to receive monthly Disability Income payments of Benefit funds from the Plan for such Total Disability as specified in Section 11.1.

"Elimination Period" means the period of (i) thirty (30) consecutive calendar days of a Participant's Total Disability, commencing with the first day of Total Disability, or (ii) any thirty (30) days of a Participant's Total Disability from the same disability occurring within a six (6) month period. During the thirty (30) day period immediately following such initial thirty (30) days, the Participant must utilize the balance of any paid personal leave time accrued by the Participant, including without limitation accrued vacation days. If, for any reason, the Participant does not utilize all available paid personal leave time for the second thirty (30) day period, the Participant must satisfy a sixty (60) day period of Total Disability from the same disability occurring within a six (6) month period in order to receive Benefits, instead of a thirty (30) day period. In addition, if a Participant's employment for his or her Employer is terminated before or during this sixty (60) day period, the Elimination Period shall be sixty (60) days of Total Disability from the same disability occurring within a six (6) month period. Such sixty (60) day Elimination Period, to the extent applicable, is referred to herein as the "Extended Elimination Period." Following the Elimination Period or Extended Elimination Period, if applicable, if the Participant remains Totally Disabled, Benefits may begin to be payable hereunder; provided, that the Participant may receive no more than a maximum Benefit equal to fifty percent (50%) during the thirty-first (31st) through sixtieth (60th) day.

"Employee" means a person who is:

(a) An individual who is considered an employee for employment tax purposes under Subtitle C of the Code and the regulations thereunder;

(b) An individual who is considered an employee for purposes of a collective bargaining agreement, whether or not qualifying under applicable common law rules, and including any person considered an employee for purposes of the Labor Management Relations Act of 1947, as amended; or

(c) An individual who became entitled to be a Participant by reason of being or having been an employee under subsection (a) or (b) above, but is on leave of absence, has retired, or is disabled or laid off.

The foregoing definition of "Employee" is intended to comply with the definition set forth at Treasury Regulation section 1.501(c)(9)-2(b).

"Employer" means an employer of a Participant that is (i) a police department of a municipal or public corporation or district, or (ii) the State of California, a single county or other political subdivision that employs peace or law enforcement officers, and that (iii) has executed a collective bargaining agreement with the Participant's Participating Association or satisfies the alternative requirements established by the Board of Directors from time to time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as now or hereafter amended.

"**Effective Date of Participation**" means the date on which a Participant's participation in the Plan becomes effective pursuant to Section 7.2.

"**Evidence of Health**" means the following, all of which shall be provided at the expense of the Participant or prospective Participant if required by the Administrator: (i) a properly executed and completed health and medical history questionnaire regarding the Participant or prospective Participant, of form and content established by the Board of Directors or Administrator, (ii) a properly executed and completed authorization for the Administrator to obtain information regarding the Participant's or prospective Participant's health, of form and content established by the Board of Directors or Administrator, and (iii) such additional information as may be reasonably required by the Administrator regarding the Participant or prospective Participant.

"**Fund**" means the fund or funds maintained in connection with the Plan, and all property, monies and contract rights held by the Association pursuant to this Plan, including without limitation any trust assets transferred to the Association by any predecessor entity of the Association. All such funds shall be maintained in the name of the Association.

"**IDL**" means the California State Industrial Disability Leave program, as in effect and as modified from time to time.

"**Industrial Disability**" means any disability from which a Participant is eligible to receive any payments or benefits, or would be eligible by timely filing, as a result of such disability under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose. If a Participant settles a pending Workers' Compensation action or third party injury claim by any settlement or compromise and release, or fails to take all actions reasonably necessary to obtain a determination of whether such disability claim entitles the Participant to any payments or benefits under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose, then such disability shall be considered to be an Industrial Disability. The foregoing shall apply notwithstanding any contrary identification contained in any settlement agreement or compromise and release agreement, including without limitation a settlement or release of a worker's compensation action whereby the Participant receives early retirement, unless the Administrator agrees to such settlement or compromise and the characterization of the disability in writing.

"**Initial Enrollment Period**" means the enrollment period designated by the Administrator under the direction of the Board of Directors when a Participant may initially enroll in the Plan and be eligible for certain coverage for Pre-existing Conditions as set forth herein. This period is sixty (60) days following the date of the Employee's first employment by the Employer, unless extended by the Board of Directors or by an authorized committee of the Board of Directors.

"**Injury**" means a bodily injury caused by external, violent and accidental means occurring while the Participant is participating in and covered under the terms of the Plan (or occurring prior to coverage when referring to a Pre-existing Condition) that results, directly and

independently of all other causes, in a Total Disability. All bodily injuries occurring from any causes that are not external, violent and accidental but that result, directly and independently of all other causes, in a Total Disability covered by this Plan, are considered a Sickness for the purposes of this Plan.

"Insurance Code" means the California Insurance Code, as now or hereafter amended.

"Maximum Benefit" means the maximum gross monthly Disability Income amounts payable under this Plan under each Plan Option, which amounts shall be established by the Board. As of the effective date of this Plan the Maximum Benefit for (i) Plan Option B is nine thousand five hundred dollars (\$9,500) per month, (ii) Plan Options A or D is seven thousand five hundred dollars (\$7,500) per month, and (iii) Plan Option E is six thousand five hundred dollars (\$6,500) per month. The Maximum Benefit amounts then in effect shall be set forth on the current Schedule of Benefits, included with the Summary Plan Description. Additional maximum Benefit limitations apply in certain circumstances, including without limitation the reductions for Offsetting Benefit/Income Amounts, as set forth in this Plan and the limitation with respect to Trainees set forth in Section 14.

"Maximum Benefit Period" means the maximum period for which Benefits are payable hereunder due to any continuous period of Total Disability of a Participant, whether resulting from one or more causes, as specified in Section 11.8 hereof and that may be the Participant's lifetime as set forth in Section 11.8. The maximum period for which Benefits are payable to Non-Safety Personnel is less than that for Safety Personnel as specified in Sections 11.8.1 and 11.8.2. The Maximum Benefit Period also is reduced with regard to disabilities resulting from a Psychological/Stress Disorder or Drug Abuse or any of the other conditions specified in Section 11.9 hereof and for Trainees as specified in Section 14. All periods of Total Disability arising from the same cause or causes shall be added and treated as a single period of continuous Total Disability for the purpose of computing the Maximum Benefit Period.

"Minimum Benefit" has the meaning set forth in Section 11.7 hereof.

"Non-Industrial Disability" means a disability (i) from which a Participant is not eligible to receive any payments or benefits, or would be eligible by timely filing, as a result of such disability under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose and (ii) that is not considered an Industrial Disability pursuant hereto. If a Participant settles a pending Workers' Compensation action or third party injury claim by any settlement or compromise and release, or fails to take all actions reasonably necessary to obtain a determination of whether such disability claim entitles the Participant to any payments or benefits under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose, then such disability shall be considered to be an Industrial Disability. The foregoing shall apply notwithstanding any contrary identification contained in any settlement agreement or compromise and release agreement, including without limitation a settlement or release of a worker's compensation action whereby the Participant receives early retirement, unless the Administrator agrees to such settlement or compromise and the characterization of the disability in writing.

"Non-Safety Personnel" means all Participants who are not Safety Personnel,

other than Trainees.

"Offsetting Benefit/Income Amounts" means any unpaid, contingent or disputed amounts that a Participant is or may reasonably be entitled to receive, as described in Section 11.5 hereof.

"Own Occupation Disability" means the complete inability, whether temporary or permanent, of a Participant to perform the material duties of the Participant's own occupation, including, without limitation, any available alternative, modified or light duty employment for his or her Employer, as established in accordance with Section 11.10 hereof regarding proof of disability.

"Participants" means those Employees who are members of a Participating Association (in accordance with the rules for membership of that organization) who enroll and participate in this Plan in accordance with Section 7 and whose Plan participation in the Plan has not been terminated under Section 8 or any other provision of this Plan. The Participants are not "members" of the Association as such term is defined in the California General Corporation Law. Participants shall in all events be limited to (x) members of police departments of municipal or public corporations or districts within the State of California and peace or law enforcement officers who are regular and salaried officers or employees of the State of California or a single county or other political subdivision or public or municipal corporation, or (y) persons who at the time of becoming a Participant were qualified pursuant to subsection (x) above, and (z) persons within the definition of permissible association members pursuant to the requirements of sections 11400 through 11407 of the Insurance Code.

"Participating Association" means (i) those associations, persons or entities subscribing as participating association members with the Plan in accordance with the Plan document and Bylaws and (ii) any duly constituted union representing Employees who are employed in a sworn or civilian capacity by any department or municipal or public corporation or district, which union subscribes as a participating association in the Plan in accordance with the Plan document and Bylaws. Each Participating Association shall be comprised of a combination of (i) members of police departments of municipal or public corporations or districts within the State of California and peace or law enforcement officers who are regular and salaried officers or employees of the State of California or a single county or other political subdivision or public or municipal corporation, or (ii) persons who at the time of becoming a Participant were qualified pursuant to subsection (i) above, and (iii) persons within the definition of permissible association members pursuant to the requirements of sections 11400 through 11407 of the Code.

"Pension Program" means any public (e.g., federal or state pension, or federal or state military benefits, whether disability or service retirement) or private retirement, annuity or disability plan, contracted disability payment program, defined benefit plan or defined contribution plan or similar plan or arrangement providing disability or retirement benefits for Employees.

"Physician" means a duly licensed physician, osteopath, chiropractor or podiatrist, other than the Participant, acting within the scope and limitations of such medical professional's license and specialty.

"Plan" means this California Law Enforcement Association Group Long Term Disability Plan as established by the Board of Directors pursuant to the Bylaws.

"Plan Option" means the Plan coverage and Benefit options A, B, C, D or E described herein.

"Pre-existing Condition" means any Injury, Sickness or Pregnancy that was sustained, began or was first manifested prior to the Effective Date of Participation. A condition will be considered to have begun or first manifested itself prior to the Effective Date of Participation, if, prior to such date, the Participant (i) seeks or receives medical advice or treatment for the condition, (ii) the condition is detected through examination, (iii) the Participant experiences abnormal symptoms that would place a reasonable person on notice that he or she is suffering from an Injury or Sickness or Pregnancy related medical condition or should seek medical consultation, or (iv) is otherwise aware of facts that would indicate to a reasonable person that he or she is suffering from an Injury or Sickness or Pregnancy related medical condition. Injuries or Sicknesses or Pregnancy related medical conditions that result from medical treatment for a Pre-existing Condition or complications thereof or as a result of the medical treatment for any such Pre-existing Conditions are also Pre-existing Conditions.

"Pregnancy" means pregnancy, childbirth and related medical conditions.

"Prior Coverage Credit" means the right of a Participant to certain continuing coverage for a Pre-existing Condition immediately upon the Effective Date of Participation, if the Participant is covered under a qualifying group long-term disability plan when the Participant transfers into this Plan and obtains prior Plan authorization, on the terms and conditions set forth in Section 11.6.1 hereof.

"Psychological/Stress Disorder" means a disability arising or resulting from one or more stress, mental, nervous, behavioral or emotional disorders, or related conditions. This includes any physical manifestations arising from any of these disorders or conditions.

"Regular Care of a Physician" means continuing and direct treatment and diagnosis no less than every sixty (60) days by a Physician. For this purpose, a Participant with a Psychological/Stress Disorder must be under the care of a licensed psychiatrist (M.D.) or psychologist (Ph.D.).

"Safety Personnel" means firefighters who are (i) eligible to receive salary benefits under Section 4800 or 4850 of the California Labor Code, or benefits under IDL, or benefits under any comparable provisions or negotiated substitute for such benefits, (ii) eligible to receive presumptive occupational disability benefits under California Labor Code Sections 3212 through 3213.2 and (iii) a state or local safety member under the Public Employees Retirement System, as defined in Section 20000, et seq., of the Public Employee Retirement Law, Section 31469.3 of the County Employees Retirement Law of 1937 or any similar municipal safety retirement plan.

"Sickness" means (i) an illness or disease or Pregnancy that causes a Total Disability covered by this Plan and commences while this Plan is in effect as to the Participant,

or (ii) a bodily injury from a cause which is not external, violent and accidental and that results, directly and independently of all other causes, in a Total Disability covered by this Plan while the Plan is in effect as to the Participant or (iii) an illness or bodily injury that occurs prior to coverage, if such illness or injury is a Pre-existing Condition. Any Injury that results in a Total Disability that commences during a Sickness or within sixty (60) days after a Sickness, will be considered an aspect of such Sickness for the purpose of determining Benefits under the Plan.

"Survivor Benefit" is the Benefit that may be payable, following the Death of a Participant, to an Eligible Dependent Survivor in accordance with Section 13 hereof.

"Temporary Termination" means a temporary termination of a Participant's participation in the Plan and eligibility to receive Benefits pursuant to Section 8.2.

"Third Party Contracts" means contracts issued by any third party that insures or otherwise agrees to provide Benefits available to Participants or their beneficiaries under this Plan, whether or not insurers.

"Total Disability" means, during the first twenty-four (24) months of a Participant's disability for Safety Personnel and the first twelve (12) months of disability for Non-Safety Personnel, an Own Occupation Disability, as established in accordance with Section 11.10 hereof regarding proof of disability. Except as provided in Section 11.6.2 (e), after twenty-four (24) months of a Safety Personnel Participant's disability or twelve (12) months for Non-Safety Personnel (which shall continue to run during temporary resumptions of work by either Safety or Non-Safety Personnel for recurrent disabilities as provided under Section 11.3), the Participant shall continue to be considered Totally Disabled for the purposes of this Plan only if the Participant is not able to perform the material duties of any occupation for which the Participant is or may reasonably become fit by virtue of education, experience and training, as set forth herein. For Industrial Disabilities, the twenty-four (24) month or twelve (12) month Own Occupation Disability period begins on the first day of eligibility under California Labor Code Sections 4850 or 4800, IDL or temporary disability under the California workers compensation laws for a recurring disability. For Non-Industrial Disabilities the Own Occupation Disability period begins at the end of the Elimination Period or Extended Elimination Period, as applicable. For Trainees, the Own Occupation Disability period is twelve (12) months.

"Trainee" means a Participant who is employed by a qualifying Employer and is in training to become a peace officer Safety Personnel, but does not yet qualify as a Safety Personnel.

"Unpaid Offsetting Benefit/Income Amounts" means any unpaid, contingent or disputed amounts which a Participant is or may reasonably be entitled, and which amounts will, if paid, comprise Offsetting Benefit/Income Amounts.