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DOCUMENT FOLLOWS



**CALIFORNIA ASSOCIATION
OF
PROFESSIONAL FIREFIGHTERS
LONG TERM DISABILITY PLAN**

Effective January 1, 2007

(Plan A and Plan B)

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**CALIFORNIA ASSOCIATION OF PROFESSIONAL FIREFIGHTERS
LONG TERM DISABILITY PLAN
(Plan A and Plan B)**

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CALIFORNIA ASSOCIATION OF PROFESSIONAL FIREFIGHTERS**

LONG TERM DISABILITY PLAN
(PLAN A and Plan B)

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 Association of Professional Firefighters, a California non-profit mutual benefit corporation (the "**Association**").

1.2. Adoption of Plan. The Association adopted this long-term disability plan ("**Plan**") originally effective October 1, 1985 and amended thereafter, and now adopts this restated Plan effective January 1, 2007. This Plan contains both the "Plan A" and "Plan B" Benefit (as defined below) variations. 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.

1.3. Purpose of Plan. The Plan has been formed to provide death and disability benefits to participating members of fire departments. The Benefits provided under the Plan are fully integrated with and reduced by other benefits 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 Association of Professional Firefighters Long Term Disability Plan.**" References to the "Plan A" and "Plan B" version of this Plan are to the Benefit variations described herein.

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3. Certain Definitions. In addition to any terms specifically defined in a separate Section to this Agreement, the following terms shall have the meanings set forth below:

“**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. An Employee will not be considered to be in "Active Service" during any extended leave or other absence of the Employee, whether with or without pay.

"**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**". Cleaning the body using a tub, shower or sponge bath, including the acts of getting a basin of water, managing faucets, getting in and out of a tub or shower, and reaching head and body parts for soaping, rinsing and drying;

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(b) "**Dressing**". 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**". 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**". 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**". The ability to walk and move about without assistance;

(f) "**Continence**". 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**". The acts of reaching for, picking up and grasping a utensil and cup, getting 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 his 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

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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 Association of Professional Firefighters, 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," except as otherwise provided in the final two sentences of this Section, means an Employee's base monthly rate of earnings, comprising the Employee's base pay plus any emergency medical technician pay, holiday pay, educational incentive pay, or other specialty assignment pay, shift differential pay, clothing allowance pay, longevity pay, paramedic 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 similar 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 Employee's Retirement System or another city or county retirement system for public

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employees. Following the effective date of such retirement, and while the Participant receives pension benefits from the public employee retirement system, "Base Monthly Earnings" means the wage calculation amount applied under the applicable public retirement system.

"Beneficiary" means a living person or charitable or non-charitable organization selected by a Participant to be the 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.

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"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 for such period 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 premium 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).

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"Death Benefit" means the one-time 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 payable to Participants under Section 11 of this Plan as a Benefit.

"Dispute" means any claim or controversy, demand or cause of action arising out of or pertaining to this Plan or any Benefits hereunder, including without limitation its operation or administration. A Participant, former Participant, Beneficiary, Eligible Dependent Survivor or other party with a claim, dispute or controversy that arises out of or is based in any way upon the Plan or the operation or administration of the Plan shall not institute litigation against the Plan until and unless the claims procedure and negotiation process are completed in accordance with Sections 15 and 16.

"Drug Abuse" has the meaning set forth in Section 11.9.2 hereof.

"Drug Abuse Disorder" means a disability that results from alcoholism or drug or hallucinogen abuse, but does not include a disability that results from use of a drug that is medically prescribed by the Participant's duly licensed and qualified medical doctor (under such guidelines as the Board of Directors may establish from time to time) and taken in accordance with the prescription and the advice of the Participant's physician.

"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

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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 twenty-one (21) 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 during this second thirty (30) day period, the Elimination Period shall commence as provided above and shall continue for a sixty (60) day period instead of a thirty (30) period. Such sixty (60) day Elimination Period is referred to herein as the "Extended Elimination Period." Following the

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Elimination Period or Extended Elimination Period, if applicable , if the Participant remains Totally Disabled, Benefits may begin to be payable hereunder.

“Enhanced Individual Participation” has the meaning set forth in Section 14.2.

"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, which employer is (i) a fire department of a municipal or public corporation or district, or (ii) the State of California, a single county or other political subdivision that employs firefighters and that 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.

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

"**Evidence of Health**" means the following, all of which shall be provided at the expense of the prospective Participant if required by the Administrator: (i) a properly executed and completed health and medical history questionnaire regarding the 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 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.

"**Individual Plan**" means the Plan, as modified for Participants who are not members of a Participating Association and enroll pursuant to the provisions of Section 14.1.

"**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 an authorized committee of the Board of Directors.

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"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) and resulting, directly and independently of all other causes, in a Total Disability. Pregnancy and all bodily injuries occurring from a cause that is not external, violent and accidental but that results, directly and independently of all other causes, in a Total Disability covered by this Plan, is considered a Sickness for the purposes of this Plan.

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

"Job Related" Injury, Sickness or Pregnancy means any accidental Injury, Sickness or Pregnancy arising out of, or in the course of, the Participant's employment with Employer which results in an Industrial Disability. A Non-Job Related Injury or Sickness means an Injury, Sickness or Pregnancy, which results in a Non-Industrial Disability.

"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 may be extended with regard to certain Participants who are disabled shortly before attaining age sixty-five (65) as provided in Section 11.8.3. 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. All periods of Total Disability arising from the same cause or causes shall

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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 from which a Participant is not eligible for benefits as a result of such disability under any Workers' Compensation Act or law, occupational disease law, or any other legislation of similar purpose. "Industrial Disability" means any disability from which a Participant is Eligible to Receive Benefits as a result of such disability under such an act, law or legislation described in the preceding sentence. If a Participant settles a pending Worker's Compensation action or third party injury claim by settlement or compromise and release, such disability shall be considered to be an Industrial Disability. The foregoing shall apply notwithstanding any contrary identification contained in the 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 in writing.

"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 any and every duty 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.

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"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 of a municipal or public corporation or district, which union subscribes as a participating association member in the Plan in accordance with the Plan document and Bylaws. Each Participating Association shall be comprised of a combination of (i) members of fire departments of municipal or public corporations or districts within the State of California and firefighters 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.

"Plan" means this California Association of Professional Firefighters Long Term Disability Plan as established under this Plan document by the Board of Directors pursuant to the Bylaws.

"Plan A" means the Plan provisions applicable to Participants who are paying (or having paid on their behalf) the Plan A Contribution amount and whose Participating Association has not elected the reduced coverage and Benefit provisions comprising the Plan B option.

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“**Plan B**” means the Plan provisions applicable to Participants who are paying (or having paid on their behalf) the Plan B Contribution amount or whose Participating Association has elected the reduced Plan B coverage and Benefit provisions described herein.

"**Participants**" means those Employees who are members of a Participating Association (in accordance with the rules for membership of that organization) that are eligible to be covered and become covered under and participating in this Plan in accordance with Section 7 and remain covered and participating in accordance with the Plan and the individual Employees who are not members of a Participating Association and become Individual Participants or obtain Enhanced Individual Participation. The Participants are not members of the Association. Participantship shall in all events be limited to (i) members of fire departments of municipal or public corporations or districts within the State of California and firefighters 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 Insurance Code.

"**Pre-existing Condition**" means any Injury, Sickness or Pregnancy that was sustained, began or was first manifested prior to the time that the Participant first enrolled and became a Participant under the Plan. A condition will be considered to have begun or existed prior to enrollment, if, prior to enrollment and coverage under the Plan, 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

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Pregnancy related medical condition. Injuries or Sickness or Pregnancy related medical conditions that result from medical treatment for such an Injury, Sickness or Pregnancy or complications or as a result of the medical treatment for any such Injury, Sickness or Pregnancy are a Pre-existing Condition. The Plan designated duly licensed physician shall determine whether the Participant has a Pre-existing Condition pursuant to this Section.

"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 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.

"Provider" means any third party which insures or otherwise agrees to provide for any of the Benefits made available through this Plan.

"Psychological/Stress Disorder" means a disability that results from stress, mental, nervous, behavioral or emotional disorder, or a related condition. This includes any physical manifestations arising from any of these conditions.

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

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"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 Benefits under California Labor Code Section 3212 (presumptive occupational disability laws) 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. "Non-Safety Personnel" means all other Participants.

"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 that Benefit due to an Eligible Dependent Survivor in accordance with Section 13 hereof.

"Third Party Contracts" means those contracts issued by Providers, whether or not insurers, for the purpose of providing Benefits under this Plan.

"Total Disability," 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, means an Own Occupation Disability, as established in accordance with Section 11.10 hereof regarding proof of disability. After twenty-four (24) months of a Safety

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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 could earn at least fifty percent (50%) of his or her Base Monthly Earnings for such disability, or any other occupation for which the Participant is or may reasonably become fit by virtue of education, experience and training, as set forth herein. A disability resulting from vertigo of unknown etiology shall not comprise a disability for which any coverage or Benefits are provided under the Plan. 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.

"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.

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

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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 principals, 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 a review of such items as are designated by the Executive Board of the Board of Directors. The actuarial firm shall provide an annual written report 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

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accordance with the Bylaws, (ii) the Participant is in Active Service in a full-time position as a Safety Personnel member or civilian worker in a qualifying firefighting unit and complies with all prerequisites to being a Participant, (iii) the Participant is an active member of his Participating Association, and (iv) 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. An Employee enrolling in the Individual Plan or entitled to Enhanced Individual Participation is not required to comply with items (i), (ii), or (iv) above in order to satisfy the eligibility requirements for participation, but must comply with all other requirements of this Section 7.1 and the requirements set forth in Section 11.3. All Participants who are not enrolled in the Individual Plan and are not entitled to Enhanced Individual Participation will be enrolled in the Plan A or Plan B coverage alternatives based on the designation of the Participant's Participating Association and payment of the applicable Plan A or Plan B Contribution amount. Any Participants who were enrolled in the Plan prior to January 1, 2007 (and were not enrolled in the Individual Plan and are not entitled to Enhanced Individual Participation) and whose Participating Association did not elect Plan A coverage in accordance with the requirements imposed by the Board of Directors (or did not comply with the Plan A Contribution requirements) are Participants in the Plan B coverage described herein.

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 when the prospective Member 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

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the extent eligible for the Prior Coverage Credit, no coverage shall apply at any time with regard to a Total Disability that results 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.

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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 hereof regarding 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 party'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) Age 65. On the date the Participant becomes sixty-five (65) years old unless on that date, the Participant is Totally Disabled as a result of a Non-Industrial Disability for which the Participant is receiving monthly Disability Income Benefits under the Plan;

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

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(f) 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 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. A Participant's participation shall not terminate due to the failure of a Participating Association to continue its association with the Association as provided in the preceding sentence of this Section if the Participant elects to obtain Enhanced Individual Participation, as provided in Section 14.2, or is an Individual Participant; or

(g) Full Monthly Contribution. If none of the events described in subsections (a) through (f) 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's behalf, 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) Temporary Leave of Absence. Any temporary leaves of absence from Active Service at work with the Participant's qualifying Employer other than due to a Total Disability for which the Participant is Eligible to Receive Benefits;

(b) Temporary or Permanent Layoff. Any temporary or permanent layoff

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from Active Service at work other than for a Total Disability for which the Participant is Eligible to Receive Benefits;

(c) Termination of Services Due to Strike. Any temporary termination of Active Service at work due to strikes or similar labor disputes; and

(d) 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 of participation pursuant to Section 8.2 above, 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 subsections (a), (b) or (c) of Section 8.2 (leave, strike or layoff), or immediately after the end of a period described in subsection (d) of Section 8.2 (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 then current or subsequent 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,

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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 shift 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 of participation in the Plan, 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 the monthly Plan A, Plan B or Individual Plan Contribution amount to the Plan in advance or have such monthly Contribution made to the Plan on the Participant's behalf. The Board of Directors establishes the required monthly Contribution amounts for the Plan A and Plan B coverage and Benefit alternatives and for Individual Plan 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

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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 Section 4850 or its equivalent.

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 Participants 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

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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, if the Participant elected to receive unreduced Disability Income Benefits under Section 11.5.3. 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

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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 Section 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 any proof of disability required under Section 11.10 or the Participant's failure to cooperate as required under Section 11.11. Upon correction of any 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 Worker's

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Compensation 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

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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 (and subject to the limitations applicable for Individual Plan Participants), 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) Plan A Coverage. The following Benefits shall apply with respect to Plan A Participants: For all Plan A Participants who are Safety Personnel: (i) if the Participant's Total Disability is a Non-Industrial Disability (and not a disputed worker's compensation claim, as described below), the monthly Disability Income Benefit amount is eighty percent (80%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings, not to exceed the maximum monthly Disability Income amount then in effect as set forth in subsections (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability as and to the extend provided in subsection (d) of this Section 11.4; and (ii) if the Participant's Total Disability is an Industrial Disability or a disability for which the characterization of the disability

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as Industrial or Non-Industrial is disputed in a worker's compensation proceeding brought before the California Worker's Compensation Appeals Board, the monthly Disability Income Benefit shall equal seventy percent (70%) (rounded to the nearest dollar) of that Participant's Base Monthly Earnings, subject to the maximum monthly Disability Income amount then in effect as set forth in subsections (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability as and to the extent set forth in subsection (d) of this Section 11.4. For Participants who are Non-Safety Personnel, the monthly Disability Income Benefit amount is sixty-six and sixty-seven one hundredths percent (66.67%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings, not to exceed the maximum monthly Disability Income amount then in effect as described in subsection (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability set forth in subsection (d) of this Section 11.4;

(b) Plan B Coverage. The following Benefits shall apply with respect to Plan B Participants: For all Plan B Participants who are Safety Personnel: (i) if the Participant's Total Disability is a Non-Industrial Disability (and not a disputed worker's compensation claim, as described below), the monthly Disability Income Benefit amount is seventy-five percent (75%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings, not to exceed the maximum monthly Disability Income amount then in effect as set forth in subsections (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability as and to the extent provided in subsection (d) of this Section 11.4; and (ii) 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 Worker's Compensation Appeals Board, the monthly Disability Income Benefit shall equal seventy percent (70%) (rounded to the nearest dollar) of that Participant's Base

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Monthly Earnings, subject to the maximum monthly Disability Income amount then in effect as set forth in subsections (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability as and to the extent set forth in subsection (d) of this Section 11.4. For Participants who are Non-Safety Personnel, the monthly Disability Income Benefit amount is sixty-six and sixty-seven one hundredths percent (66.67%) (rounded to the nearest dollar) of the Participant's Base Monthly Earnings, not to exceed the maximum monthly Disability Income amount then in effect as described in subsection (e) of this Section 11.4 and subject to the limitation for IDL eligible Participants set forth in subsection (c) of this Section 11.4 and the increased Benefit amount for a Catastrophic Disability set forth in subsection (d) of this Section 11.4;

(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 sixty-seven hundredths percent (66.67%) (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, and 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%) of the Participant's regular Base Monthly Earnings subject to the maximum monthly Disability Income 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, during the first eighteen (18) months of Catastrophic Disability following the

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Elimination Period, 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, subject to all offsets, limitations and reductions to Disability Income other than pursuant to Subsections (a) and (b) of this Section 11.4 and not to exceed the maximum monthly Disability Income amount then in effect and established by the Board of Directors as described in Subsection (e) of this Section 11.4. Following this eighteen (18) month period, Benefits will return to the levels described in subsections (a), (b) and (c) of this Section 11.4; and

(e) Maximum Monthly Disability Income Amount. The maximum amount that comprises the gross monthly Disability Income payable hereunder shall be established by the Board of Directors for both Plan A and Plan B 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 hereof). As of January 1, 2007 and until modified by the Board, the maximum gross Disability Income amount is Nine Thousand Dollars (\$9,000) per month for Plan A Participants and Six Thousand Five Hundred Dollars (\$6,500) per month for Plan B Participants. The Board may change this monthly maximum amount from time to time.

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 the Participant and Offsetting Benefit/Income Amounts that the Participant is entitled to receive (as provided in Section 11.5 hereof). 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

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the last day of the Elimination Period for a disability shall be used to calculate Disability Income, except as otherwise provided in Section the definition of “Base Monthly Earnings” in Section 3 above. 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 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, 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. The Participant must repay to the Plan recovered excess amounts as specified in Section 12. Offsetting Benefit/Income Amounts comprise:

(a) Workers' Compensation Benefits. Any amount the Participant receives or is eligible to receive from any service 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 Worker’s Compensation Act awards, including permanent disability awards, may not exceed one hundred percent (100%) of the Participant’s pre-disability

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Base Monthly Earnings;

(b) Group Insurance Benefits. Any amount the Participant receives or is eligible to receive as a result of the Member'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

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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, 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 initiated 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

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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 must immediately repay the Plan for the resulting excess payment of Benefits as specified in Section 12 hereof; or

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(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 April 4, 2000.

11.6. Disabilities Excluded from Coverage.

11.6.1. 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 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

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during a temporary termination during a war or armed military conflict pursuant to the terms and conditions for Death Benefits set forth in Section 13.1;

(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 under this Plan during periods of incarceration for conviction of an unlawful act, or for a disability or Death that arises or occurs during an 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 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 and vocational rehabilitation disability benefits are payable pursuant to the applicable Worker's Compensation laws unless and to the extent an exception therefore is specifically approved in writing and in advance by the Administrator;

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

(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.

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11.6.2. 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. With respect to Participants who properly enrolled for participation and become covered under the Plan during the Initial Enrollment Period (i) no Benefits shall be payable for a Total Disability occurring prior to twenty-four (24) months after the effective date of the Participant's participation in and coverage under this Plan, 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 (ii) no Death Benefits shall be payable for a Death occurring prior to forty-eight (48) months following the effective date of Participant's participation in and coverage under the Plan. The Pre-existing Condition limitation described in this subsection (d) of Section 11.6 may not apply to a Participant eligible for Prior Coverage Credit as described in Section 11.6.1;

(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,

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human immunodeficiency virus (HIV), acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC), or fibromyalgia or chronic fatigue syndrome or other self-reported syndromes or symptoms that are not verifiable by a qualified physician approved by the Plan. 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 twelve (12) 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;

(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;

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 the Participant's participation in the Plan, 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

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(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 his or her participation in the Plan 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 covered under the prior carrier's plan on the date before the effective date of his or her participation in this Plan 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 Participant shall be entitled to a Minimum Benefit provided, that, and only 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-

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workers and remains on department pay status, and (ii) is under the Regular Care of a Physician. The “**Minimum Benefit**” for Plan A Participants with an undisputed Non-Industrial Disability is seven hundred and fifty dollars (\$750.00) per month. The “**Minimum Benefit**” for Plan B Participants with an undisputed Non-Industrial Disability is seven hundred dollars (\$700.00) per month. With respect to both Plan A and Plan B Participants, 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 or otherwise) Appeals Board, the “**Minimum Benefit**” is five hundred dollars (\$500.00) per month. 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. Except as extended pursuant to Section 11.8.3 and 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 may receive Benefits for a maximum period lasting (i) for the Participant's lifetime if the Total Disability results from an Injury, Sickness or Pregnancy that is not Job-Related, and (ii) until age sixty-five (65) if the Total Disability results from an Injury, Sickness or Pregnancy that

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is Job-Related. A compromised or dismissed claim under the Worker's Compensation Act may be considered Job Related as determined by the Board of Directors or Administrator.

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 may receive Benefits for a maximum period of not greater than thirty-six (36) months for disabilities arising after April 14, 2000 and eighteen (18) months for disabilities arising before such date. This thirty-six (36) or eighteen (18) month period begins on the last date of Active Service for Job-Related Disabilities or the end of the applicable Elimination Period for Non-Job Related Disabilities.

11.8.3. Exception. Subject to the limitations for Psychological/Stress Disorders, Drug Abuse and the other conditions specified in Section 11.9 hereof, if as a result of an Industrial Disability and, for Non-Safety Personnel Members, a Non-Industrial Disability a Participant's Benefits commence or should have commenced within one (1) year before the Participant become age sixty-five (65), such Benefits shall continue for a Maximum Benefit Period of eighteen (18) months while the Participant is otherwise eligible to receive such Benefits hereunder. For a Safety Personnel Participant, if as a result of an Injury, Sickness or Pregnancy that is not Job-Related the Participant becomes Totally Disabled, Benefits may continue for the Participant's lifetime without regard to the Maximum Benefit Period established under this Section 11.8. Solely for the purpose of illustrating the foregoing, the following chart sets forth the Maximum Benefit Period at the ages indicated:

<u>Age at Benefit Commencement</u>	<u>Maximum Benefit Period</u>
61 yrs, 0 mos	48 mos
62 yrs, 0 mos	36 mos
63 yrs, 0 mos	24 mos
64 yrs, 0 mos	18 mos
64 yrs, 6 mos	18 mos
64 yrs, 11 mos	18 mos

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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 suffering from a Total Disability which is due to or resulting 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 a maximum aggregate Total Disability period (following the applicable Elimination Period(s)) (i) for a single occurrence of three (3) months, and (ii) during such Participant's lifetime of six (6) months. 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 suffering from a Total Disability which is due to or resulting from alcoholism, drug or hallucinogen abuse (except if medically prescribed and taken in accordance with such prescription) ("Drug Abuse") shall in no event 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 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

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employment, 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 (i) a maximum aggregate disability period (following the applicable Elimination Period(s)) during such Participant's lifetime of twenty-four (24) months. 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 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 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.

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

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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, as requested by the Administrator in its sole discretion, submits written verification statements from a legally qualified 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 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 in 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

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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. 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 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. 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 execute a reimbursement agreement and acknowledgement of the

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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 Cooperate. If a Participant fails to comply with any of the cooperation 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 twelve (12) 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

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be increased by four percent (4%) above the Benefit level immediately prior to such adjustment commencing on the first month of each of the second, third, fourth, fifth, sixth, and seventh year anniversaries of the month following the Elimination Period or Extended Elimination Period, as applicable, up to a maximum monthly Disability Income 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 eighth (8th) 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 Recovery of Offsetting Benefit/Income Amounts. When a Participant or the Participant's Eligible Dependent Survivor receives Benefits under the Plan, the Plan is entitled to recover any amounts that the Participant or Eligible Dependent Survivor 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 other than Death Benefits paid to the Participant or Eligible Dependent Survivor 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 holds in trust for the Plan any such recovered amounts until the claims of the Plan are satisfied in full. The Participant and Eligible Dependent Survivor 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 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

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limit or waive the Participant's or the eligible Dependent Survivors' obligations to reimburse the Plan in full for such Benefits paid or execute an acknowledgement of the Plan's lien rights or other documents secure the Plan's right of recovery. The Participant 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 or Eligible Dependent Survivor 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 the Participant or Eligible Dependent Survivors, 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 or Eligible Dependent Survivor 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 or Eligible Dependent Survivor 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 or Eligible Dependent Survivor is less than the amount necessary to reimburse the Plan plus the amount required to cover the Participant's or Eligible Dependent Survivor's reasonable expenses actually incurred in collecting such Offsetting Benefit/Income Amounts, the recovery shall first be applied to reimburse the Participant or Eligible Dependent Survivor 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 is solely responsible for the costs of collection and the "common fund" doctrine shall not apply. No expenses, attorney's fees or costs the Participant or Eligible Dependent Survivor 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 is made whole by the recovery. The Participant or Eligible Dependent Survivor shall pay to the Plan all reasonable costs, fees and expenses, including without limitation attorneys' fees incurred in the enforcement of the Participant's or Eligible Dependent Survivor's obligations under the Plan. The Participant and Eligible Dependent survivor must comply with the

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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, for Safety Personnel only, the imminent and certain Death of a Participant (which shall be limited to a Death benefit payable five thousand dollars (\$5,000) per month) 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 (of no more than twenty-four (24) months) from participation in the Plan pursuant to Section 8.2(d) above. Following the retirement of a Participant due to a Total Disability, if the Participant dies the Participant will be entitled to a Death Benefit only if such Total Disability is the primary cause of the Death. 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. The Death Benefit for Plan A Participant's is a single lump sum payment of fifteen thousand dollars (\$15,000), except for a Death due to suicide. The Death Benefit for Plan B Participant's is a single lump sum payment of ten thousand dollars (\$10,000), except for a Death due to suicide. The Death Benefit will be paid 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 the Participant's Death. The Death Benefit for suicide is limited to two thousand dollars (\$2,000) until the Participant has participated in the Plan for a continuous period of at least twenty-four (24) months prior to Participant's Death (subject to the limitations with regard to HIV, AIDS or ARC and other conditions as described in Section 11.5). Certain limitations apply with regard to Pre-existing Conditions, as described in Section 11.6.2(b). A Participant may remove a Beneficiary and

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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 legal Beneficiary and the Plan obtains legal counsel with respect to such proceedings, the Death Benefit will be reduced to thirteen thousand dollars (\$13,000), unless the Death is due to a suicide occurring during the first twenty-four (24) months of the Participant's participation in the Plan, in which case the Death Benefit will be reduced to one thousand dollars (\$1,000).

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 Benefits 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 nine (9) 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. Individual Membership.

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14.1. Individual Plan. A prospective Participant who is not eligible to participate or enroll for coverage pursuant to Section 7.1 because the prospective Participant is not a member of a Participating Association complying with the requirements of Section 7.1(i) or (ii) and is not eligible to become a member of a qualifying Participating Association, but who complies with all requirements for eligibility other than the requirements of Section 7.1(i), (ii) and (iv) and complies with such other requirements as may be established from time to time by the Board of Directors may enroll as an Individual Participant. The Plan Benefits applicable for an Individual Participant shall be adjusted as follows (and the following shall apply notwithstanding any contrary provisions contained herein):

(a) Seventy Percent Benefit. The disability income Benefit formula described in Section 11.4 will be based on seventy percent (70%) (rounded to the nearest dollar) of Base Monthly Earnings up to the maximum monthly Disability Income Benefit in effect for the Individual Plan. Subsections (a), (b), (d) and (e) of Section 11.4 will not apply. Subsection (d) of Section 11.4 will apply, so that if the Participant is a California State Employee eligible for IDL benefits, the Benefit formula is based on sixty-six and two thirds percent (66 2/3%) of Base Monthly Earnings. All other adjustments, exclusions and limitations described in the Plan will apply;

(b) Industrial Disability Benefit Limitations. The Participant is not entitled to a monthly Disability Income Benefit concerning any Industrial Disabilities except that the Participant may receive a Benefit not to exceed the pension benefits provided by or through his or her qualifying Employer that the Participant is entitled to receive upon retirement. Additionally, no Minimum Benefit is available for Industrial Disabilities.

(c) Maximum Monthly Benefit. The maximum monthly Disability Income Benefit is two thousand eight hundred dollars (\$2,800);

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(d) Minimum Benefit. The Minimum Benefit described in Section 11.7.1 shall be fifty dollars (\$50) per week and all personal leave balances must be utilized before the Minimum Benefit is available;

(e) Elimination Period. The Elimination Period is sixty (60) days. The Participant may not freeze any work leave time available (even after sixty (60) days);

(f) Total Disability Period. Disability Income Benefits will be payable for an Own Occupation Disability for up to a total of twelve (12) months. A Total Disability following an Own-Occupation Disability shall continue no longer than a maximum period ending when the Participant becomes sixty five (65) years old. After age sixty five (65) he or she will not be eligible to receive a Disability Income Benefit;

(g) Pre-existing Conditions. All Pre-existing Conditions are excluded from any coverage under the Plan and no Benefits are payable with regard to a Pre-Existing Condition;

(h) Cost of Living Adjustment. The cost of living adjustment described in Section 11.12 shall not apply;

(i) Death Benefit. The Death Benefit described in Section 13 may not exceed two thousand dollars (\$2,000). All adjustments, exclusions and limitations described in Section 13 will apply and the reduction for a contested Beneficiary matter will be one thousand dollars (\$1,000);

(j) Specific Additional Exclusions. In addition to the disabilities excluded from coverage that are described in Section 11.6, the Participant and his or her Eligible

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Dependent Survivor, and named Beneficiary for the Death Benefit, will not be eligible for any Plan Benefit as a result of Pregnancy, Pregnancy related conditions, Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or any conditions arising from AIDS or ARC; and

(k) Non-Safety Personnel. Non-Safety Personnel are not eligible for coverage under the Individual Plan.

14.2. Enhanced Individual Participation. If, on or after April 24, 2004, a Participating Association withdraws as a Participating Association with the Association, a Participant who is a member in the Participating Association for the purposes of qualifying for eligibility to participate in the Plan may individually remain covered by the Plan and convert to be an “Enhanced Individual Member” and retain full coverage in accordance with this Section. If a Participant joins an association that was previously a Participating Association and withdrew, the Participant may enroll for Enhanced Individual Coverage. In order to obtain Enhanced Individual Participation, the Participant must have a qualifying alternative Contribution method, such as approved payroll deduction, automatic bank payment or credit card payment and comply with the other requirements established from time to time by the Administrator or Board. Coverage and Benefits will not be limited by the Individual Plan modifications described in Section 14.1.

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 should notify the Administrator of a claim

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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, 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's 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 given by or on behalf of the Claimant to the Administrator or the Plan's agent for service of process shall be deemed notice to the Administrator. The Claimant must also complete all other documents required by the Administrator in connection with the 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.

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.

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. If the Administrator determines that, due to the circumstances out of the Plan's control, 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

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Claimant of the additional information needed and must provide all the requested information within forty five (45) days of receipt of the request for additional information.

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 contest the decision, (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, or a duly authorized representative of such party may appeal any denial of a claim for Benefits, in whole or in part, by filing a written request for a review to the Claims Committee of the Board of Directors (at the address of the Administrator or the Agent for Service of Process) within one hundred 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 the Claimant submitted them 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 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 Claims Committee who did not make the initial determination. The committee may consult with trained medical personnel as to matters requiring medical

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judgment and will identify any health care professional engaged (who will not be a professional contacted on the initial determination). A representative of the Claims Committee will notify the Claimant of the decision on the appeal within sixty (60) 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 sixty (60) days upon notice which will be provide during the first sixty (60) days. Alternatively, the decision may be delayed until after the next regularly scheduled meeting of the Claims Committee. The notice of decision will contain the information described in items (i) through (vi) below and a statement concerning the appeal reconsideration process described in Section 15.6.

15.6. Appeal to Executive Board. If the Claimant disagrees with the Claims Committee decision, he or she may apply for reconsideration to the Executive Board (at the address of the Administrator or the Agent for Service of Process) within sixty (60) days following the denial. The Claimant may be represented throughout this review process. The review of your reconsideration appeal will be conducted by members of the Executive Board of the Board of Directors. The Executive Board 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 Executive Board shall 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 to the Claimant, which will be provided during the first forty-five days (45). Alternatively, the decision may be delayed until after the next regularly scheduled meeting of the Executive Board. The notification of the decision on appeal 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/mediation procedures pursuant to the Plan and the Claimant's right to obtain information pertaining to these

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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; (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, such as mediation.

16. Resolution of Disputes.

16.1. Disputes. Any Dispute shall be resolved as provided in this Section. No party shall have the right to sue the Plan or Association regarding a Dispute, except after completing the claims process described in Section 15 and the process described in Section 16.2.

16.2. Negotiation Period. Following the completion of the claims review process, if a Dispute exists, the Claimant must be available and shall use his or her best efforts for a period of thirty (30) days to resolve the Dispute by agreement through negotiation or, at the election of the Board, mediation. To commence the Dispute resolution process, the Claimant or the Association 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.

16.2.1. Failure to Agree. If the parties are unable to resolve the Dispute after such thirty (30) day period and after reasonable negotiations, either party may institute any appropriate legal action with regard to the Dispute.

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

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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 as required by applicable law.

21. No Assignment of Payments. 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

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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.

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27. Captions and Headings. 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.