

# **Business Reducing Term**

**DISABILITY INCOME INSURANCE**

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**Specimen Contract**



Disability income products underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA,  
a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New York, NY.

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### **Base Policy**

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**This is a specimen policy, subject to modification in certain states.**

This policy is conditionally renewable to date of termination.  
Premium rates can change.



**The Guardian Life Insurance  
Company of America**  
7 Hanover Square  
New York, New York 10004  
A Mutual Company  
Established 1860

The Guardian Life Insurance Company of America hereby furnishes insurance to the extent provided in this policy. All of the provisions on this and on the pages which follow are part of this policy.

Secretary

President

**Renewable with consent of Guardian to date of termination  
Guardian has a limited right to refuse renewal  
Premium rates subject to change**

Guardian will not refuse to renew this policy solely because of any claims against it or because of a change in the insured's health. Guardian can refuse to renew only because there is no longer an insurable interest or an economic need for this policy. If such interest or need has been reduced, Guardian can require a reduction in the benefit limits of this policy as a condition of renewal.

Except for the above, the owner may renew this policy at the end of each term period until the date of termination shown in the schedule page. Renewal premiums will be at Guardian's rates then in effect on each premium due date. Any change in renewal premiums will be based on the insured's age and class of risk on the date of issue. If Guardian accepts a premium after the date of termination or after it has given notice that it will refuse to renew, this policy will stay in force to the end of the period that premium covers.

Guardian must give the owner written notice at least 31 days in advance of the anniversary on which it will refuse to renew or on which a change in the premium rate will take effect. Refusal to renew can take effect only on a policy anniversary that is at least one year from the date of issue or the date on which this policy was last reinstated.

Guardian's refusal to renew will not affect any claim for disability that begins while this policy is in force. Such refusal will not reduce or end claim for disability which results from an accident occurring while this policy is in force and begins within 31 days after the anniversary date as of which Guardian has refused to renew.

**Notice of ten day right to examine policy**

This policy is a legal contract between the owner and Guardian. Read it with care. If this policy is delivered or mailed to Guardian's home office or to any Guardian agent or agency within 10 days after it is received, all premiums will be refunded. The policy will then be void from the start.

**An index to this policy is on page two**

**Guardian Business Reducing Term Disability Income Policy**

Participating

Form No. AH55-A 7/99

We will renew  
this policy as  
long as the  
financial  
obligation exists.

The major provisions of this policy appear on the following pages:

- Insuring clause — page one
- Renewal provisions — pages one and five
- Benefit provisions — page four
- General provisions — pages six and seven
- Schedule page — page three

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## Schedule of Coverage—Policy Form AH55-A

Benefits are paid to the loss payee in the event of total disability of the insured.

Elimination period may also be 1, 2, 6 or 12 months.

Date of termination aligns with term period of monthly obligation or to age 60 if earlier.

### SCHEDULE PAGE

POLICY NUMBER-  
C-XXXXX

OWNER-  
THE INSURED.

INSURED  
JOHN DOE

LOSS PAYEE- ANY BANK

DATE OF ISSUE- JUL 15 2005.

ANNUAL  
\*PREMIUMS\*

TABLE OF COVERAGE AND BENEFITS -----

BASIC POLICY-TOTAL DISABILITY COVERAGE

-MONTHLY INDEMNITY FOR TOTAL DISABILITY- \$1,500.00.

-ELIMINATION PERIOD- THREE MONTHS.

-DATE OF TERMINATION- JUL 15 2015.

-OTHER COVERAGES- NONE.

TOTAL ANNUAL PREMIUM- \$188.25.

INITIAL TERM PERIOD- THREE MONTHS

INITIAL TERM PERIOD PREMIUM- \$49.95.

Benefit may be up to 100% of monthly obligation.

Premiums may be paid annually, semi-annually, quarterly or monthly.

AR255-A

07/20/05

PAGE THREE

## Benefit provisions

The schedule page shows the benefit limits of this policy. How benefits will be paid is described after the following section in which certain terms used in this policy are defined.

### Sickness or injury

This policy covers loss from sickness or accidental bodily injury. Normal uncomplicated pregnancy and childbirth are not a sickness or injury and are not covered. Intentionally self-inflicted injury is not accidental and is not covered.

### Meaning of total disability

Total disability means that, because of sickness or injury, the insured:

- is unable to perform all the substantial and material duties of his or her occupation or profession; and
- is not actually at work in any occupation or profession.

### Medical care requirement

Guardian will not pay benefits under this policy for any period of disability during which the insured is not under the care of a physician. This requirement will not apply if disability results from blindness or the loss of any two hands or feet, cut off above the wrist or ankle joints.

### Elimination period

Elimination period means a number of consecutive days at the start of each period of disability:

- on all of which the insured must be totally disabled; and
- for which no benefits will be payable.

The elimination period is shown in the schedule page.

### Interrupted elimination period:

- If the elimination period of this policy is 60 days or more; and
- if the insured makes an unsuccessful attempt to return to work before that number of days is up; and
- if the insured's return to work does not last more than half as long as the elimination period; and
- if the insured is then again totally disabled from the same or another cause:

the elimination period will not start again. Instead, the number of days in the two periods of total disability will be combined to determine when benefits begin.

### Fractional months

Guardian will pay benefits for disability lasting part of a month at the rate of 1/30 of the monthly benefit for each day for which it is liable.

## Benefits

### Benefit for total disability

Guardian will periodically pay the monthly indemnity shown in the schedule page:

- if the insured becomes totally disabled while this policy is in force; and
- if the insured continuously remains so beyond the elimination period.

Benefits will start at the end of the elimination period. They will end when the first of the following events occurs:

- the insured recovers from total disability; or
- this policy reaches the date of termination shown in the schedule page.

If Guardian has paid less than twelve months indemnity for a continuous disability that exists on the date of termination:

- Guardian will continue to pay indemnity after such date while the insured remains totally disabled until it has paid not more than twelve months of indemnity from the start of such disability.

The rate of monthly indemnity will not be increased because the insured is disabled from more than one cause at the same time.

### Benefit for waiver of premium

If the insured is totally disabled for a continuous period of at least 90 days, during all of which time this policy has been in force, Guardian will:

- refund any premiums paid during that 90 days; and
- waive any later premiums that fall due during that period of continuous disability or within three months after the insured recovers. But in no case will premiums be waived after the date of termination shown in the schedule page.

On each waiver, this policy will be renewed for another term period of the same length as that in effect when claim began. The owner has the right to resume payment of premiums when the insured recovers and the waiver of premium benefit ends. This provision does not affect Guardian's right to refuse to renew as set out on page one.

We cover disabilities resulting from sickness or injury.

We will waive the medical care requirement in certain situations.

Two periods of disability from the same or a different cause may be combined under certain conditions to satisfy the elimination period.

Premiums are waived after 90 days of disability. Premiums paid during this period will be refunded. Premium waiver continues for three months after recovery.

## Recovery

The insured will be deemed to have recovered from total disability when:

- he or she is able to perform all the substantial and material duties of his occupation or profession, even if he or she chooses not to; or
- the insured is actually at work in any occupation or profession.

If, while the insured is totally disabled, the insured enrolls in an approved state or federal rehabilitation program to which Guardian agrees in advance:

- the insured will not be deemed recovered from total disability solely because he or she is at work in such a program.

## Provisions relating to renewal, reinstatement and defenses

### Time limit on certain defenses

(a) After this policy has been in force for two years during the insured's lifetime, no misstatements made in the application for it will be used to void this policy or to deny a claim for any disability that begins after the end of those two years.

(b) No claim for disability that starts after the issue date will be reduced or denied because a sickness or physical condition not excluded by name or specific description before the date of loss had existed before the date of issue.

### Renewal and grace period

Renewal premiums are due on the first day of each term period. Unless Guardian has given the owner at least 31 days notice in advance of a policy anniversary that it will not renew this policy, there is a 31 day grace period for each premium due after the first one. The policy stays in force during the grace period. If the premium has not been paid by the end of the grace period, the policy lapses at 12:01 A.M. the next day.

### Reinstatement

If this policy is lapsed after the end of the grace period, it will be reinstated:

- on the date that Guardian or its agent takes a renewal premium and does not ask for a reinstatement application;
- or
- on the 45th day after Guardian or its agent takes a premium and asks for an application or, if earlier, on the date Guardian gives written approval of the application. If Guardian declines the application in writing within 45 days and refunds the premium paid, no reinstatement will occur.

The reinstated policy will cover only loss from injury that happens after the date of reinstatement and from sickness that starts more than ten days after that date. In all other respects, the insured and Guardian will have the same rights under this policy as before it lapsed, subject to any provisions endorsed on it or attached to it in connection with the reinstatement.

Any premium Guardian accepts for a reinstatement will be applied to a period for which premiums have not been previously paid. But no premium will be applied to any period more than 60 days prior to the date of reinstatement.

## Miscellaneous definitions

### Guardian

Guardian means The Guardian Life Insurance Company of America.

### Insured

The insured is named in the schedule page.

### Loss payee

The loss payee is named in the schedule page. The term includes any lawful successors of the loss payee. If more than one person is named, they or their survivors are loss payees in equal shares, unless this policy states otherwise. All benefits for disability will be paid to the loss payee.

### Owner

The owner of this policy is named in the schedule page. If more than one person is named, they or their survivors will act jointly as owners, unless this policy states otherwise. The owner may exercise every right under this policy, except that benefits will be paid as stated in the "Payment of claims" provision on page seven.

### Physician

Physician means a legally qualified physician other than the insured or owner.

Benefits are paid to the loss payee in the event of a total disability of the insured.

## General policy provisions

### Considerations, date of issue, term period

This policy is issued in consideration of:

- the representations in the application; and
- the payment of the initial term period premium shown in the schedule page.

A copy of the application is attached and is a part of this policy.

The date of issue shown in the schedule page is:

- the date on which this policy takes effect and coverage starts; and
- the date from which policy anniversaries are determined.

Coverage lasts for the term period shown in the schedule page, beginning and ending at 12:01 A.M., standard time where the insured lives. This policy is renewable for additional term periods as provided in the renewal provision.

### Entire contract; changes

This policy, with its endorsements and attached papers, if any, is the entire contract of insurance. No change in this policy will be valid until:

- it is approved by the president, a vice president, or secretary of Guardian; and
- such approval has been endorsed on or attached to this policy.

No agent has authority to change this policy or waive any of its provisions

### Suspension during military service

If the insured goes on active duty in the military service of any country or international authority, this policy will be suspended on the date that active duty starts. Such duty will not include temporary active duty by reservists for military training that lasts 90 days or less. Guardian will refund any premium paid for the period of such suspension, pro rata. When the insured's active duty ends, this policy may be reinstated without proof of good health.

To reinstate it, the owner must apply in writing and pay the premium, both within 90 days after the insured's active duty ends. The premium will be based on the insured's age when this policy was first issued.

### Notice of claim

Notice of any claim must be given Guardian within thirty days after any loss for which it is liable occurs or starts, or as soon after that as is reasonably possible. Notice given by the insured or on the insured's behalf to Guardian at 700 South Street, Pittsfield MA 01201, or to an authorized agent, with information sufficient to identify the insured, shall be deemed notice to Guardian.

Coverage is suspended during military service.



#### **Claim forms**

When it gets notice of claim, Guardian will send claim forms for filing proof of loss. If Guardian does not send such forms to the insured within fifteen days after the giving of such notice, the insured may submit a written statement, within the time required below, that proves the occurrence, the character, and the extent of the loss for which claim is made.

#### **Time for filing proof of loss**

Written proof of loss must be given Guardian at its home office or any agency office within ninety days after the end of the period of disability for which Guardian is liable.

If proof is not given within such time, claim will not be denied or reduced if:

- it was not reasonably possible to give proof within such time; and
- proof is given to Guardian as soon as possible.

In no case will Guardian pay benefits if the delay in furnishing proof of loss is more than a year, unless the insured has lacked legal capacity.

#### **Time of payment of claims**

Subject to due written proof of loss, Guardian will pay all accrued benefits for disability monthly. Any balance remaining unpaid when the insured's disability ends will be paid promptly upon receipt of due written proof.

#### **Payment of claims**

Guardian will pay all benefits of this policy to the loss payee. If the insured is the loss payee, any accrued benefits unpaid at his or her death will be paid to his or her estate. If any benefit of this policy becomes payable to the insured's estate or to a minor or incompetent person, Guardian may pay such benefit, up to \$1,000, to any relative by blood or marriage who Guardian believes has a right to it. Any payment made in good faith under this provision will fully discharge Guardian to the extent of such payment.

#### **Physical examinations**

Guardian, at its expense, will have the right and opportunity to have the insured medically examined when and as often as it may reasonably require while the insured claims to be disabled under this policy.

#### **Legal actions**

No one can bring a law suit under this policy until sixty days after written proof of loss has been furnished as required above. In no case may suit be brought against Guardian more than three years after written proof must be furnished.

#### **Misstatement of age**

If the insured's age has been misstated, the benefits will be what the premium paid would have bought at the correct age. If, at the correct age, Guardian would not have issued this policy, there will be no coverage; and Guardian will owe only a refund of all premiums paid for the period not covered by this policy.

#### **Conformity with state statutes**

Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes.

#### **Assignment**

Guardian will not be charged with notice of any assigned interest in this policy until the original assignment or a duplicate has been filed with Guardian at its home office. Guardian has no responsibility for the validity or effect of any assignment.

#### **Participation (dividends)**

This policy will be entitled to participate in the divisible surplus of Guardian. Dividends may be paid in such manner, under such conditions, and to such extent as may from time to time be determined by Guardian's board of directors.

#### **Changes in term period**

On any premium due date, the owner may reduce the term period from twelve months to six months or three months if that does not bring the premium for the term period below Guardian's minimum. On any policy anniversary when the insured is not disabled, the owner may increase the term period to twelve months if it is not already twelve months.

#### **Election of directors**

The annual election of directors is held at Guardian's home office on the second Wednesday in December. Owners of Guardian policies may vote for directors according to the insurance law of the State of New York. For details, write to the Secretary, 7 Hanover Square, New York, New York 10004.

## Rider to Waive Elimination Period in Certain Cases—Policy Form AH55-A

### RIDER TO WAIVE ELIMINATION PERIOD IN CERTAIN CASES

Reducing term disability income policy

This rider is a part of this policy. It is subject to all the terms and conditions of this policy that are not inconsistent with it. Nothing in this rider changes any of the terms or conditions of this policy except as stated here.

A new elimination period will not be applied to any period of total disability that starts while this policy is in force, if such disability:

- results from the same cause or causes and starts within six months after the end of a prior period of disability in which the elimination period was satisfied; or
- starts within five years after the end of a prior period of disability for which Guardian has paid benefits under this policy and which has lasted more than six months.

No new elimination period if a disability from the same cause or causes occurs within six months of a previous period of disability.

This can mean first-day coverage for periods of disability beginning within five years after full recovery.

The Guardian Life Insurance Company of America

Secretary

This rider is automatically included on all policies.

Countersignature (where required)

Duly Licensed Resident Agent

Form No. AR360

THIS IS NEITHER A CONTRACT NOR AN OFFER TO CONTRACT NOR AN APPLICATION FOR DISABILITY INSURANCE. If a disability insurance policy is issued to you, the Company's obligations will be determined by the provisions of the policy that is actually issued to you. Certain provisions in the policy that is actually issued to you may vary in certain respects from their presentation in this specimen as a result of state laws or regulations.

**LIMIT OF AUTHORITY:** Agents, brokers and insurance producers are not authorized to make, alter or discharge any contract in the name of the Company nor to incur any liability on behalf of the Company by any promise or statement. Agents, brokers and insurance producers have no authority to make statements, either verbal or written, which might be construed as binding the Company. The only statements that might be construed as binding the Company are the provisions as stated in a policy that is actually issued to you.

For more information about products and services from Guardian and its subsidiaries contact your local Guardian Disability Specialist.



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