



## Individual Disability Income Insurance

# Policy Highlights for California

Principal Life Insurance Company is dedicated to helping you protect your most valuable asset – your ability to work and earn an income. If you have a qualifying disability, an Individual Disability Income (DI) insurance policy from Principal Life can help you pay for necessary living expenses.

The policy is non-cancelable and has guaranteed premium rates to age 65. This means Principal Life cannot change or cancel your policy, except for nonpayment of premiums, or increase your premium before you reach age 65, regardless of changes in your income, occupation or health. After age 65, you may conditionally renew your policy annually for the rest of your life as long as you are working full time and meet the requirements. If you conditionally renew your policy, your premium will change based on your age at renewal.

### How your policy pays

The maximum monthly total Disability Benefit and Social Insurance Substitute (SIS) Benefit Principal Life will issue you is based on your current income and occupation when you purchase your policy.

A summary definition of a **Total Disability** means that during the Your Occupation Period:

- You are unable to perform with reasonable continuity the substantial and material acts necessary to perform your occupation in the usual and customary way, and
- You choose not to work in any occupation.

After the Your Occupation Period, you must be unable to engage with reasonable continuity in any occupation you could reasonably be expected to perform satisfactorily in light of your age, education, training, experience, station in life and mental and physical capacity.

If you select the SIS Benefit for your policy, it is payable in the same proportion as your policy's Disability Benefit. The SIS Benefit is paid when no Social Insurance is paid. One-third of the SIS Benefit is paid when only one of the Primary Insurance Amounts under Social Security, Workers Compensation or Railroad Retirement is paid. No SIS Benefit is paid when two or more Social Insurances are paid, or when you receive retirement benefits from Social Security or Railroad Retirement.

# Customizing your disability policy

In addition to the benefits automatically built into your policy, you may be eligible for a variety of riders to further customize your policy.

## No-cost riders

If you meet the current underwriting guidelines, for no additional cost, the following riders can be added to your policy.

RIDER NAME	RIDER DESCRIPTION
<a href="#">Benefit Update (BU)</a>	<p>This rider helps you keep your benefits up-to-date with your changing needs. Every three years, this rider allows you to increase your coverage to the maximum amount for which you are eligible without providing evidence of medical insurability.</p> <p>You can even request an advance update in place of your next scheduled review in the event you:</p> <ul style="list-style-type: none"><li>• Lose your group long-term disability (LTD) coverage because of a change in employment or your employer discontinues or reduces the group LTD benefit amount.</li><li>• Have at least a 50% increase in sustainable earnings since the later of your policy issue date or last adjustment to increase your total disability benefits.</li></ul>
<a href="#">Capital Sum Benefit</a>	<p>If you have a total and irrecoverable loss of use without any possibility of recovery of:</p> <ul style="list-style-type: none"><li>• The sight in one eye or</li><li>• The use of a hand or foot</li></ul> <p>This rider provides a one-time lump sum benefit of 12 times your maximum monthly benefit to help you adjust financially. This benefit is payable in addition to any other benefit of the policy you qualify to receive.</p>
<a href="#">Future Benefit Increase</a>	<p>This rider automatically increases your coverage every year for six years<sup>1</sup> without requiring you to submit evidence of insurability. Increases are based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), with a minimum guaranteed increase of 4% compounded and a maximum of 10% compounded.</p> <p>In addition to the CPI-U increase, you may also be eligible for an additional benefit increase based on financial information. When combined, the CPI-U increase and the additional benefit increase cannot be greater than \$500. This rider can be renewed at the end of six years with financial underwriting.</p>
<a href="#">Limitation of Mental/ Nervous Substance Abuse Disorders</a>	<p>This rider limits the Benefit Period for Mental/Nervous and Substance Abuse claims to a 24-month lifetime benefit (including the Catastrophic Disability Benefit rider). However, benefits could be extended beyond the 24 months up to the Maximum Benefit Period if the insured is continuously hospitalized on an inpatient basis. This rider will reduce premiums up to 10%.</p>
<a href="#">Presumptive Disability Benefit</a>	<p>You will receive your full Disability Benefit if you incur the total loss of use without the possibility of recovery of the power of speech, hearing in both ears, sight in both eyes or use of both hands, both feet, or one hand and one foot.</p> <p>Benefits start to accrue when the presumptive disability occurs and continue to be paid as long as the loss continues, regardless of your ability to work or earn an income. Benefits are payable to the end of the benefit period as long as the loss continues. In most cases, if the benefit period is To Age 65, To Age 67 or To Age 70, the benefit is extended to lifetime.</p>

<sup>1</sup> If the Benefit Update rider is on the policy, a Future Benefit Increase offer will not be made in years of Benefit Update options.



## Cost riders

If you meet the current underwriting guidelines, for an additional cost, the following riders can be added to your policy.

RIDER NAME	RIDER DESCRIPTION
<b>Catastrophic Disability Benefit (CDB)</b>	This rider provides a monthly benefit in addition to your monthly disability benefit (and Social Insurance Substitute Benefit if on the policy) in the event you become catastrophically disabled solely due to an injury or sickness and you lose the ability to perform two or more activities of daily living without assistance; become cognitively impaired; or become presumptively disabled.
<b>Cost of Living Adjustment (COLA)</b>	While you're disabled under the terms of the policy, your benefit is adjusted to help keep up with inflation. You may select a 3% or 6% COLA maximum.
<b>Recovery Benefit</b>	This rider helps support you while you work to rebuild your business or practice after a disability. After recovering from a disability in which you were receiving benefits and returning to work full time, benefits are payable as long as you continue to have a loss of earnings equal to or greater than 20% of your prior earnings, and the loss is solely due to your prior disability. Recovery benefits are payable for a period not to exceed your policy's Recovery Benefit Period, but not beyond the policy's Maximum Benefit Period.
<b>Regular Occupation</b>	If you become totally disabled from your occupation and choose to work in another occupation, you'll receive full benefits, regardless of the income you earn from the other occupation.
<b>Residual Disability Benefit</b>	If you are disabled under the terms of this rider and, as a result of an injury or sickness, you are unable to earn 80% or more of your prior earnings while actually working in an occupation, you'll receive a benefit proportionate to your loss. If your loss of earnings exceeds 75%, then 100% of the maximum monthly benefit is paid.
<b>Short-Term Residual Disability Benefit</b>	This rider is the same as the Residual Disability Benefit rider except: <ul style="list-style-type: none"> <li>• Benefits are payable to the end of the Short-Term Residual Disability Benefit Period of six or 12 months.</li> <li>• There is no indexing of prior earnings.</li> </ul>
<b>Transitional Occupation</b>	This rider allows you to continue receiving disability benefits if you become totally disabled in Your Occupation, but are working in another occupation. Benefits are paid up to 100% of your prior earnings from a combination of current earnings, other disability benefits from other sources and your Principal Life Individual DI policy, but will not exceed the Maximum Monthly Benefit plus any Social Security Substitute benefits. Benefits are payable until the end of the Transitional Occupation Period only. <p>If your policy has both the Residual Disability Benefit rider and the Transitional Occupation rider, benefits are not paid out under both riders at the same time. If you meet the definitions and terms of both riders, the monthly benefit you receive is the greater of either the Residual Disability or Transitional Occupation benefit.</p>

## Policy benefits

These benefits are automatically built into your Individual DI insurance policy from Principal Life:

- **Rehabilitation Benefit** – If you are disabled under the terms of the policy and want to pursue a rehabilitation program to return to work, an extra benefit may be available to help you pay for the cost of the program.
- **Death Benefit** – A lump-sum benefit of three times your maximum monthly benefit is paid to your beneficiaries if you die after satisfying your elimination period while receiving disability benefits. This benefit is payable in addition to any other benefit of the policy.
- **Waiver of Premium Benefit** – After you're disabled for the lesser of 90 days or the elimination period, we'll waive all premiums that become due during your Continuous Disability.

## Receiving your disability benefits

Once disabled under the terms of the policy, you must satisfy your policy's Elimination Period before receiving benefits. Upon a qualifying disability, you will receive benefits one month after the Elimination Period is satisfied or when proof of loss necessary to evaluate your claim is received. If you remain disabled, you will receive disability benefits through your policy's Benefit Period once you have satisfied your Elimination Period. The Benefit Period is the length of time you'll receive benefits if you are disabled under the terms of the policy.

### FOR MORE INFORMATION

Contact your Principal Life representative.



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Insurance issued by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, Iowa 50392-0001, [www.principal.com](http://www.principal.com)

The Mental/Nervous Substance Abuse Disorders Limitation rider is required on all DI policies in California.

This is a general description; it is not the policy, and does not modify or change the provisions of any policy or rider. All features, provisions and riders may not be available in all states, with all occupation classes and in conjunction with each other. They may also be subject to state variations and require an additional premium. Please read your policy carefully for exact definitions in your state.

Disability income insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.

Policy form HH 750; Rider forms HH 751, HH 755, HH 752CA, HH 753CA, HH 758CA, HH 759CA, HH 756CA, HH 757CA, HH 767CA, HH 769CA, HH 771CA, HH708CA