

GROUP LIFE AND DISABILITY INSURANCE POLICY

POLICYHOLDER: CITY OF IDAHO FALLS

POLICY NUMBER: ID 03810I

POLICY EFFECTIVE DATE: OCTOBER 1, 2008

POLICY ANNIVERSARY: OCTOBER 1, 2011 AND EACH SUCCEEDING OCTOBER 1

GOVERNING JURISDICTION: IDAHO

REGENCE LIFE AND HEALTH INSURANCE COMPANY agrees to pay the benefits provided by this Policy in accordance with its provisions.

This Policy is issued in consideration of the Application of the Policyholder, a copy of which is attached, and of payment of premiums as provided herein.

This Policy is governed by the laws of the State where it is delivered. This Policy, on its effective date, is amended to comply with the statutes of the governing jurisdiction and to the extent applicable by the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments. The entire Policy consists of:

1. all Policy provisions and any amendments and/or attachments issued;
2. the Certificate of Coverage; and
3. the Policyholder's signed application.

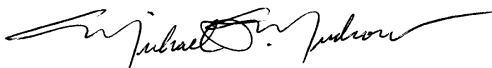
All terms of insurance under this Policy begin and end at 12:01 a.m. Standard time in the place where the Policy is delivered.

This Policy includes an Accelerated Benefit. Receipt of this benefit may adversely affect eligibility for Medicaid or other government benefits or entitlements and may be taxable. Assistance should be sought from a personal tax and/or legal advisor before applying for an Accelerated Benefit.

READ THIS POLICY CAREFULLY: It is a legal contract between the Policyholder and Regence Life and Health Insurance Company.

Signed for Regence Life and Health Insurance Company at its Home Office in Portland, Oregon on the Policy Effective Date.

Secretary



President



Non-Participating - This Policy Does Not Pay Dividends

POLICY TABLE OF CONTENTS

APPLICATIONAttached

GENERAL POLICY PROVISIONS PAGE

- A. Incorporation Provision **3**
- B. Minimum Enrollment Requirements **3**
- C. Payment of Premiums..... **3**
- D. Changing the Premiums **3**
- E. When This Policy Renews **4**
- F. When This Policy Terminates **4**
- G. Policyholder’s Reports - Records **4**
- H. Incontestability **4**

CERTIFICATE OF COVERAGE..... C-1

Regence
Life and Health
 Insurance Company

P.O. BOX 1271 E-3A
 PORTLAND, OR 97207-1271

APPLICATION FOR GROUP INSURANCE

GROUP NO.
 17038101

LEGAL NAME OF POLICYHOLDER The City of Idaho Falls	
GROUP ADMINISTRATOR Craig Lords	TYPE OF BUSINESS Municipality
ADDRESS OF POLICYHOLDER - SERVICE ADDRESS 308 Constitution Way, Idaho Falls, ID 83405	
PERSON RESPONSIBLE FOR PREMIUM PAYMENT Pam Nelson	PHONE NUMBER 208-612-8249
ADDRESS TO WHICH PREMIUM STATEMENTS SHOULD BE MAILED P.O. Box 50220 Idaho Falls, ID 83405-0220	
NAME, ADDRESS AND BILLING LOCATIONS OF SUBSIDIARIES, DIVISIONS OR AFFILIATES TO BE COVERED (Use a separate sheet if necessary) N/A	
EFFECTIVE DATE - 12:01 a.m. October 1, 2008	ANNIVERSARY DATE October 1
INELIGIBLE CLASSES/DIVISIONS, IF ANY N/A	NO. OF EMPLOYEES ELIGIBLE 605 ENROLLED 605

SCHEDULE OF BENEFITS

ELIGIBLE CLASSES	LIFE	AD&D, LOSS OF SIGHT	SHORT TERM DISABILITY	DEPENDENT LIFE INSURANCE
	AMOUNT OF INSURANCE	PRINCIPAL SUM 24 HOURS	NON-OCCUPATIONAL ONLY	
All employees working 20+ hours per week.	200% of annual salary to a \$100,000 max (rounded to the next higher \$1,000)	200% of annual salary to a \$50,000 max (rounded to the next higher \$1,000)	\$N/A	Spouse \$5,000
	\$	\$	\$	Children \$2,500 (Less than 6 mos.)
	\$	\$	\$	Children \$2,500 (6 mos. to age 25)
EMPLOYER CONTRIBUTION	100%	100%	N/A	100%
INITIAL MONTHLY PREMIUM RATE:	\$0.17 per \$1,000	\$0.03 per \$1,000	N/A	\$0.59 per family unit
VOLUNTARY COVERAGES: <input type="checkbox"/> VIP LIFE <input type="checkbox"/> SELECT LIFE <input checked="" type="checkbox"/> OTHER (Attach Schedule)				
Amounts of Basic Life and AD&D Insurance in excess of \$100,000 and all Voluntary coverages are subject to Evidence of Insurability satisfactory to Regence Life and Health Insurance Company. Any excess amounts are not in force until notified by Regence Life and Health Insurance Company.				

BENEFIT REDUCTIONS — Check one:

ADEA (Shown below)

AGE	PERCENTAGE OF SCHEDULE AMOUNT AVAILABLE
UP TO AGE 65	100%
65 - 69	65%
70 - 74	45%
75 - 79	30%
80 - 84	20%
85 - 89	15%
90 AND OVER	10%

ALL BENEFITS TERMINATE AT RETIREMENT OR LOSS OF ELIGIBILITY, WHICHEVER OCCURS FIRST.

OTHER (Include Schedule below)

AGE	PERCENTAGE OF SCHEDULE AMOUNT AVAILABLE
UP TO AGE 69	100%
70 - 74	65%
75 AND OVER	50%

ALL BENEFITS TERMINATE AT RETIREMENT OR LOSS OF ELIGIBILITY, WHICHEVER OCCURS FIRST.

Short Term Disability Benefits start on the sooner of: the N/A day of **accidental disability**; the N/A day of **sickness disability**; or the N/A day of **hospital confinement**. These benefits continue for a **maximum period of N/A weeks**. Maternity is covered as any other disability. All STD benefits terminate at retirement or loss of eligibility, whichever occurs first.

EMPLOYEE ELIGIBILITY: Each present or new employee is an "eligible employee" if he or she **works a minimum of 20 hours per week for the employer**, is a member of the eligible classes shown in this Application, is "actively at work" on the date the employee is to become insured, and has satisfied any waiting periods indicated below. **Each employee must be "actively at work" for a period of 0 days for present employees, or 0 days for new employees. Coverage will begin on the date employee is hired or actively at work.**

A list of employees not actively at work due to disability on the effective date of this Policy must be attached.

MINIMUM ENROLLMENT REQUIREMENTS: The Applicant agrees that: (1) if the employee contributes towards the cost of the insurance, then at least 75% of eligible employees must make application for coverage before the Policy Date; or (2) if the employee does not contribute towards the cost of the insurance, then all eligible employees must be insured. If the above provisions have not been met, or if less than 10 persons will be insured at the proposed effective date of the Policy, then this Application shall be deemed to have been withdrawn.

REPLACEMENT: Will this insurance add to or replace any insurance now in force, or in force within the past year, with another company covering employees eligible for this insurance?

No Yes If Yes, Name of Insurance Company Fortis

Termination Date of Prior Plan 9/30/2008

DEPOSIT OF \$9,632 TO APPLY ON THE FIRST PREMIUM.

This application is a part of the proposed contract. If the policy is issued, it is agreed that the initial premium rates and administrative provisions shall be: (1) stated in and subject to the policy; and (2) binding on you and us. Notification of changes in premium shall be made in accordance with the provisions of the policy.

DISCLOSURE: If You have a broker or agent, they may receive bonuses, commissions, administrative service fees or other compensation, including non-cash compensation, from Regence Life and Health Insurance Company. Incentives may be based on any of several factors with Regence Life and Health Insurance Company including the size of group business, the products you buy, your broker or agent's volume of business with Regence Life and Health Insurance Company and the other services your agent or broker provides to you. These incentives may have a direct or indirect impact on your rates. For more information, please contact your broker or agent.

INSURANCE FRAUD WARNING: Any person who knowingly provides false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company may be guilty of a crime. Penalties may include imprisonment, fines, and denial of insurance benefits.

DATED AT IDAHO FALLS, ID
 THIS 30th DAY OF SEPTEMBER, 2006.
 AGENT TERRI ANGLIE

APPLICANT CITY OF IDAHO FALLS
 BY [Signature]
 TITLE MUNICIPAL DIRECTOR

H.O. USE ONLY			
SIC #	REP #	ADV. NOTICE	AG #
	022	180	010152

GENERAL POLICY PROVISIONS

This section of the Policy explains some of the responsibilities of the Policyholder.

A. INCORPORATION PROVISION

The Certificate of Coverage, and any endorsements or riders enclosed therein, are hereby incorporated in and made a part of this Policy. The terms found in the Certificate of Coverage will control:

1. the benefit plan provisions;
2. eligibility and the effective date of insurance;
3. termination of insurance;
4. exclusions; and
5. other general policy provisions pertaining to state insurance law requirements.

B. MINIMUM ENROLLMENT REQUIREMENTS

If the Policyholder pays 100% of the premium for any coverage, then 100% of the eligible employees must be enrolled for that coverage.

If the Employee pays any portion of the premium for any coverage, then at least 75% of the eligible employees must be enrolled for that coverage.

A minimum of four employees must be insured by this Policy.

C. PAYMENT OF PREMIUMS

The premium payable is calculated as of the premium due date by multiplying the Policy's premium rates by:

1. the amount of insurance in force for all employees; **or**
2. the number of employees insured, if using a composite rate.

Premiums are due monthly.

We allow a grace period of 31 days after the due date for the Policyholder to pay any premium, except for the first. During the grace period, the coverage remains in force. If we do not receive full premium payment within 31 days after the due date, the Policyholder's coverage will terminate on the last day of the grace period. The Policyholder will be charged premium for the grace period.

D. CHANGING THE PREMIUMS

We may change the premium rates after the Policy has been in effect for at least 12 months by giving the Policyholder advance notice 180 days prior to the change.

We may change the premium rates or terminate the Policy at any time when:

1. the terms of the coverage change;
2. a division, subsidiary or affiliate is added to the plan of coverage; or
3. enrollment changes by more than 25%;

by giving the Policyholder advance notice 180 days prior to the change.

E. WHEN THIS POLICY RENEWS

This Policy may be renewed if the Policyholder and we agree on each Policy anniversary date for another 12 month term as long as premiums are paid in a timely manner.

F. WHEN THIS POLICY TERMINATES

This Policy will terminate:

1. if premiums have not been paid within 31 days after they are due (see Item C. PAYMENT OF PREMIUMS);
2. if the Policyholder, without good and sufficient cause, fails to perform, in good faith, the duties pertaining to this Policy, providing 31 days written notice is given; or
3. on the date we or the Policyholder designates, providing 31 days written notice is given.

We will honor all valid claims that arise prior to the termination date if the applicable premium is received.

G. POLICYHOLDER'S REPORTS - RECORDS

The Policyholder must, on a timely basis, furnish us with all data that we may require to administer the insurance under this Policy, including:

1. newly eligible employees;
2. changes in insurance amounts; and
3. terminations.

The Policyholder must also keep records of the insured employees and the specifics of their coverage.

At any reasonable time, we may inspect:

1. the Policyholder's or Employer's payroll records; and
2. any other records that may affect this insurance.

H. INCONTESTABILITY

In the absence of fraud, any statement by the Policyholder to obtain coverage under the Policy will be a representation and not a warranty. No misrepresentation will be used to reduce or deny a claim or to deny the validity of coverage unless:

1. coverage would not have been approved except for the misrepresentation;
2. the misrepresentation is contained in the signed Application; and
3. a copy of the Application containing the misrepresentation has been given to the Policyholder.

The validity of the Policy will not be contested after it has been in force for two years, except for nonpayment of premiums.

GROUP LIFE AND DISABILITY INSURANCE CERTIFICATE OF COVERAGE

POLICYHOLDER: CITY OF IDAHO FALLS

POLICY NUMBER: ID 03810I

EFFECTIVE DATE: OCTOBER 1, 2008

This is to certify that Regence Life and Health Insurance Company has issued and delivered the Group Life and Disability Insurance Policy to the Policyholder. The Policy insures the Employees of the Policyholder who are eligible for the insurance, become insured and continue to be insured according to the terms of the Policy. The terms of the Policy that affect your insurance are contained in the following pages. Your coverage may be terminated or modified in whole or in part under the terms and provisions of the Policy.

The Policy is delivered in and is governed by the laws of the governing jurisdiction and to the extent applicable by the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments.

This Certificate of Coverage describes the benefits that an insured Employee is entitled to receive and becomes a part of the Policy. **PLEASE READ THIS CERTIFICATE CAREFULLY.**

This Certificate voids and replaces any prior Certificate issued under the Group Policy Number shown above.

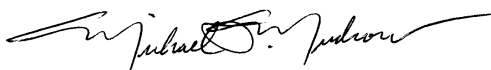
All terms of insurance under the Policy begin and end at 12:01 a.m. Standard time in the place where the Policy is delivered.

This Certificate includes an Accelerated Benefit. Receipt of this benefit may adversely affect eligibility for Medicaid or other government benefits or entitlements and may be taxable. Assistance should be sought from a personal tax and/or legal advisor before applying for an Accelerated Benefit.

The Coverage Outline on Page C-2 will tell you the classes of employees eligible for insurance, when eligibility for insurance begins, if you are required to contribute to the cost of your insurance, and the amounts of insurance provided by the Policy. The Table of Contents on Page C-3 will help you find specific provisions. The Index of Defined Terms on Page C-4 will tell you where to find the definitions of important terms used in this Certificate.

Signed for Regence Life and Health Insurance Company at its Home Office in Portland, Oregon.

Secretary



President



COVERAGE OUTLINE

ELIGIBLE CLASSES: Class 01 - All Full Time Employees working a minimum of 20 hours per week on a regular basis.

WAITING PERIOD: None

EMPLOYEE CONTRIBUTION: Life, AD&D and Dependent Life Insurance are noncontributory.

BENEFIT SCHEDULE

<u>ELIGIBLE CLASS</u>	<u>EMPLOYEE'S LIFE INSURANCE</u>	<u>EMPLOYEE'S AD&D PRINCIPAL SUM</u>
Class 01	2 times Annual Earnings, rounded to the next higher \$1,000, to a maximum of \$100,000	2 times Annual Earnings, rounded to the next higher \$1,000, to a maximum of \$50,000

LIFE GUARANTEE ISSUE AMOUNT: \$100,000

AD&D GUARANTEE ISSUE AMOUNT: \$50,000

BENEFIT REDUCTIONS: Life and AD&D Benefits reduce to 65% at age 70 and to 50% at age 75.

<u>ELIGIBLE CLASS</u>	<u>DEPENDENT LIFE INSURANCE</u>	
Class 01	<u>Spouse</u> \$5,000	<u>Children: Birth to age 25</u> \$2,500

**CERTIFICATE OF COVERAGE
TABLE OF CONTENTS**

Page C-5	Eligibility and Effective Dates Eligibility Effective Date of Insurance When We May Require Evidence of Insurability Actively At Work Provision Changes In Insurance When Insurance Ends
Page L-1	Life Insurance Facility of Payment Settlement Options Extension of Life Insurance During Total Disability Accelerated Benefit for Terminal Illness Conversion
Page AD-1	Accidental Death and Dismemberment Insurance Covered Losses Adaptive Home and Vehicle Benefit Child Education Benefit Coma Benefit Day Care Benefit Exposure and Disappearance Benefit Felony Assault Benefit Seat Belt and Air Bag Benefit Spouse Education Benefit Rehabilitation Benefit Repatriation Benefit Exclusions
Page DL-1	Dependent Life Insurance Dependent's Eligibility Dependent's Effective Date Deferred Effective Date Benefit Amount When Insurance Ends Extension of Insurance During Employee's Total Disability Conversion

Page CL-1

Claims

Claim Forms
Proof of Loss
Physical Exam and Autopsy
Payment of Claims
Review Procedure
Legal Actions
Allocation of Authority
Incontestability
Assignment

Page G-1

General Provisions

Misstatement of Age
Clerical Error or Omission
Policy Changes
Agency
Certificates
Workers' Compensation

INDEX OF DEFINED TERMS

We define some important terms used in this Certificate. Each term and its definition are enclosed in a box for ease of identification. Below is a listing of the page number where each term is defined.

Accelerated Benefit	L-7
Accidental Bodily Injury (for AD&D only)	AD-1
Active Employment.....	C-5
Actively at Work or Active Work	C-7
Air Bag	AD-7
Application	C-5
Automobile.....	AD-6
Beneficiary or Beneficiaries	L-1
Beneficiary Designation	L-1
Certificate	G-1
Child	DL-1
Children (for Facility of Payment only)	L-3
Coma	AD-4
Common Carrier.....	AD-2
Confirmation Statement	C-6
Contributory Insurance.....	C-6
Coverage Outline.....	C-5
Covered Loss (for AD&D only).....	AD-1
Dependent	DL-1
Earnings (for Life and AD&D only)	L-2
Employee.....	C-5
Employer	C-5
Evidence of Insurability	C-6
Expense Incurred (for Rehabilitation Benefit)	AD-8
Expense Incurred (for Spouse Education Benefit)	AD-7
Felonious Assault	AD-6
Noncontributory Insurance.....	C-6
Occupational Training (for AD&D only).....	AD-7

Physician (for Life and AD&D Insurance only).....	L-7
Policy.....	C-5
Policyholder	C-5
Private Automobile	AD-2
Proceeds (for Life and AD&D Insurance only).....	L-1
Proof or Proof of Loss	CL-1
Regular Care of a Physician (for Life Insurance only).....	L-5
Rehabilitative Training (for AD&D only).....	AD-8
Seat Belt	AD-6
Spouse	DL-1
Student (for AD&D only).....	AD-3
Terminally Ill or Terminal Illness	L-7
Total Disability or Totally Disabled (for Life Insurance only)	L-5
Waiting Period (for Eligibility)	C-6
We, Us and Our	C-5
You and Your.....	C-5

ELIGIBILITY AND EFFECTIVE DATES

This section explains how and when an Employee may enroll under the Policy and when an Employee's insurance will end.

Policy, when capitalized, means the insurance policy issued and delivered to the Policyholder, including any endorsements, amendments and/or riders.

Policyholder means the person, individual firm, trust or other organization named in the Application for the Policy and to whom the Policy has been issued.

Employer means the Policyholder and includes any division, subsidiary or affiliated company named in the Application for the Policy or any Policy amendments.

Application means the document showing the eligible classes, the amounts of insurance and other relevant information pertaining to the plan of insurance applied for by the Policyholder.

Coverage Outline means a summary of the eligible classes, Waiting Periods, amounts of insurance, and other relevant information which applies to the coverage provided by the Policy. It summarizes the plan data shown in the Policyholder's Application. The Coverage Outline forms Page C-2 of this Certificate.

We, Us and Our refer to Regence Life and Health Insurance Company.

You and Your refer to the insured Employee.

Employee means a person who:

1. is in Active Employment with the Employer;
2. is eligible for insurance according to the Coverage Outline;
3. has federal taxes deducted from his or her Earnings and has had FICA deducted, matched and remitted by the Employer; and
4. is not a temporary or seasonal Employee.

Active Employment means the Employee is:

1. working for the Employer on a regular and active basis for at least the minimum number of hours stated in the Coverage Outline;
2. receiving regular Earnings from the Employer; and
3. employed:
 - a. at the Employer's usual place of business; or
 - b. at a location to which the Employer's business requires the Employee to travel.

A. ELIGIBILITY

You are eligible for coverage under the Policy if you meet the eligibility requirements stated in the Coverage Outline. Your eligibility date is the **later** of:

1. the effective date of the Policy; or
2. the date specified in the Coverage Outline which follows your completion of the Waiting Period.

Waiting Period means the continuous length of time you must be in Active Employment before becoming eligible for coverage under the Policy. The Waiting Period is shown in the Coverage Outline.

B. EFFECTIVE DATE OF INSURANCE

Subject to Item D. ACTIVELY AT WORK PROVISION and any Evidence of Insurability requirements, you will become insured:

1. **for Noncontributory Insurance** - on your eligibility date;
2. **for Contributory Insurance** - as follows:
 - a. if you enroll within 31 days after first becoming eligible, on your eligibility date;
 - b. if you enroll more than 31 days after first becoming eligible, on the first day of the billing period following the date we approve Evidence of Insurability.

Noncontributory Insurance means you are not required to pay any part of the premiums.

Contributory Insurance means you must pay a part or all of the premiums. All such payments must be made directly to the Employer.

Evidence of Insurability means a statement or proof of a person's medical history which we will use to determine if the person is approved for insurance. Evidence of Insurability will be at the Employee's expense for late enrollees.

C. WHEN WE MAY REQUIRE EVIDENCE OF INSURABILITY

We will require Evidence of Insurability for all persons applying for insurance in any of the following situations:

1. the amount of insurance exceeds the guarantee issue amount shown in the Coverage Outline;
2. for Contributory Insurance - enrollment is made more than 31 days after you first became eligible; or
3. for life insurance, you have previously converted your insurance under the Policy to an individual policy which is in force. If you become eligible again following rehire, no coverage will take effect under the Policy unless satisfactory Evidence of Insurability is submitted to us.

The effective date of coverage may be delayed until we approve the Evidence of Insurability. If approved, you will receive a Confirmation Statement showing the amount and effective date of coverage. Coverage will begin on the effective date shown provided you are Actively at Work on that date and the required premium has been paid.

Confirmation Statement means a letter that verifies the benefit level you have been approved for and the effective date of coverage.

D. ACTIVELY AT WORK PROVISION

Coverage will take effect as scheduled only if you are Actively at Work all day on the last regular working day before the scheduled effective date. If you are absent from work due to illness (including pregnancy or complications of pregnancy) or injury, coverage will not become effective until the first day after you complete one full day of Active Work.

However, coverage will take effect on your regular day off, a holiday, or a paid vacation day, if the regularly scheduled effective date falls on that date and you were Actively at Work on the last regular working day before that date.

This Actively at Work requirement also applies to any increase in your coverage.

Actively at Work or Active Work means performing the material and substantial duties of your own occupation at the Employer's usual place of business.

If this policy replaces another group life policy within 60 days, this policy will cover you and your Dependents, without regard to actively at work or non-confinement provisions, if you and your Dependents:

1. were covered under the prior life policy on its termination date; and
2. are within the definitions of eligibility for this policy; and
3. would otherwise be eligible under this policy.

Life Insurance coverage for you and your Dependents will continue until the date coverage would end in accordance with the termination provisions of this policy.

This policy will not exclude or reduce benefits for pre-existing conditions for those Insureds and Dependents covered under the prior policy, if benefits would have been paid under the prior policy.

E. CHANGES IN INSURANCE

Changes in insurance due to changes in salary, classification and plan design, and age reductions due to attainment of specified ages will become effective on the first day of the month following or coinciding with the date of the change (or the 15th day of the month following or coinciding with the date of the change if the effective date of the Policy is the 15th of any month), except that:

1. all increases in insurance are subject to Item D. ACTIVELY AT WORK PROVISION; and
2. insurance which exceeds the guarantee issue amount shown in the Coverage Outline will not take effect until we have approved the Evidence of Insurability. In such case, the Policyholder and the Employee will be notified of the effective date of the insurance which is over the guarantee issue amount.

F. WHEN INSURANCE ENDS

Your insurance under the Policy will end on the **earliest** of the following dates:

1. the date the Policy terminates;
2. the last day of the period for which you have made any required contribution (Contributory Insurance);
3. the date employment terminates;
4. the date you retire;
5. the date you enter military service, except for temporary duty of less than 30 days. (Exception: See Item 6. d. below);
6. the date you cease to be eligible. However, if your:
 - a. ability to work is limited due to illness or injury; and
 - b. eligibility ends because of a reduction in the number of hours worked,insurance will be continued with premium payment during your period of disability, unless coverage ends under 1. through 5. above.

In addition, coverage may be continued with premium payment (unless coverage ends under 1. through 5. above), during:

- a. temporary layoff or labor dispute, including any strike, work slowdown, or lockout. Coverage will continue through the end of the month that immediately follows the month in which the temporary layoff or labor dispute begins;
- b. leave of absence approved in writing in advance by your Employer. Coverage will continue through the end of the month that immediately follows the month in which the leave of absence begins;
- c. Family and Medical Leave of Absence as defined by the Federal Family and Medical Leave Act of 1993, and any amendments. Coverage will continue up to the greater of the leave period required under the:
 - i. Federal Family and Medical Leave Act of 1993, and any amendments; or
 - ii. applicable state law.

If your Employer's company rules do not provide for continuation of an Employee's Short Term Disability coverage during a Family and Medical Leave of Absence, your coverage will be reinstated when you return to active employment. We will not:

- i. apply a new Waiting Period;
 - ii. apply a new pre-existing conditions exclusion; or
 - iii. require Evidence of Insurability;
- d. leave of absence for military service of 30 days or more. Coverage will continue for up to the greater leave period provided under b. or c. above.

LIFE INSURANCE

We will pay the Life Insurance Proceeds to the Beneficiary when we receive Proof of your death.

Beneficiary or **Beneficiaries** means the person or persons designated to receive the Life Insurance Proceeds.

Beneficiary Designation means the written instrument in which beneficiaries are named or changed. The Beneficiary Designation must be:

1. signed and dated by you; and
2. delivered to the Employer during your lifetime; and
3. in a form acceptable to us.

If the Policy replaces all or part of insurance provided by an earlier group policy through the same Employer, a Beneficiary Designation under the earlier policy may be accepted.

Proceeds means the amount of insurance we will pay as a benefit. This amount is based on the class of insurance for which the person is eligible on the last day of Active Work according to the Coverage Outline.

Earnings means wages or salary received from the Employer but **does not** include:

1. overtime pay;
2. bonuses; or
3. any other form of extra compensation, except commissions.

Commissions will be averaged over the 12 month period just prior to the date of loss or for the period of employment if less than 12 months.

If you are a Partner, Sole Proprietor, Owner/Employee of a Limited Liability Company or a Shareholder of a Subchapter S-Corporation, your Earnings will be determined as follows:

Partnership - Earnings for a partner means your income as an insured partner and is computed:

1. from the line which shows “net earnings (loss) from self-employment” from your Schedule K-1 of the partnership federal income tax return from your Employer for the calendar year just prior to the date of your loss; or
2. if you have not been a partner for the entire calendar year prior to the date of your loss, your income will be computed based on the actual period during which you have been a partner.

It does not include income received from sources other than your Employer.

We reserve the right to verify reported earnings prior to and at any time during the benefit payment process.

Sole Proprietor – Earnings means your net profit (or loss) averaged for the lesser of:

1. the calendar year prior to the date of your loss; or
2. the period that you have been a sole proprietor, if you have been a sole proprietor for less than one calendar year.

Net profit (or loss) is computed from your Schedule C as the gross income less all expenses. It does not include income received from sources other than your Schedule C earnings.

We reserve the right to verify reported earnings prior to and at any time during the benefit payment process.

Owner/Employee of a Limited Liability Company or Shareholder of a Subchapter S-Corporation – Earnings means your income as an insured Limited Liability Company owner/employee or an insured Subchapter S-Corporation shareholder and is computed as:

An average of the W-2 and/or K-1 income from your Employer for:

1. the calendar year prior to the date of your loss; or
2. the period that you have been a Limited Liability Company owner/employee or a Subchapter S-Corporation shareholder, if you have been an insured Limited Liability Company owner/employee or an insured Subchapter S-Corporation shareholder for less than one calendar year.

Earnings are based on the line from your Schedule K-1 which reflects ordinary income (loss) from trade or business activities from your Employer and/or your W-2 from your Employer. W-2 income is computed from your W-2 form income box which reflects wages, tips and other compensation.

Earnings does not include income received from sources other than your Employer.

We reserve the right to verify reported earnings prior to and at any time during the benefit payment process.

FACILITY OF PAYMENT

The following paragraphs describe to whom we will pay the Proceeds when you die. Our liability for the payment ends if we make it in good faith.

A. PAYMENT TO BENEFICIARIES

We will pay the Proceeds to the designated Beneficiary or Beneficiaries listed on your enrollment form. If one or more Beneficiaries die before you, the deceased Beneficiaries and their estates have no rights to the Proceeds. Two or more surviving Beneficiaries will share equally, unless otherwise specified.

B. WHEN THERE IS NO SURVIVING BENEFICIARY

If there is no designated Beneficiary, or if the designated Beneficiary does not survive you, we will pay the Proceeds in equal shares to your surviving relatives of the highest rank of the following:

1. spouse;
2. children;
3. parents; or
4. your estate.

Children , for the purposes of this Facility of Payment provision only, means biological children and adopted children.
--

C. IF THE BENEFICIARY IS A MINOR OR INCOMPETENT

If a Beneficiary is a minor or not competent, we have the right to pay up to \$1,000 to the person or institution who appears to us to have assumed the Beneficiary's custody and principal support. We will take this action until or unless a formal complaint is made by a legal representative of the Beneficiary.

Our liability for the above payment ends if we make it in good faith. We will pay remaining benefits upon Proof acceptable to us of guardianship or conservatorship to the legal estate of the minor child or incompetent Beneficiary.

D. ADDITIONAL PAYMENT OF PROCEEDS

We may pay up to \$500 of the Proceeds, according to law, to any person who appears to us to have incurred costs from your last illness, death, or funeral.

SETTLEMENT OPTIONS

We will pay the Proceeds in a lump sum to the designated Beneficiary or Beneficiaries unless another settlement option has been selected. Following are the other settlement options available.

A. MONTHLY PAYMENTS

Proceeds may be paid to each Beneficiary on a monthly basis for a fixed term of years if:

1. a written election is made by you; or
2. we receive a written request from each Beneficiary who is to receive Proceeds; and
3. we agree.

Each such monthly payment must be at least \$100.

The following table describes how monthly payments will be calculated.

TABLE OF MONTHLY PAYMENTS PER \$1,000 OF PROCEEDS

<u>Years Payable</u>	<u>Monthly Payment</u>
1	\$84.28
2	\$42.66
3	\$28.79
4	\$21.86
5	\$17.70
10	\$ 9.39
15	\$ 6.64
20	\$ 5.27

The above payments are based on 2.5% interest, compounded annually. We may also pay an additional interest that we may declare from year to year.

The first payment will be paid:

1. on the date Proceeds would have been paid in one sum; or
2. on the date the Beneficiary requests.

If all Beneficiaries receiving monthly payments die, we will pay the unpaid Proceeds plus earned interest in one sum to the estate of the last surviving Beneficiary.

B. OTHER SETTLEMENT OPTIONS

Other settlement options may be arranged if you and we agree. We will furnish data on these other options upon request.

EXTENSION OF LIFE INSURANCE DURING TOTAL DISABILITY

This provision does not apply to Accidental Death and Dismemberment Insurance.

Subject to the conditions which follow, we will continue your Life Insurance if we receive Proof of your Total Disability which began while this insurance was in force.

Total Disability or **Totally Disabled** means that as the result of illness or injury you are unable to perform the material duties of **any** occupation for which you are or become reasonably suited by education, training or experience and under the Regular Care of a Physician.

Regular Care of a Physician means attended by a Physician whose treatment is:

1. consistent with the diagnosis of the disabling condition; and
2. according to guidelines established by medical, research and rehabilitative organizations; and
3. administered as often as needed to achieve the maximum medical improvement.

Premiums for you must be paid to us during the first six months of your continuous Total Disability. If you submit Proof of Total Disability acceptable to us, Life Insurance will be continued without further payment of premium:

1. for the period of continuous Total Disability beyond six months; and
2. for as long as the required Proof of continuous Total Disability is given to us, subject to Item D. **WHEN EXTENDED LIFE INSURANCE ENDS.**

We will refund up to 12 months of premiums that were paid for Life Insurance after the date you became Totally Disabled.

A. QUALIFYING FOR EXTENDED INSURANCE

To qualify for extended insurance, you must:

1. be Totally Disabled due to injury or illness;
2. first become Totally Disabled while insured for Life Insurance under this Policy;
3. have been Totally Disabled for at least six consecutive months;
4. be under age 60 on the date Total Disability began;
5. give us written Proof of continuous Total Disability within 12 months after the date the Total Disability began; and
6. give us written Proof of continuous Total Disability during the last three months of each subsequent 12 month term after the first.

If Proof of continuous Total Disability cannot be given to us within these times:

1. it must be given as soon as is reasonably possible; and
2. it must be given within three months after the time it is otherwise required.

We have the right to require that you undergo an exam by a Physician of our choice or approved by us. This exam will be done at our expense. We will not require an exam more than once a year after Total Disability has continued for two years.

NOTE: If you become Totally Disabled on or after your 60th birthday, but before age 65, your insurance may continue for up to 1 year subject to Item D. **WHEN EXTENDED LIFE INSURANCE ENDS.**

If you do not meet the above conditions for extended insurance and your coverage ends under the Policy, you may convert to an individual life policy under the terms shown in **CONVERSION.**

B. AMOUNT OF EXTENDED INSURANCE

The amount of insurance extended or paid will be the amount for which you were covered on the last day of Active Work, subject to any reduction or termination provisions of the Policy.

C. IF THE INSURED DIES

If you die prior to the date satisfactory Proof of Total Disability is furnished, we will pay the amount that would otherwise have been continued, if:

1. the Total Disability began while you were covered under the Policy; and
2. your death occurred within one year after the date the Total Disability began; and
3. we are given Proof of continuous Total Disability within one year after the date you died; and
4. we are given Proof of death.

D. WHEN EXTENDED LIFE INSURANCE ENDS

Extended Life Insurance will end on the earliest date you:

1. are no longer Totally Disabled;
2. fail to give us the required Proof of continuous disability;
3. refuse to undergo a medical exam at our request; or
4. convert to an individual policy.

E. CONVERSION RIGHTS

If this extended Life Insurance benefit ends, or is denied, you become entitled to the conversion rights of the Policy as if eligibility ended on the date this benefit ended or was denied. However, if you become insured again under the Policy within 31 days after extended benefits ended, conversion rights will be denied.

ACCELERATED BENEFIT FOR TERMINAL ILLNESS

This provision does not apply to Accidental Death and Dismemberment Insurance.

If you are diagnosed by a Physician as Terminally Ill while insured for Life Insurance under the Policy, you may request payment of an Accelerated Benefit.

Accelerated Benefit means the amount of Life Insurance that may be paid in advance of your death if you are Terminally Ill. The amount of the Accelerated Benefit will be determined as shown in Item A. BENEFIT AMOUNT AND BENEFIT COST.

Terminally Ill or **Terminal Illness** means that you are diagnosed as having a medical condition that causes your life expectancy to be twelve months or less. Satisfactory Proof of such limited life expectancy must be submitted to us. Proof shall include, but is not limited to, clinical, radiological and laboratory evidence.

We may require, at our expense, an exam by a Physician of our choice.

Physician means a person who:

1. is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
2. is legally qualified as a medical practitioner and is required to be recognized under the Policy for insurance purposes according to the insurance statutes/regulations of the governing jurisdiction; and
3. is not the Employee or a relative of the Employee.

A. BENEFIT AMOUNT AND BENEFIT COST

If you voluntarily request payment of an Accelerated Benefit and provide satisfactory Proof, we will pay the benefit to you. You may select the Accelerated Benefit amount, except that the amount may not exceed the **lesser** of:

1. 80% of the Life Insurance in force on your life; or
2. \$150,000.

There is no cost for the Accelerated Benefit unless it is exercised. If exercised, the cost will be the interest, in advance, on the Accelerated Benefit for twelve months.

In no event will the interest rate be higher than the **greater** of:

1. the current yield on 90-day Treasury bills; or
2. the current maximum statutory adjustable policy loan interest rate.

The following formula will be used to calculate the interest charged:

Let A = amount of Accelerated Benefit you requested
i = annual interest rate charged
I = amount of interest charged

$$I = A - \frac{A}{1 + i}$$

The cost of the benefit as defined above will be deducted from the Accelerated Benefit Proceeds.

The Accelerated Benefit will be paid in one lump sum. Only one Accelerated Benefit may be paid during your lifetime.

B. CONDITIONS

Payment of an Accelerated Benefit is subject to the following conditions:

1. The written consent of any assignee or irrevocable beneficiary must be given to us.
2. The Accelerated Benefit is available on a voluntary basis only, therefore:
 - a. if you are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise; or
 - b. if you are required by a government agency to use this option in order to apply for, obtain or keep a government benefit or entitlement;you are not eligible for this benefit.
3. In the event you die after a request is made, but before the Accelerated Benefit is paid:
 - a. the Accelerated Benefit is not payable; and
 - b. the Life Insurance Proceeds of the Policy will be paid to the Beneficiary as if no request had been made.
4. The Accelerated Benefit is not available to retirees.

C. INDEPENDENT MEDICAL OPINION

If you and we do not agree on the diagnosis of Terminal Illness, either may request, in writing, the opinion of an independent Physician as follows:

1. Each party will select a Physician.
2. Both Physicians will:
 - a. examine you and all medical records; and
 - b. submit an opinion.
3. If the two Physicians do not agree, they will choose a third disinterested Physician acceptable to both.
4. The third Physician will:
 - a. examine you and the medical records; and
 - b. provide an independent third opinion.
5. If the opinion of the third Physician is in your favor, we will:
 - a. accept the decision as binding; and
 - b. pay the expenses of the Physicians involved.
6. If the opinion is in our favor:
 - a. we will pay the expenses of our Physician and the third Physician; and
 - b. you will pay the expenses of your Physician.
7. A decision by the third Physician in our favor is not binding on you; you may take further action.

D. EFFECT ON LIFE AMOUNT

The amount of your Life Insurance after payment of an Accelerated Benefit will be the amount of Life Insurance in force as if no Accelerated Benefit had been paid; **less:**

1. the cost of this benefit (as figured in Item A. BENEFIT AMOUNT AND BENEFIT COST); and
2. the Accelerated Benefit paid to you.

E. WAIVER OF PREMIUM

At the time the Accelerated Benefit is paid, we will waive the Life Insurance premium for the amount of Life Insurance which remains in force.

CONVERSION

This provision does not apply to Accidental Death and Dismemberment Insurance.

Subject to the conditions which follow, any person insured under the Policy may convert all or part of this coverage to an individual life policy without Evidence of Insurability.

A. ELIGIBILITY FOR CONVERSION

An insured person will be eligible to obtain an individual life insurance policy during the conversion period if his or her coverage, or any portion of it, ends under the Policy due to:

1. termination of employment;
2. termination of membership in an eligible class;
3. ceasing to be eligible according to the eligibility provisions of the Policy;
4. retirement; or
5. termination or reduction of benefit due to reaching a specified age as shown in the Coverage Outline.

B. TIME LIMIT FOR CONVERSION

We will issue an individual life policy only if the insured person gives us a written request to convert within 31 days of the date his or her coverage ends under the Policy.

The premiums for the first term of coverage for the individual policy must be paid before the policy will be issued. The new policy will take effect at the end of the 31 day conversion period.

C. CONVERSION POLICY BENEFITS

The conversion policy may be on any individual plan of life insurance offered by us, except term insurance. The new policy will not include disability or any other supplemental benefits. Premium rates for the new policy will be based on:

1. the person's age at the date of issue; and
2. the premium rates then in use by us.

The face amount of the new policy may not exceed the amount of group life insurance in force on the last day of coverage, but must be at least \$1,000.

D. CONVERSION WHEN THE POLICY TERMINATES

If the Policy terminates or if the Policy is amended so as to reduce or terminate insurance, the person's conversion rights are limited as follows:

1. Conversion is available only if the person was covered under the Policy for five years prior to the date of termination of insurance; and
2. The amount the person may convert is limited to the lesser of:
 - a. the amount of insurance which ended under the Policy, less any other group life insurance through the same Employer for which the person becomes eligible during the 31 day conversion period; or
 - b. \$10,000.

The face amount of the new policy must be at least \$1,000.

E. IF THE INSURED PERSON DIES

If the insured person dies during the 31 day conversion period, we will pay a life benefit under the Policy. The Proceeds payable will be the maximum amount available for conversion, whether or not application for conversion was made.

Any individual policy issued in accordance with this conversion provision must be surrendered without a claim and any premiums paid for it will be refunded.

F. PROTECTING THE RIGHT TO EXTENDED INSURANCE

Conversion to an individual policy will not void any right under extended insurance if all of the conditions of that provision are met within the time required. If insurance is extended, any individual policy issued in accordance with this conversion provision must be surrendered without a claim and any premiums paid for it will be refunded.

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

We will pay the amount of the Proceeds shown in the Table of Losses below when we receive satisfactory Proof of Accidental Bodily Injury to you which results in a Covered Loss. Such loss must:

1. result from an Accidental Bodily Injury which occurred while insured for this benefit; and
2. occur within 365 days after the date of the Accidental Bodily Injury.

Accidental Bodily Injury means immediate traumatic physical damage to the body which:

1. results directly from an unexpected and unintentional event; and
2. is independent of disease, bodily infirmity or any other cause.

Covered Loss means, with regard to:

1. **Life** - death;
2. **Hand or foot** - complete severance through or above the wrist or ankle joint;
3. **Thumb and index finger** - complete severance through or above the metacarpophalangeal joints;
4. **Sight** - entire and unrecoverable loss of sight;
5. **Speech or Hearing** - entire and unrecoverable loss of speech or hearing (loss in both ears);
6. **Uniplegia** - complete and irreversible loss of the use (paralysis) of one limb;
7. **Paraplegia** - complete and irreversible loss of the use (paralysis) of both lower limbs;
8. **Hemiplegia** - complete and irreversible loss of the use (paralysis) of the upper and lower limbs on one side of the body;
9. **Triplegia** - complete and irreversible loss of the use (paralysis) of three limbs; or
10. **Quadriplegia** - complete and irreversible loss of the use (paralysis) of both upper and both lower limbs.

We will pay the Proceeds to the Beneficiary in the case of Accidental Loss of Life. Unless otherwise specified, Proceeds for all other Covered Losses are payable to you.

A. COVERED LOSSES

Table of Losses

We will pay the Proceeds for a Covered Loss as shown in the following table:

<u>For Accidental Loss of</u>	<u>Amount Payable</u>
Life	Principal Sum
Quadriplegia	Principal Sum
Triplegia or Paraplegia	Three-quarters of the Principal Sum
Hemiplegia	One-half of the Principal Sum
One hand, one foot or sight of one eye.....	One-half of the Principal Sum
Speech or Hearing	One-half of the Principal Sum
Uniplegia	One-quarter of the Principal Sum
Thumb and Index finger on either hand	One-quarter of the Principal Sum
Two or more of the above losses resulting from the same accident.....	Principal Sum or the sum of the Proceeds payable for each loss, whichever is less

The Accidental Death and Dismemberment " Principal Sum " is shown in the Coverage Outline.

No more than 100% of the Principal Sum will be paid for all Covered Losses resulting from any one accident, except as specifically provided under Items B. through K. below.

B. ADAPTIVE HOME AND VEHICLE BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you suffer an Accidental Bodily Injury which results in a Covered Loss, an Adaptive Home and Vehicle Benefit will be payable in addition to the Covered Loss. For this benefit to be payable:

1. Such home alterations must be:
 - a. made by a person or persons with experience in such alterations; and
 - b. recommended by a recognized organization associated with the injury;
2. such vehicle modifications must be:
 - a. carried out by a person or persons with experience in such matters; and
 - b. approved by the Motor Vehicle Department.

The Adaptive Home and Vehicle Benefit payable is the lesser of:

1. 5% of the Principal Sum; or
2. \$5,000; or
3. the actual one-time cost,

for such alterations and/or modifications, incurred within two years from the date of the accident, to your:

1. principal residence; and/or
2. Private Automobile,

to make the residence accessible to you, or the Private Automobile driveable or rideable for you.

<p>Private Automobile means a four-wheeled, private passenger car, station wagon, pick-up truck, van or jeep-type automobile which is not being used as a Common Carrier.</p>
--

<p>Common Carrier means a conveyance operated by a concern, other than the Employer, organized and licensed for the transportation of passengers for hire and operated by an employee of that concern.</p>

C. CHILD EDUCATION BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you die as a result of an Accidental Bodily Injury, a Child Education Benefit is payable in addition to the Principal Sum. This benefit is payable to each Dependent child who qualifies as a Student.

Student, for the purpose of this Child Education Benefit, means a person who is your Dependent on the date of your death and who:

1. is a post-high school student who attends a school for higher learning on a full time basis on the date of your death; or
2. became a full time post-high school student in a school for higher learning within 365 days after your death and was a student in the 12th grade on the date of your death.

The term “full time” student shall mean registered for not less than 12 course credit hours per semester. If the institution establishes full time student status by a method other than semester credit hours, we reserve the right to determine whether the student qualifies as full time.

No benefit is payable to any Dependent child who has not furnished proof to us of his or her Student status.

The Child Education Benefit payable is the lesser of:

1. the actual tuition expense for any one school year; or
2. 5% of the Principal Sum; or
3. \$5,000.

We will not pay more than one Child Education Benefit per Student during any one school year.

If the Student is a minor, we will pay benefits to the Student’s legal representative.

The Child Education Benefit will no longer be payable on the first to occur of:

1. the date on which the 4th Child Education Benefit is paid; or
2. the end of the 12th consecutive month during which the Dependent has not furnished satisfactory proof to us that he or she is a Student.

If no Dependent child qualifies as a Student, we will pay \$2,500, in accordance with your beneficiary designation.

D. COMA BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if as a result of an Accidental Bodily Injury you:

1. become Comatose within 31 days from the date of the accident; and
2. remain continuously Comatose for at least 30 days,

we will pay a Coma Benefit.

Coma means complete and continuous:

1. unconsciousness; and
2. inability to respond to external or internal stimuli.

The Coma Benefit is a monthly amount equal to 1% of the Coma Maximum Benefit Amount and is payable for each month after the 30-day waiting period in which you remain in a Coma.

The Coma Maximum Benefit Amount equals the Principal Sum under the AD&D Benefit, less all other payments under the AD&D Benefit for all losses which are due to the same accident.

The Coma Benefit will no longer be payable on the earliest of:

1. the end of the month in which you die;
2. the end of the month in which you recover from the Coma;
3. the date on which the total of Coma Benefit payments equals the Coma Maximum Benefit Amount; or
4. the date on which 100 Coma Benefit payments have been made.

E. DAY CARE BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you die as a result of an Accidental Bodily Injury, a Day Care Benefit is payable in addition to the Principal Sum. The Day Care Benefit is payable for each Dependent if:

1. such Dependent is less than age 7 at the time of your death; and
2. proof of such Dependent's enrollment in a Day Care Program is provided as described below.

The Day Care Benefit payable is the lesser of:

1. 5% of the Principal Sum; or
2. \$5,000.

One Day Care Benefit is payable each year for each Dependent who qualifies for Day Care Benefits. No more than four Day Care Benefits will be payable for each Dependent. Payment will be made to the person who has primary responsibility for such Dependent's expenses.

Proof of a Dependent's enrollment in a Day Care Program may be in the form of, but will not be limited to, the following:

1. a copy of the Dependent's approved enrollment application in a Day Care Program;
2. canceled check(s) which prove payment for a Day Care Program; or
3. a letter from the Day Care Program stating that the Dependent:
 - a. is attending a Day Care Program; or
 - b. has been enrolled in a Day Care Program and will be attending within 365 days of your death.

Proof of enrollment must be sent to us prior to the last day of the 12th month on or next following the date of your death.

Day Care Program means a program of child care which:

1. is operated in a private home, school or other facility;
2. provides and charges a fee for the care of children; and
3. is licensed as a Day Care Center or is operated by a licensed Day Care Provider, if such licensing is required by the state or jurisdiction in which it is located; or
4. if licensing is not required, provides child care on a daily basis for 12 months a year.

A Day Care Program will not mean a program of child care which is provided by an immediate relative of the child receiving the care. An immediate relative is a sibling, parent, step-parent, grandparent, aunt or uncle.

If no Dependent qualifies for Day Care Benefits, we will pay \$2,500, in accordance with your beneficiary designation.

F. EXPOSURE AND DISAPPEARANCE BENEFIT

Exposure to the elements which results in a Covered Loss will be presumed to be an Accidental Bodily Injury if:

1. it results from the forced landing, stranding, sinking or wrecking of a conveyance in which you were an occupant at the time of the accident; and
2. the Policy would have covered an Accidental Bodily Injury resulting from the accident.

We will presume that you suffered Loss of Life if:

1. your body has not been found within one year after the disappearance of a conveyance in which you were an occupant at the time of its disappearance;
2. the disappearance of the conveyance was due to its accidental forced landing, stranding, sinking or wrecking; and
3. the Policy would have covered an Accidental Bodily Injury resulting from the accident.

G. FELONIOUS ASSAULT BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if:

1. you suffer an Accidental Bodily Injury as the result of a Felonious Assault; and
2. the Accidental Bodily Injury results in a Covered Loss within 180 days after the date of the Accidental Bodily Injury,

a Felonious Assault Benefit is payable in addition to the Principal Sum.

The Felonious Assault Benefit payable is an amount equal to 10% of the Principal Sum.

Felonious Assault means a violent or criminal act directed at you during the course of:

1. a robbery, hold-up, kidnapping or criminal assault; or
2. an attempt at any of the above,
which constitutes a felony under the law.

Such Felonious Assault must not be committed by an Employee of the Employer, or by your family member, or by a member of the household in which you live.

H. SEAT BELT BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you die as a result of an Accidental Bodily Injury, while:

1. a passenger riding in; or
2. the licensed operator of,

an Automobile and, at the time of the accident, you were properly wearing a Seat Belt as verified on the police report, then a Seat Belt Benefit will be payable in addition to the Principal Sum.

The Seat Belt Benefit payable is the lesser of:

1. the Principal Sum; or
2. \$50,000.

Automobile means a duly registered four-wheeled, private passenger car, pick-up truck, van, self-propelled motor home or sport utility vehicle which is not being used as a Common Carrier.

Seat Belt means an unaltered belt, lap restraint, or lap and shoulder restraint installed by the manufacturer of the Automobile, or proper replacement parts as required by the Automobile manufacturer's specifications.

AIR BAG BENEFIT

If a Seat Belt Benefit is payable, we will pay an additional 50% of the Seat Belt Benefit, not to exceed \$5,000, as an Air Bag Benefit, provided that:

1. you were positioned in a seat that was equipped with a factory installed Air Bag; and
2. you were properly strapped in the Seat Belt when the Air Bag inflated; and
3. the police report establishes that the Air Bag inflated properly upon impact.

Air Bag means an inflatable supplemental passive restraint system installed by the manufacturer of the Automobile, or proper replacement parts as required by the Automobile manufacturer's specifications, that inflates upon collision to protect an individual from injury and death. An Air Bag is not considered a Seat Belt.

I. SPOUSE EDUCATION BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you die as a result of an Accidental Bodily Injury, a Spouse Education Benefit is payable in addition to the Principal Sum. This benefit is payable to your Spouse.

To qualify for this benefit, your Spouse must be enrolled in an Occupational Training program:

1. for the purpose of obtaining an independent source of income; and
2. within one year of the date of your death.

The Spouse Education Benefit payable is the lesser of:

1. the Expense Incurred for Occupational Training; or
2. 5% of the Principal Sum; or
3. \$5,000.

We will pay the Spouse Education Benefit immediately after we receive proof that your Spouse has enrolled in an Occupational Training Program.

If there is no surviving Spouse, we will pay \$2,500, in accordance with your beneficiary designation.

Occupational Training means any:

1. education;
2. professional; or
3. trade training

program which prepares the Spouse for an occupation for which he or she otherwise would not have been qualified.

Expense Incurred means:

1. the actual tuition charged, exclusive of room and board; and
2. the actual cost of the materials needed

for the Occupational Training program. The expense must be incurred during the two year period that begins on the date of your death.

J. REHABILITATION BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you suffer an Accidental Bodily Injury which results in a Covered Loss, a Rehabilitation Benefit will be paid in addition to the Principal Sum.

The Rehabilitation Benefit payable is the lesser of:

1. the Expense Incurred for Rehabilitative Training; or
2. 5% of the Principal Sum; or
3. \$5,000.

Rehabilitative Training means any training which:

1. is required due to your injury; and
2. prepares you for an occupation in which you would not have engaged except for the injury.

Expense Incurred means the actual cost of the:

1. training; and
2. materials needed for the training.

The expense must be incurred during the two-year period that begins on the date of your accident.

K. REPATRIATION BENEFIT

Subject to all conditions and limitations of this AD&D Benefit, if you die as the result of an Accidental Bodily Injury, a Repatriation Benefit will be paid in addition to the Principal Sum. For a Repatriation Benefit to be payable, the death must occur outside the territorial limits of the state or country of your place of permanent residence.

The Repatriation Benefit payable is the lesser of:

1. the expense incurred for:
 - a. preparation of your body for burial or cremation; and
 - b. transportation of your body to the place of burial or cremation; or
2. 5% of the Principal Sum; or
3. \$5,000.

L. EXCLUSIONS

Even though a loss results from Accidental Bodily Injury, no payment will be made under this section if either the Accidental Bodily Injury or the loss are caused by, or incurred as a result of, any of the following:

1. suicide, intentionally self-inflicted injury, or any attempt to injure oneself, while sane or insane;
2. active participation in a riot. "Active participation" does not include being at the scene of a riot during the performance of official duties;
3. war or any act of war, whether declared or undeclared;
4. injury suffered while serving in the military forces of any country;
5. committing or attempting to commit an assault or felony;
6. any sickness, disease or pregnancy existing at the time of the Accidental Bodily Injury, or any medical treatment for such sickness, disease or pregnancy;
7. heart attack (including but not limited to myocardial infarction) or stroke (including but not limited to cerebrovascular accident);
8. bodily infirmity or disease from bacterial or viral infections, other than infection caused from an Accidental Bodily Injury sustained while you were covered under this section of the Policy;
9. taking medications, drugs, sedatives, narcotics, barbiturates, amphetamines or hallucinogens unless prescribed for you and used and consumed in accordance with the directions of the prescribing physician or administered to you by a licensed physician; or

Extension of Benefits: In the event you suffer a covered loss due to dismemberment, paralysis, loss of sight, speech or hearing after this policy terminates as a result of a disabling condition that occurred while this policy was in effect, benefits for such dismemberment, paralysis, loss of sight, speech or hearing will be payable under this policy, in accordance with its terms, limitations and exceptions as if this policy had not terminated.

DEPENDENT LIFE INSURANCE

We will pay the Proceeds due under this Dependent Life Insurance section to you when we receive Proof of an insured Dependent's death.

Dependent means your Spouse or Child who is not in full time military service.

Spouse means your legal husband or wife as defined by your state of residence. If a husband and wife are both insured under this Policy as Employees, then each may be insured as a Spouse under the other Employee's Dependent Life Insurance.

Child means your unmarried child from live birth up to the limiting age shown in the Coverage Outline. Such child must be dependent on you or your Spouse for full or partial support of at least 50%, and includes:

1. your biological child, adopted child or step-child;
2. a child placed in your home pending adoption by you; or
3. a child related to you by blood or marriage for whom you or your Spouse are the legal guardian.

A disabled child can remain insured past the limiting age shown in the Coverage Outline. Such child must be:

1. unmarried;
2. incapable of self-support because of a physical, mental or developmental disability; and
3. chiefly dependent on you for support or maintenance; or
4. institutionalized due to physical handicap or developmental disability;

and the disabling condition must have existed before the child reached the limiting age shown in the Coverage Outline.

To obtain continued coverage, you must apply to us and receive approval from us before the disabled child attains the limiting age. We may require subsequent Proof of continuing disability at reasonable intervals.

A. DEPENDENT'S ELIGIBILITY

A dependent becomes eligible for coverage on the later of the following dates:

1. the date you become eligible; or
2. the date the person becomes a Dependent.

B. DEPENDENT'S EFFECTIVE DATE

Subject to Item C. DEFERRED EFFECTIVE DATE and any Evidence of Insurability requirements, an eligible Dependent becomes insured:

1. for **Noncontributory Insurance** - on the later of the following dates:
 - a. the date your insurance takes effect; or
 - b. the date you first acquire a Dependent.

2. for **Contributory Insurance** - as follows:

- a. for Dependents enrolling within 31 days after first becoming eligible, on the date the Dependent becomes eligible; or
- b. for Dependents enrolling more than 31 days after first becoming eligible, on the first day of the billing period following the date we approve Evidence of Insurability for such dependent. If approved, you will receive a Confirmation Statement showing the amount and effective date of coverage. Coverage will begin on the effective date shown, subject to Item C. DEFERRED EFFECTIVE DATE, provided you are Actively at Work on that date and the required premium has been paid.

C. DEFERRED EFFECTIVE DATE

If, on the date a Dependent would otherwise become insured or receive an increase in coverage, the Dependent is confined to a hospital, skilled nursing facility or similar institution due to an illness or injury, that Dependent's effective date will be deferred until the Dependent is no longer confined.

D. BENEFIT AMOUNT

We will pay Proceeds based on the amount of insurance shown in the Coverage Outline for:

1. the Dependent's age at the time of his or her death; and
2. according to your class on the date of the Dependent's death.

E. WHEN INSURANCE ENDS

A Dependent's insurance under the Policy will end on the **earliest** of the following dates:

1. the date the person ceases to be an eligible Dependent;
2. for the Spouse, the date divorce is final;
3. the last day of the period for which you have made any required contribution (Contributory Insurance);
4. the date your coverage under the Policy ends; or
5. the date all Dependent coverage ceases under the Policy.

F. EXTENSION OF DEPENDENT'S INSURANCE DURING EMPLOYEE'S TOTAL DISABILITY

Basic life insurance for insured Dependents will remain in force without payment of premium during the period your life insurance is continued under the EXTENSION OF LIFE INSURANCE DURING TOTAL DISABILITY provision. (See LIFE INSURANCE.) All of the Policy's eligibility and termination provisions will apply to each Dependent during the continuation period.

G. CONVERSION

If an insured Dependent no longer qualifies for life insurance under the Policy, the Dependent may be able to exercise the right to a conversion policy. Refer to the CONVERSION provision in LIFE INSURANCE for the conditions under which conversion may be available.

CLAIMS

This section explains some of the terms and conditions relating to payment of claims.

A. CLAIM FORMS

We will furnish the claim forms for filing Proof of Loss within 15 days after they are requested. If we do not do so, the claimant may comply with the Proof of Loss requirements of the Policy by submitting:

1. written Proof showing the occurrence, nature and extent of the loss for which claim is made;
2. the Proof within the time fixed in Item B. PROOF OF LOSS.

Proof or Proof of Loss means a properly completed claim form; **plus:**

1. for **Life Insurance** - a certified death certificate or a death decreed by court order;
2. for **Accidental Death** - in addition to the certified death certificate:
 - a. coroner's report;
 - b. investigating agency's report;
 - c. Employer's Workers' Compensation report of claim, if applicable; and
 - d. news accounts, if available;
3. for **Accidental Dismemberment** -
 - a. medical records;
 - b. police records;
 - c. Employer's Worker's Compensation report of claim, if applicable; and
 - d. news accounts, if available;
4. for **Disability** -
 - a. completed statements by the Employee and the Employer;
 - b. a completed statement by the attending Physician, which must describe any restrictions on the Employee's performance of the duties of:
 - i. his or her regular occupation for STD; or
 - ii. any occupation for Extension of Life Insurance;
 - c. proof of any other earnings and/or social security award;
 - d. a signed authorization for us to obtain more information; and
 - e. any other items we may reasonably require in support of the claim.

B. PROOF OF LOSS

1. Written Proof of Loss must be furnished to us at our Home Office within 90 days after the date of the loss.
2. Failure to furnish Proof will not invalidate nor reduce any claim if it is not reasonably possible to give Proof within 90 days, provided the Proof is furnished as soon as reasonably possible.
3. In no event, except in the absence of legal capacity of the claimant, may Proof be given later than one year from the time Proof is otherwise required.
4. Proof of continuing disability must be furnished within 90 days of the date such Proof is requested.

C. PHYSICAL EXAM AND AUTOPSY

We have the right and opportunity to have a person whose injury or illness is the basis of a claim examined by a Physician of our choice at our expense. This right may be used as often as reasonably required while the claim is pending and, in the case of death, includes an autopsy, where it is not forbidden by law.

D. PAYMENT OF CLAIMS

We will pay the Proceeds for insured losses as soon as we receive satisfactory Proof of Loss. Short Term Disability Benefits will be paid at the end of each week you qualify for benefits. Short Term Disability Benefits remaining unpaid at your death will be paid to your estate.

If we fail to pay the Life Insurance Proceeds under this Policy within 30 days after we receive due Proof of death, and if the Beneficiary elects to receive a lump sum settlement, we will pay interest on the Proceeds after the expiration of the 30-day period. We will compute the interest from the date of the insured person's death until the date of payment, at a rate not lower than that paid by the insurer on other withdrawable policy owner funds.

At the end of the 30-day period, we will notify the designated Beneficiary at his or her last known address that interest at the applicable rate will be paid on the lump sum Proceeds from the date of death of the insured person.

E. REVIEW PROCEDURE

A claimant has the right to a review of any denial by us of all or any part of a claim. To obtain a review for life insurance claims, a written request for review should be sent to us at our Home Office within 60 days after the claimant receives notice of denial. To obtain a review for disability insurance claims, a written request for review should be sent to us at our Home Office within 180 days after the claimant receives notice of denial. No special form is required.

The claimant may submit written comments and provide additional documentation in support of the claim, and may review any non-privileged information relating to the request for review.

We will review the claim promptly after receiving the request. For life insurance claims, we will send the claimant written notice of our decision within 60 days after the request for review is received, or within 120 days if special circumstances require an extension. For disability insurance claims, we will send the claimant written notice of our decision within 45 days after the request for review is received, or within 90 days if special circumstances require an extension. The notice will include the reasons for the decision and will refer to the specific provisions of the Policy on which the decision is based.

Another person may be authorized to act for the claimant under this review procedure.

F. LEGAL ACTIONS

A claimant or the claimant's authorized representative may not start any legal action:

1. until 60 days after Proof of Loss has been given; or
2. more than three years after the time Proof of Loss is required to be given.

G. ALLOCATION OF AUTHORITY

In making any benefits determination under the Policy, we have discretionary authority to determine:

1. a person's eligibility for insurance;
2. a person's entitlement for benefits;
3. the amount of benefits payable; and
4. the adequacy and amount of information we may reasonably require to make a determination of 1., 2., or 3. above; and

to construe the terms of the Policy, including but not limited to, the authority to administer claims, to interpret the Policy provisions, and to render a decision in case of request for review.

H. INCONTESTABILITY

In the absence of fraud, any statement by you or your Dependent to obtain coverage under the Policy will be a representation and not a warranty. No misrepresentation will be used to reduce or deny a claim or to deny the validity of coverage unless:

1. coverage would not have been approved except for the misrepresentation;
2. the misrepresentation is contained in a written instrument signed by you or your Dependent; and
3. a copy of the written instrument containing the misrepresentation has been given to you, the Dependent or the Beneficiary.

After coverage has been in effect for two years during the lifetime of the person, no misrepresentation will be used to reduce or deny a claim or to deny the validity of coverage.

The validity of the Policy will not be contested after it has been in force for two years, except for nonpayment of premiums.

I. ASSIGNMENT

The Policy may not be assigned, but you may assign your rights under the Policy. We are not liable for the assignment's validity or sufficiency. We are not bound by an assignment until we receive it.

GENERAL PROVISIONS

A. MISSTATEMENT OF AGE

If a person's age has been misstated, an equitable adjustment will be made in the premium. If the amount of the benefit is dependent upon the person's age, the benefit amount will be the amount the person would have been entitled to if his or her correct age were known.

NOTE: A refund will not be made for a period more than 12 months before the date we are advised of the error.

B. CLERICAL ERROR OR OMISSION

Clerical error or omission will not:

1. cause an ineligible employee to become insured;
2. invalidate insurance otherwise validly in force; or
3. continue insurance validly terminated.

C. POLICY CHANGES

The Policy may be changed in whole or in part. No change will be valid unless approved by one of our officers or the policy registrar. The approval must be in writing and endorsed on or attached to the Policy. No other person, including an agent, may change the Policy or waive any part of it.

D. AGENCY

For all purposes under the Policy the Policyholder acts on its own behalf or as agent of the Employee. Under no circumstances will the Policyholder be deemed our agent without a written authorization.

E. CERTIFICATES

The Employer is responsible for giving to you a complete copy of the Certificate for your applicable class within 31 days after receipt of the Certificates from us.

Certificate means a document prepared by us which sets forth:

1. the benefits to which the insured Employee is entitled;
2. the method by which we determine to whom benefits are payable; and
3. the conditions, limitations, exclusions and requirements that apply.

F. WORKERS' COMPENSATION

This insurance is not in lieu of Workers' Compensation; it does not affect any requirement for Workers' Compensation coverage.