



The Lincoln National Life Insurance Company  
A Stock Company Home Office Location: Fort Wayne, Indiana  
Group Insurance Service Office: 8801 Indian Hills Drive, Omaha, NE 68114-4066  
(800) 423-2765 Online: www.LincolnFinancial.com

Group Policyholder: Cherokee County

In Consideration of the Group Policyholder's application for this Policy and payment of all premiums when due, The Lincoln National Life Insurance Company agrees to make the payments provided in this Policy to the persons entitled to them.

The first premium for this Policy is due on its effective date. Subsequent premiums are due on August 1, 2022, and on the same day of each month after that. Policy anniversaries will be each July 1<sup>st</sup>; unless shown otherwise on the Premium Rate Schedule inside.

The provisions and conditions set forth on the following pages are a part of this Policy, as fully as if recited over the signatures below.

The Lincoln National Life Insurance Company has executed this Policy at its Group Insurance Service Office in Omaha, Nebraska. The issue date of this Policy is July 1, 2022.

**PLEASE READ THIS POLICY CAREFULLY.**

**THIS IS A LEGAL CONTRACT BETWEEN THE POLICYHOLDER AND THE COMPANY. THIS POLICY IS RENEWABLE AT THE COMPANY'S OPTION. IMPORTANT CANCELLATION INFORMATION - PLEASE READ THE PROVISION ENTITLED "POLICY TERMINATION", FOUND ON PAGE "7.1 NC".**

Handwritten signature of Angela A. Smith in cursive.

SECRETARY

Handwritten signature of Dennis R. Glass in cursive.

PRESIDENT

GROUP INSURANCE POLICY  
No. GL 000403008136  
PROVIDING  
VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates.

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## SCHEDULE OF INSURANCE

The amount of an Insured Person's insurance is determined from the following table. The initial amount of coverage is the amount which applies to an Insured Person's Class on the date his or her coverage takes effect. An Insured Person may become eligible for increases in the amount of insurance in accord with the table. Any such increase will take effect on the latest of:

- (1) the first day of the Insurance Month which coincides with or follows the date on which the Insured Person becomes eligible for the increase; provided he or she is Actively at Work on that day; or
- (2) the day the Insured Person resumes Active Work, if not Actively at Work on the day the increase would otherwise take effect.

Any decrease will take effect on the day of the change; whether or not the Insured Person is Actively at Work.

## CLASSIFICATION

Class 1      All Full-Time Employees

WAITING PERIOD:      1 month of continuous Active Work (For date insurance begins, refer to "Effective Date" section)

**SCHEDULE OF INSURANCE (CONTINUED)**

**VOLUNTARY AD&D INSURANCE**

**PRINCIPAL SUM FOR INSURED PERSON**

Class 1

A Person may elect coverage in \$10,000 increments, subject a maximum of \$100,000, not to exceed five times Basic Annual Earnings (rounded to the next higher \$10,000)

**DEPENDENT COVERAGE**

**PRINCIPAL SUM**

Spouse

A Person may elect coverage in \$5,000 increments, subject a maximum of \$50,000, not to exceed 50% of Insured Person's Principal Sum (rounded to the next higher \$5,000)

Each Child

Dependent Child (age 14 days to 6 months)

\$500

Dependent Child (age 6 months to 26 years)

\$10,000

Voluntary AD&D Insurance will be reduced as follows:

- At age 65, benefits will reduce by 35% of the original amount;
- At age 70, benefits will reduce an additional 25% of the original amount;
- At age 75, benefits will reduce an additional 15% of the original amount.

Benefits will terminate when the Insured Person retires.

If the Insured Person first enrolls for Voluntary AD&D Insurance at age 70 or older, the above age reductions will apply to the maximum amount of insurance for which he or she is eligible.

Voluntary Spouse AD&D Insurance will be reduced as follows:

- At age 65, benefits will reduce by 35% of the original amount;
- At age 70, benefits will reduce an additional 25% of the original amount;
- At age 75, benefits will reduce an additional 15% of the original amount.

Benefits will terminate when the Insured Person retires.

Dependents coverage will terminate when the Insured Person retires.

**Basic Annual Earnings** means the Insured Person's annual base salary or annualized hourly pay from the Group Policyholder before taxes on the Determination Date. The "Determination Date" is the last day worked just prior to the loss.

It does **not** include commissions, bonuses, overtime pay, or any other extra compensation. It does **not** include income from a source other than the Group Policyholder. It will not exceed the amount shown in the Group Policyholder's financial records or the amount for which premium has been paid, whichever is less.

Insured Persons are required to make contributions for Voluntary AD&D Insurance.

## DEFINITIONS

**ACTIVE WORK** or **ACTIVELY AT WORK** means an employee's full-time performance of all customary duties of his or her occupation at:

- (1) the GROUP POLICYHOLDER'S place of business; or
- (2) any other business location where the employee is required to travel.

Unless disabled on the prior workday or on the day of absence, an employee will be considered Actively at Work on the following days:

- (1) a Saturday, Sunday or holiday which is not a scheduled workday;
- (2) a paid vacation day, or other scheduled or unscheduled non-workday; or
- (3) an excused or emergency leave of absence (except a medical leave).

**COMPANY** means The Lincoln National Life Insurance Company, an Indiana corporation, whose Group Insurance Service Office address is 8801 Indian Hills Drive, Omaha, Nebraska 68114-4066.

**DAY OR DATE** means at 12:01 A.M., Standard Time, at the GROUP POLICYHOLDER'S place of business; when used with regard to eligibility dates and effective dates. It means 12:00 midnight, Standard Time, at the same place; when used with regard to termination dates.

**FULL-TIME EMPLOYEE** means an employee of the GROUP POLICYHOLDER:

- (1) whose employment with the GROUP POLICYHOLDER is the employee's principal occupation;
- (2) who is not a temporary or seasonal employee; and
- (3) who is regularly scheduled to work at such occupation at least 30 hours each week.

**GROUP POLICYHOLDER** means the person, partnership, corporation, or trust as shown on the Title Page of this Policy.

**INSURANCE MONTH** means that period of time:

- (1) beginning at 12:01 A.M. Standard Time, at the GROUP POLICYHOLDER'S place of business on the first day of any calendar month; and
- (2) ending at 12:00 midnight on the last day of the same calendar month.

**INSURED PERSON** means a PERSON for whom the coverages provided by this Policy are in effect.

**PERSON** means a FULL-TIME EMPLOYEE of the GROUP POLICYHOLDER:

- (1) who is a member of an employee class which is eligible for coverage under this Policy; and
- (2) who has completed an enrollment form.

**PERSONAL INSURANCE** means the insurance provided by this Policy on Insured Persons.

**PHYSICIAN** means a licensed practitioner of the healing arts other than the Insured Person or a relative of the Insured Person.

**POLICY** means this Group Insurance Policy issued by the Company to the Group Policyholder.

## GENERAL PROVISIONS

ENTIRE CONTRACT. The entire contract between the parties consists of:

- (1) this Policy and the Group Policyholder's application (a copy is attached); and
- (2) the Insured Persons' enrollment cards, if any.

All statements made by the Group Policyholder and by Insured Persons are representations and not warranties. No statement made by an Insured Person will be used to contest the coverage provided by this Policy; unless:

- (1) it is contained in a written statement signed by that Insured Person; and
- (2) a copy of the statement is furnished to the Insured Person or Beneficiary.

Only an Officer of the Company may change this Policy or extend the time for payment of any premium. No change will be valid unless made in writing and signed by an Officer of the Company. Any change so made will be binding on all persons referred to in this Policy.

INCONTESTABILITY. Except for the non-payment of premiums, the Company may not contest the validity of this Policy as to any Insured Person after it has been in force for two years during his or her lifetime. This clause will not affect the Company's right to contest claims made for disability, accidental death, or accidental dismemberment benefits.

NONPARTICIPATION. This Policy will not be entitled to share in the surplus earnings of the Company.

BASIS OF RESERVE. The reserve for this Policy will not be less than the reserve computed using:

- (1) the 1970 Intercompany Group Life Disability Valuation Table; and
- (2) interest at not less than three percent per annum.

INFORMATION TO BE FURNISHED. The Group Policyholder may be required to furnish any information needed to administer this Policy. Clerical error by the Group Policyholder will not:

- (1) affect the amount of insurance which would otherwise be in effect; or
- (2) continue insurance which otherwise would be terminated.

Once an error is discovered, an equitable adjustment in premium will be made. If a premium adjustment involves the return of unearned premium, the amount of the return will be limited to the twelve month period which precedes the date the Company receives proof such an adjustment should be made.

The Company may inspect any of the Group Policyholder's records which relate to this Policy.

MISSTATEMENT OF AGE. If an Insured Person's age has been misstated, premiums will be subject to an equitable adjustment. If the amount of benefit depends upon age; then the benefit will be that which would have been payable, based upon the person's correct age.

CERTIFICATES. The Group Policyholder will be furnished with individual Certificates for delivery to each Insured Person. These certificates summarize the benefits provided by this Policy. If there is a conflict between the Policy and the Certificate, the Policy will control.

CONFORMITY WITH STATE STATUTES. If any provision of this Policy conflicts with any applicable law, the provision will be deemed to conform to the minimum requirements of the law.

WORKER'S COMPENSATION. This Policy is not to be construed to provide benefits required by Worker's Compensation laws.

## **ELIGIBILITY AND EFFECTIVE DATES FOR PERSONAL INSURANCE**

**ELIGIBILITY.** A Person becomes eligible for the coverage provided by this Policy on the later of:

- (1) the Policy's date of issue; or
- (2) the date the Waiting Period is completed.

**WAITING PERIOD.** (See Schedule of Insurance)

**EFFECTIVE DATE:** Personal Insurance becomes effective on the latest of:

- (1) the first day of the Insurance Month coinciding with or next following the day you become eligible for the coverage;
- (2) the date the Person resumes Active Work, if not Actively at Work on the day such Person became eligible; or
- (3) the date the Person signs a payroll deduction order and makes written application for Personal Insurance, if any part of the premium for this Policy is paid by Insured Persons.

**EXCEPTION.** If an Insured Person's coverage terminates due to an approved leave of absence or military leave, the Company will waive any Waiting Period or evidence of insurability requirement upon his or her return; provided:

- (1) the reinstated amount does not exceed the amount of insurance which terminated; and
- (2) the Person applies or is reenrolled within 31 days after resuming Active Work.



## INDIVIDUAL TERMINATIONS

An Insured Person's coverage will terminate on the earliest of:

- (1) the date this Policy is terminated;
- (2) the last day of the Insurance Month in which such Insured Person requests termination;
- (3) the last day of the last Insurance Month for which premium payment is made on behalf of such Insured Person;
- (4) the date such Insured Person ceases to be in a class of employees which is eligible for coverage under this Policy;
- (5) with respect to any particular insurance benefit, the date that portion of the Policy providing such benefit terminates;
- (6) the date on which such Insured Person's employment with the Group Policyholder terminates;  
or
- (7) the date such Insured Person enters the armed services of any state or country on active duty; except for duty of 30 days or less for training in the Reserves or National Guard. (If the Insured Person sends proof of military service, the Company will refund any unearned premium.)

Ceasing Active Work results in termination of coverage; except as follows:

- (1) If the Insured Person is disabled due to illness or injury, then coverage may be continued during the disability; provided premium payments are made on his or her behalf.
- (2) If the cessation of work is due to a temporary lay off, an approved leave of absence, or a military leave; then coverage may be continued three Insurance Months after the lay off or leave began (provided premium payments are made on his or her behalf).

## **PREMIUMS AND PREMIUM RATES**

**PAYMENT OF PREMIUMS.** No coverage provided by this Policy will be in effect until the first premium for such coverage is paid. For coverage to remain in effect, each subsequent premium must be paid on or before its due date. The Group Policyholder is responsible for paying all premiums as they become due. Premiums are payable on or before their due dates at the Company's Group Insurance Service Office. The premium must be paid in U.S. dollars.

**PREMIUM RATE CHANGE.** The Company may change any premium rate on any of the following dates:

- (1) the date this Policy's terms are changed;
- (2) the date the Company's liability is changed due to a change in federal, state or local law;
- (3) the date the Group Policyholder (or any covered division, subsidiary or affiliated company) relocates, dissolves or merges, or is added to or removed from this Policy;
- (4) the date any coverage for one or more classes ceases to be provided under this Policy;
- (5) the date the number of Insured Persons changes by 25% or more from the enrollment on the date this Policy took effect, or the most recent Rate Guarantee Date expired, if later; or
- (6) on any premium due date on or after this Policy's first anniversary, or any later rate guarantee date agreed upon by the Company, provided such rate change is based upon at least 12 months of experience and is not made more often than once every 6 months.

Unless the Company and the Group Policyholder agree otherwise, the Company will give:

- (1) at least 31 days' advance written notice of any increase in life insurance premium rates; and
- (2) at least 45 days' advance written notice of health and accident insurance premium rates.

**PREMIUM AMOUNT.** The amount of premium due on each due date will be the sum of the products obtained by multiplying each rate shown in the Premium Rate Schedule by the amount of insurance to which the rate applies.

Premium adjustments will not be pro-rated daily. Instead, premium will be adjusted as follows.

- (1) When an Insured Person's insurance or increase takes effect, premium will be charged from the monthly due date coinciding with or next following that change.
- (2) When all or part of an Insured Person's insurance terminates, the applicable premium will cease on the monthly due date coinciding with or next following that termination.
- (3) When premiums are paid other than monthly, increases or decreases will result in adjustment from the premium due date coinciding with or next following that change.

The above manner of charging premium is for accounting purposes only. It will not extend coverage beyond a date it would have otherwise terminated. Each premium payment will include any adjustments in past premiums, which are needed due to changes that have not yet been taken into account. If a premium adjustment involves a return of unearned premium, the refund will be limited to the prior 12-month period.

### **PREMIUM RATE SCHEDULE**

#### **Monthly Voluntary AD&D Rate**

Employee Only Coverage	\$0.02 per \$1,000 of insurance
Spouse	\$0.02 per \$1,000 of insurance
Child	\$0.02 per \$1,000 of insurance

The above rates are guaranteed until July 1, 2024; unless any of the Policy's terms are changed:

- (1) as agreed upon by the Group Policyholder and the Company; or
- (2) as a result of a change in state or federal law which affects this Policy.

After that, any premium increase will be as shown in the renewal letter.

## **GRACE PERIOD**

A grace period of 31 days from the due date will be allowed for the payment of each premium after the first. During the grace period, the Policy will remain in effect. However, the Group Policyholder will remain liable to the Company for payment of a pro rata premium for the time the Policy was in force during the grace period.

## **POLICY TERMINATION**

**TERMINATION BY THE COMPANY.** To terminate this Policy, the Company must give the Group Policyholder at least 45 days' advance written notice of its intent to do so. Until the premium rate has been in effect for at least twelve months, the Company can terminate coverage only if:

- (1) the total number of Insured Persons is less than 10;
- (2) all of the premium is paid by Group Policyholder and less than 100% of those eligible for the coverage are insured; or
- (3) part of the premium is paid by Insured Persons and less than 75% of those eligible for the coverage are insured. (This part 3 will not apply to Voluntary Accidental Death and Dismemberment Insurance).

After the premium rate has been in effect for at least 12 months, the Company can terminate coverage on any premium due date, by giving 45 days' advance written notice.

**TERMINATION BY GROUP POLICYHOLDER.** The Group Policyholder may terminate this Policy at any time by giving the Company advance written notice. Coverage will then terminate:

- (1) on the date the Company receives the notice; or
- (2) any later date the Group Policyholder and the Company have agreed upon.

The Group Policyholder remains responsible for the payment of premiums to the date of termination.

**AUTOMATIC TERMINATION.** This Policy will terminate (without any action on the Company's part) on the day before the due date of any premium which remains unpaid at the end of the Grace Period.

## **BENEFICIARY**

**PAYMENTS TO BENEFICIARY.** At the death of an Insured Person, any amount payable as a result of his or her death will be paid to the named Beneficiary who survives the Insured Person. If the Insured Person has not named a Beneficiary, or if no named Beneficiary survives the Insured Person; then payment will be made to the Insured Person's:

- (1) surviving spouse; or, if none
- (2) surviving child or children in equal shares; or, if none
- (3) surviving parent or parents in equal shares; or, if none
- (4) surviving sibling or siblings in equal shares; or, if none
- (5) estate.

In determining who is to receive payment, the Company may rely upon an affidavit by a member of the class to receive payment. Unless the Company receives written notice at its Group Insurance Service Office of a valid claim by some other person before paying the proceeds, the Company will make payment based upon the affidavit it has. Such payment will release the Company from any further obligation for the death benefit.

If the person who would otherwise receive payment dies:

- (1) within 15 days of the Insured Person's death; and
- (2) before the Company receives satisfactory proof of the Insured Person's death;

payment will be made as if the Insured Person had survived that person; unless other provisions have been made.

**NAMING THE BENEFICIARY.** An Insured Person's Beneficiary will be as shown on his or her enrollment card, unless changed. If this Policy replaces a group policy providing similar coverages; then an Insured Person's beneficiary named under the prior policy will be the Beneficiary under this Policy, until changed.

**CHANGING THE BENEFICIARY.** Only the Insured Person or his or her assignee may change the Beneficiary. A new Beneficiary may be named by filing a written notice of the change with the Company at its Group Insurance Service Office. The change will be effective as of the date it was signed; subject to any action taken by the Company before it received notice of the change.

## **FACILITY OF PAYMENT**

If any benefit under this Policy becomes payable to an Insured Person's estate, a minor, or any person who (in the Company's opinion) is not competent to give a valid release; then the Company, at its option, may make payment to any one of the following:

- (1) the personal representative of the Insured Person's estate; or
- (2) any person related by blood or marriage to the Insured Person.

No payment made to anyone named above may exceed \$3,000. Any payment made in good faith under this Section will fully discharge the Company to the extent of the payment.

## **SETTLEMENT OPTIONS**

**INSTALLMENTS.** All or part of any death or dismemberment benefit may be received in installments by making written election to the Company.

**ELECTION.** While living, an Insured Person may direct the Company to pay any death or dismemberment benefit in installments. If no such direction is in effect at the time of the Insured Person's death, the person who is to receive payment may make such an election.

**CONDITIONS.** Any such election must comply with the Company's practices at the time it is made. The amount applied under a settlement option must be at least \$2,000. It must be sufficient to provide a payment of at least \$20 per month.

## DEPENDENTS VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

**NOTE: Dependents Voluntary Accidental Death and Dismemberment Insurance is in effect only if the Insured Person has enrolled for the Family Plan and the correct premium has been paid.**

DEFINITION. As used in this section, "Dependent" means a person who meets the definition of a dependent of the Insured Person under the U.S. Internal Revenue Code; and who is an Insured Person's:

- (1) spouse who is under age 70 and is not legally separated from the Insured Person;
- (2) unmarried child at least 14 days but less than 26 years of age;
- (3) unmarried child less than 26 years of age, if attending an accredited educational institution for the minimum credit hours required to maintain full-time student status there; or
- (4) unmarried child who is totally and permanently disabled and who became so disabled prior to reaching 26 years of age.

A legally adopted child is considered the Insured Person's child from the date of placement in the Insured Person's home for an agency adoption; or from the date the adoption petition is filed, if later, for a private adoption.

In addition to naturally born and legally adopted children, the word "child" includes an Insured Person's stepchild or foster child; provided the child resides in the Insured Person's household, and is dependent on the Insured Person for principal support.

The term "Dependent" does not include a person covered as an Insured Person. A person may be covered as either an Insured Person or a Dependent (but not both at the same time). If a husband and wife are both Insured Persons, their children may be covered as Dependents of either the husband or wife (but not both at the same time).

The term "Dependent" does not include anyone serving on active duty in the armed forces of any state or country; except for duty of 30 days or less for training in the Reserves or National Guard.

ELIGIBILITY. An Insured Person becomes eligible for the Family Plan on the latest of:

- (1) the date the Insured Person becomes eligible for Personal Voluntary Accidental Death and Dismemberment Insurance;
- (2) the effective date of this section; or
- (3) the date the Insured Person first acquires a Dependent.

If an Insured Person acquires a new Dependent while insured under the Family Plan, insurance will become effective as follows.

- (1) Insurance for a spouse, stepchild or foster child will take effect on the later of:
  - (a) the date the Insured Person is married or takes custody of the child; or
  - (b) the 10th day following final discharge from the hospital, if that Dependent is confined in a hospital on the date insurance would otherwise take effect.
- (2) Insurance for a newborn natural child will take effect at birth and will continue for 31 days. Insurance will continue beyond 31 days only if any additional required premium is paid by the 31st day following birth.

INDIVIDUAL TERMINATION OF INSURANCE. The Family Plan will cease for all of the Insured Person's Dependents on the earliest of:

- (1) the date the Insured Person's Personal Voluntary Accidental Death and Dismemberment Insurance terminates;
- (2) the date the Family Plan is discontinued under this Policy;
- (3) the date the Insured Person ceases to be in a class eligible for the Family Plan;
- (4) the date the Insured Person requests that the Family Plan be terminated; or
- (5) the last day of the premium paying period for which the Insured Person has made any required contribution toward the cost of the Family Plan.

Insurance for a particular Dependent will cease on the earliest of:

- (1) the date the Dependent ceases to be an eligible Dependent (as defined in this Policy);
- (2) the 31st day after the birth of a newborn child or acquisition of an adopted child; unless any additional premium is paid within that 31-day period; or
- (3) the day the Dependent enters the armed services of any state or country on active duty; except for duty of 30 days or less for training in the Reserves or National Guard. (If the Insured Person sends proof of military service, the Company will refund any unearned premium.)

Termination of one Dependent's insurance due to a status change will not affect the insurance for any other family members who remain eligible Dependents.

CONTINUATION OF INSURANCE FOR A HANDICAPPED CHILD. Voluntary Accidental Death and Dismemberment Insurance may be continued for an unmarried child who is:

- (1) incapable of self-sustaining employment because of mental retardation or physical handicap;
- (2) chiefly dependent on the Insured Person for support; and
- (3) insured under this Policy on the date coverage would otherwise end due to the child's age.

Insurance may be continued so long as the child remains disabled and dependent on the Insured Person for support. Proof of the child's disability must be sent to the Company:

- (1) within 60 days of the date coverage would otherwise end due to the child's age; and
- (2) as the Company may require after that.

The Insured Person must continue to be covered for Personal Voluntary Accidental Death and Dismemberment Insurance under this Policy. He or she must also continue to pay the required premium. The premium rate for the handicapped child will be that for an Insured Person of like age and sex (not the Dependent rate).

## VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

**DEATH OR DISMEMBERMENT BENEFIT.** The Company will pay the benefit listed below, if:

- (1) an Insured Person or a Dependent sustains a covered accidental bodily injury while insured under this provision; and
- (2) that injury directly causes one of the following losses within 365 days after the date of the accident.

The loss must result directly from the injury and from no other causes.

### LOSS

### BENEFIT

Loss of Life	Principal Sum
Loss of One Member (Hand, Foot or Eye)	1/2 Principal Sum
Loss of Two or More Members	Principal Sum
Loss of Thumb and Index Finger	1/4 Principal Sum
Loss of Both Speech and Hearing in Both Ears	Principal Sum
Loss of Either Speech or Hearing in Both Ears	1/2 Principal Sum
Loss of Hearing in One Ear	1/4 Principal Sum
Quadriplegia (Paralysis of Both Arms and Both Legs)	Principal Sum
Paraplegia (Paralysis of Both Legs)	1/2 Principal Sum
Hemiplegia (Paralysis of Arm and Leg of Same Side)	1/2 Principal Sum

The Principal Sum for the Insured Person's class is shown in the Schedule of Insurance. Under a Family Plan, the Principal Sum which applies to each Dependent is also shown. The Principal Sum for a Dependent is based upon family make-up at the time of the loss.

**MAXIMUM PER PERSON.** If an Insured Person or Dependent sustains more than one loss resulting from the same accident, the benefit:

- (1) will be the one largest amount listed; and
- (2) will not exceed the Principal Sum for all of that person's losses combined.

**TO WHOM PAYABLE.** Benefits for the Insured Person's loss of life will be paid in accord with the Beneficiary section. Under a Family Plan, benefits for a Dependent's loss of life will be payable to the Insured Person. Any other benefits will be paid to the Insured Person.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE  
CONTINUED**

**DEFINITIONS.** "Beneficiary" means the person(s) named on the Insured Person's enrollment form. The Insured Person may change the Beneficiary by filing a written notice of the change with the Company at its Group Insurance Service Office.

"Loss of a Member" includes the following:

- (1) "Loss of Hand or Foot," which means complete severance through or above the wrist or ankle joint. (In South Carolina, "Loss of Hand" can also mean the loss of four whole fingers from one hand.)
- (2) "Loss of an Eye," which means total and irrevocable loss of sight in that eye.

"Loss of Thumb and Index Finger" means severance of the thumb and index finger of the same hand, through or above the joint closest to the wrist. (In California, it can also mean loss by complete severance of at least one whole phalanx of each.)

"Loss of Speech" means total and irrevocable loss of audible communication.

"Loss of Hearing" means permanent and total deafness in that ear. The deafness cannot be corrected to any functional degree by any aid or device.

"Paralysis" means complete and irreversible loss or use of an arm or leg (without severance).

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Voluntary Accidental Death and Dismemberment Insurance Exclusions section.



**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT  
INSURANCE--CONTINUED**

**FELONIOUS ASSAULT BENEFIT.** The Company will pay an additional 25% of the Insured Person's Principal Sum, if:

- (1) an Insured Person suffers a loss for which an Accidental Death and Dismemberment benefit is payable;
- (2) the injury or death takes place while the Insured Person is on the business of, or on any premises of, the Group Policyholder or Employer; and
- (3) the injury or death is the direct result of:
  - (a) a robbery, holdup, or attempted robbery or holdup;
  - (b) a kidnapping during a holdup; or
  - (c) a felonious assault.

**DEFINITION.** "Felonious Assault" means one inflicted by persons other than fellow employees or members of the Insured Person's family or household.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Voluntary Accidental Death and Dismemberment Insurance Exclusions which follow.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE  
CONTINUED**

**EDUCATION BENEFIT.** The Company will pay an Education Benefit to each of the Insured Person's eligible Dependent Children, if the Insured Person:

- (1) is injured in a covered accident while insured under the Family Plan;
- (2) dies as a direct result of such injuries within 365 days after the accident; and
- (3) is survived by one or more Dependent Children who are eligible for the benefit.

To be eligible for the Education Benefit, a Dependent Child must:

- (1) be insured by this provision on the date of the accident; and
- (2) be enrolled as a Full-Time Student on the date of the accident or within 365 days after that date.

This benefit will be paid in addition to all other benefits payable under this Policy. The benefit will equal 2% of the Insured Person's Principal Sum, subject to a maximum of \$2,000. The benefit will be paid for up to 4 consecutive years. The first payment will be made:

- (1) on the date the benefit for accidental loss of life is paid; or
- (2) when the Company receives proof that an eligible Dependent Child meets the above requirements, if later.

The second, third and fourth payments will be made when the Company receives proof that the eligible Dependent Child continues to be a Full-Time Student during each additional year.

**SPOUSE TRAINING BENEFIT.** The Company will pay a Spouse Training Benefit to the Insured Person's surviving Spouse, if the Insured Person:

- (1) is injured in a covered accident while insured under the Family Plan;
- (2) dies as a direct result of such injuries within 365 days after the accident; and
- (3) is survived by a Spouse who is eligible for the benefit.

To be eligible for the Spouse Training Benefit, the Insured Person's Spouse must:

- (1) be insured by this provision on the date of the accident; and
- (2) be enrolled as a Full-Time Student on the date of the accident or within 365 days after that date.

This benefit will be paid in addition to all other benefits payable under this Policy. The benefit will equal 5% of Insured Person's Principal Sum; subject to a maximum of \$5,000. The benefit will be paid for one year. Payment will be made:

- (1) on the date the benefit for accidental loss of life is paid; or
- (2) when the Company receives proof that the Spouse meets the above requirements, if later.

**ALTERNATE BENEFIT.** If Family Plan coverage is in force at the time of the accident, but there is no surviving Dependent who is or could become eligible for the Education Benefit or the Spouse Training Benefit; then the Company will pay an additional benefit of \$1,000 to the Insured Person's named Beneficiary or estate. Payment will be in addition to all other Policy benefits.

**DEFINITION.** "Full-Time Student" means the Dependent:

- (1) is attending a licensed or accredited college, university or vocational school (beyond the 12th grade);
- (2) is considered a full-time student based upon that school's standards; and
- (3) incurs expense for tuition, fees, books, room and board, transportation and any other costs paid to or certified by that school.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Voluntary Accidental Death and Dismemberment Insurance Exclusions section.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE  
CONTINUED**

**COMMON DISASTER BENEFIT.** The Company will pay a Common Disaster Benefit if both the Insured Person and covered Spouse:

- (1) are injured in a Common Accident while insured under the Family Plan; and
- (2) lose their lives as a direct result of such injuries within 365 days after the Common Accident.

The Common Disaster Benefit increases the Spouse's benefit for accidental loss of life to equal the Insured Person's Principal Sum; subject to a maximum of \$500,000 for the Spouse's and Insured Person's loss of life combined.

The Spouse's benefit for accidental loss of life will be paid in lieu of any other benefits for his or her loss of member(s), speech, hearing or paralysis as a result of the same accident.

**DEFINITION.** "Common Accident" means:

- (1) the same covered accident; or
- (2) separate covered accidents that occur within the same 24-hour period.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Voluntary Accidental Death and Dismemberment Insurance Exclusions section.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE  
CONTINUED**

**CHILD CARE BENEFIT.** The Company will pay a Child Care Benefit to each of the Insured Person's eligible Dependent Children, if the Insured Person:

- (1) is injured in a covered accident while insured under the Family Plan;
- (2) dies as a direct result of such injuries within 365 days after the accident; and
- (3) is survived by one or more Dependent Children who are eligible for the benefit.

To be eligible for the Child Care Benefit, a Dependent Child must:

- (1) be insured by this provision and under age 13 on the date of the accident; and
- (2) attend a licensed child care center on a full-time basis on the date of the accident or within 365 days after that date.

The Child Care Benefit is paid in addition to all other Policy benefits. The benefit will equal 2% of the Insured Person's Principal Sum; subject to a maximum of \$2,000 for each eligible Dependent Child each year. The benefit will be paid:

- (1) for up to 4 consecutive years; or
- (2) until the Dependent Child's 13th birthday (whichever occurs first).

The first payment will be made:

- (1) on the date the benefit for accidental loss of life is paid; or
- (2) when the Company receives proof that an eligible Dependent Child meets the above requirements, if later.

The second, third and fourth payments will be made when the Company receives proof that the eligible Dependent Child continues to attend a licensed child care center on a full-time basis during each additional year.

**DEFINITION.** "Child Care Center" means any facility (other than a family day care home) which:

- (1) is licensed as such by the state; and
- (2) provides non-medical care and supervision for children in a group setting; and
- (3) cares for children at least 6 but less than 24 hours per day.

**EXCLUSIONS.** Benefits will not be paid:

- (1) when the Dependent Child's care is provided by (or at a facility operated by) the child's grandparent, parent, aunt, uncle or sibling; or
- (2) for any loss excluded under the Voluntary Accidental Death and Dismemberment Insurance Exclusions section.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE  
CONTINUED**

**MONTHLY COMA BENEFIT.** The Company will pay a Monthly Coma Benefit, while the Insured Person or a covered Dependent remains in a continuous coma; provided:

- (1) the coma is caused by an Injury sustained while insured under this Policy;
- (2) the coma begins within 365 days after the date of the accident; and
- (3) the person remains in the coma for at least 31 days in a row.

The coma must result directly from the Injury and from no other causes.

This Monthly Coma Benefit:

- (1) will be payable for each month the person is in a continuous coma; but
- (2) in no event will more than 36 months of benefits be paid.

No Monthly Coma Benefit will be paid after the coma ends; whether by death, recovery, or any other change of condition. If, when the coma ends, benefits are due for a period of less than a month; then payment will be prorated. The daily rate will equal 1/30 of the Monthly Coma Benefit.

**AMOUNT.** The Monthly Coma Benefit will equal 1% of the difference between:

- (1) the Principal Sum that would be payable for the Insured Person's or Dependent's accidental death; and
- (2) the amount of any benefits paid or payable under this Policy for that person's other Scheduled Losses as a result of the same accident.

In no event will the total benefits payable for all of a person's Scheduled Losses resulting from the same accident exceed the Principal Sum, which would be payable for that person's accidental death.

**SUBSEQUENT LOSS.** If, the Insured Person or Dependent later suffers another scheduled loss covered by this Policy, due to the same accident that caused the coma; then the benefit paid for the later loss will equal:

- (1) the benefit stated in the Schedule of Insurance; reduced by
- (2) the total amount of benefits paid, including the Monthly Coma Benefits paid, for the same person's Scheduled Losses as a result of that accident.

If the person continues to qualify for a Monthly Coma Benefit after the other loss; then the amount of the Monthly Coma Benefit will be redetermined, as shown above.

**PROOF.** The Insured Person or Beneficiary is responsible for providing the Company proof of the continuing coma. The Company retains the right to investigate, to determine whether the coma exists and continues.

**TO WHOM PAYABLE.** The Monthly Coma Benefit for the Insured Person will be paid in accord with the Beneficiary section. If the Insured Person is insured under the Family Plan, the Monthly Coma Benefit for a covered Dependent will be paid to the Insured Person.

**"Coma"** means being in a state of complete mental unresponsiveness, with no evidence of appropriate responses to stimulation.

**"Scheduled Loss"** means any of the following losses, if covered under this Policy: loss of life, member(s), speech or hearing, paralysis, permanent total disability, coma or common disaster. It does not include any additional seat belt, felonious assault, child care, education, spouse training, spouse critical period, monthly survivors or monthly in-hospital benefits which may be included under this Policy.

**EXCLUSIONS.** Benefits will not be paid:

- (1) when the person remains in a coma for less than 31 days in a row; or
- (2) for any loss excluded under the Voluntary Accidental Death and Dismemberment Exclusions section.

**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)  
INSURANCE--CONTINUED**

**EXCLUSIONS.** No benefit will be paid for loss resulting from:

- (1) intentionally self-inflicted injury or attempted injury, while sane or insane;
- (2) war or any act of war (whether declared or undeclared);
- (3) any accident occurring while the Insured Person or covered Dependent is serving on full-time active duty in the armed forces of any state or country (except for duty of 30 days or less for training in the Reserves or National Guard);
- (4) travel or flight in (or boarding or leaving) any aircraft or device which can fly above the earth's surface, if:
  - (a) the aircraft or device is being used for tests, experimental purposes, or travel beyond the earth's atmosphere (or is designed for such travel);
  - (b) the aircraft or device is being used by or for any military authority (except for aircraft flown by the U.S. Military Aircraft Command or similar service of any country);
  - (c) the aircraft or device is other than a chartered aircraft; and it is being used by or for the Group Policyholder, Employer or its subsidiary or affiliate (whether it is owned, leased, operated or controlled as defined below);
  - (d) the Insured Person or covered Dependent is serving as a pilot, crew member or student taking a flying lesson (and is not riding as a passenger); or
  - (e) the Insured Person or covered Dependent is hang-gliding or parachuting (except where he or she must make a parachute jump for self-preservation);
- (5) the Insured Person's or covered Dependent's commission of a felony;
- (6) sickness, disease or bodily infirmity; except for:
  - (a) a bacterial infection resulting from an accidental cut or wound; or
  - (b) the accidental ingestion of a poisonous food substance; or
- (7) the Insured Person's or covered Dependent's driving a motor vehicle while intoxicated, impaired or under the influence of drugs (except for drugs taken as prescribed by a licensed physician).

**DEFINITIONS.** As used in this section, "Owned Aircraft" means one the Group Policyholder or Employer holds legal or equitable title to; and can use, alter or sell as desired.

"Leased Aircraft" means one the Group Policyholder or Employer does not own, but can use as desired for the term of a written lease. The time will be longer than a few days or one or two trips. The aircraft cannot be altered or sold without the owner's consent.

"Operated or Controlled Aircraft" means one the Group Policyholder or Employer does not own; but has leased, rented or borrowed and can use as desired for more than 10 straight days. It cannot be altered or sold without the owner's consent.

"Chartered Aircraft" means one the Group Policyholder or Employer does not own; but has hired for one purpose, one trip or general use. The time may not exceed 10 straight days or 15 days in any one year. One or more aircraft hired on a regular or frequent basis are not chartered.

"Intoxicated", "Impaired", or "Under the Influence of Drugs" shall be as defined by the jurisdiction where the accident occurs. The exclusion will apply whether or not the driver is convicted.

## DISAPPEARANCE BENEFIT

**BENEFIT.** The Company will pay a Disappearance Benefit if, while insured for Accidental Death and Dismemberment Insurance under this Policy, the Insured Person's or a covered Dependent's body has not been found within one year of a forced landing, stranding, sinking or wrecking of a conveyance in which an Insured Person or a covered Dependent was an occupant. It shall be deemed, subject to all other terms and provisions of this Policy, that such Insured Person or a covered Dependent has suffered a loss of life.

The Benefit amount payable will be as defined in the Death or Dismemberment Benefit section of this Policy.

**TO WHOM PAYABLE.** Benefits for the Insured Person's loss of life will be paid in accord with the Beneficiary section. Under a Family Plan, benefits for a Dependent's loss of life will be payable to the Insured Person.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Accidental Death and Dismemberment Insurance Exclusions or Limitations section of this Policy.

## **EXPOSURE BENEFIT**

**BENEFIT.** The Company will pay an Exposure Benefit, if, while insured for Accidental Death and Dismemberment Insurance under this Policy, the Insured Person or a covered Dependent:

- (1) is unavoidably exposed to the elements; and
- (2) as a result of such exposure suffers a loss for which benefits are otherwise payable.

The Benefit amount payable will be as defined in the Death or Dismemberment Benefit section of this Policy.

**TO WHOM PAYABLE.** Benefits for the Insured Person's loss of life will be paid in accord with the Beneficiary section. Under a Family Plan, benefits for a Dependent's loss of life will be payable to the Insured Person. Any other benefits will be paid to the Insured Person.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Accidental Death and Dismemberment Insurance Exclusions or Limitations section of this Policy.



## **REPATRIATION BENEFIT**

**BENEFIT.** The Company will pay a Repatriation Benefit, if:

- (1) the Insured Person is insured for Accidental Death and Dismemberment Insurance under this Policy on the date of the Accident;
- (2) the Insured Person dies as a result of a covered Accident at least 150 miles from his or her principal place of residence; and
- (3) expense is incurred for the preparation and transportation of the Insured Person's body to a mortuary within 50 miles of the Insured Person's place of residence.

This benefit will be in addition to all other benefits payable under this Policy. This benefit will equal the expenses incurred for the preparation and transportation of the Insured Person's body to a mortuary subject to a maximum of \$5,000. This benefit will be paid:

- (1) when the benefit for Accidental loss of life is paid; or
- (2) when the Company receives proof of expense incurred, if later.

**PROOF.** In order for this benefit to be payable, proof of payment for any expenses incurred for Repatriation must be provided to the Company.

**TO WHOM PAYABLE.** Benefits for Repatriation will be paid in accord with the Beneficiary section.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Accidental Death and Dismemberment Insurance Exclusions or Limitations section of this Policy.

## SAFE DRIVER BENEFIT

**BENEFIT.** If an Insured Person dies as a direct result of a covered auto accident, for which Accidental Death and Dismemberment Benefits are payable; then:

- (1) an additional Seat Belt Benefit will be payable, if the Insured Person was wearing a properly fastened seat belt at the time of the accident; and
- (2) an additional Air Bag Benefit will be payable, if the auto was equipped with air bag(s).

The Seat Belt Benefit equals \$10,000 or 10% of the Principal Sum, whichever is less; and the Air Bag Benefit equals \$5,000 or 5% of the Principal Sum, whichever is less. The Seat Belt Benefit and the Air Bag Benefit will not be less than \$1,000. The Principal Sum is the amount payable because of the Insured Person's accidental death.

A copy of the police report must be submitted with the claim. The position of the seat belt or presence of an air bag must be certified by:

- (1) the official accident report; or
- (2) the coroner, traffic officer or other investigating officer.

Upon receipt of satisfactory written proof, the additional benefit will be paid in accord with the Beneficiary section.

**DEFINITIONS.** As used in this provision:

"Auto" means a 4-wheel passenger car, station wagon, jeep, pick-up truck or van-type car. It must be licensed for use on public highways. It includes a car owned or leased by the Group Policyholder.

"Intoxicated," "Impaired," or "Under the Influence of Drugs" shall be defined as by the jurisdiction where the accident occurs.

"Seat Belt" means a properly installed:

- (1) seat belt or lap and shoulder restraint; or
- (2) other restraint approved by the National Highway Traffic Safety Administration.

**LIMITATIONS.** Safe Driver Benefits will not be paid if:

- (1) the Accidental Death and Dismemberment Benefits is not paid under this Policy for the Insured Person's death; or
- (2) at the time of the accident, the Insured Person or any other person who was driving the auto in which the Insured Person was traveling:
  - (a) was driving without a valid drivers' license;
  - (b) was driving in excess of the legal speed limit; or
  - (c) was driving while intoxicated, impaired, or under the influence of drugs (except for drugs taken as prescribed by a Physician for the driver's use).

The above limitations will apply, whether or not the driver is convicted.

## COMMON CARRIER ACCIDENT BENEFIT

**BENEFIT.** The Company will increase an Insured Person's or covered Dependent's Death or Dismemberment Benefit to two times the amount otherwise payable, not to exceed \$1,000,000; provided the Insured Person or covered Dependent suffers a covered loss from a Common Carrier Accident while insured for Accidental Death and Dismemberment Insurance under this Policy.

**MAXIMUM PER PERSON.** If an Insured Person or covered Dependent sustains more than one loss resulting from the same accident, then the benefit:

- (1) will not exceed two times the Insured Person's or covered Dependent's Principal Sum for all of his or her covered losses combined; and
- (2) will not exceed an overall maximum of \$1,000,000.

The loss must result directly from the Common Carrier Accident and from no other causes.

**TO WHOM PAYABLE.** Benefits for the Insured Person's loss of life will be paid in accord with the Beneficiary section. If the Insured Person is insured under the Family Plan, benefits for a covered Dependent's loss will be paid to the Insured Person. Any other benefits will be paid to the Insured Person.

### DEFINITIONS.

**"Common Carrier Accident"** means a covered accidental bodily injury, which is sustained while riding as a fare paying passenger (not a pilot, operator or crew member) in or on, boarding or getting off from a Common Carrier.

**"Common Carrier"** means any land, air or water conveyance operated under a license to transport passengers for hire.

**EXCLUSIONS.** Benefits will not be payable for any loss excluded under the Accidental Death and Dismemberment Insurance Exclusions or Limitations section of this Policy.

**CLAIMS PROCEDURES  
FOR LIFE OR ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

**NOTE: This Policy may include an Extension of Death Benefit, an Accelerated Death Benefit or a Living Benefit. If so, please refer to that section for special claim procedures.**

**NOTICE AND PROOF OF CLAIM**

**Notice of Claim.** Written notice of an accidental death or dismemberment claim must be given within 20 days after the loss occurs; or as soon as reasonably possible after that.\* The notice must be sent to the Company's Group Insurance Service Office. It should include:

- (1) the Insured Person's name and address; and
- (2) the number of this Policy.

**Claim Forms.** When notice of claim is received, the Company will send claim forms for filing the required proof. If the Company does not send the forms within 15 days; then the Insured Person or Beneficiary (the claimant) may send the Company written proof of claim in a letter. It should state the nature, date and cause of the loss.

**Proof of Claim.** The Company must be given written proof of claim within 180 days after the date of the loss; or as soon as reasonably possible after that.\* Proof of claim must be provided at the claimant's own expense. It must show the nature, date and cause of the loss. In addition to the information requested on the claim form, documentation must include:

- (1) A certified copy of the death certificate, for proof of death.
- (2) A copy of any police report, for proof of accidental death or dismemberment.
- (3) A signed authorization for the Company to obtain more information.
- (4) Any other items the Company may reasonably require in support of the claim.

\* **Exception:** Failure to give notice or furnish proof of claim within the required time period will not invalidate or reduce the claim; if it is shown that it was done:

- (1) as soon as reasonably possible; and
- (2) in no event more than one year after it was required.

These time limits will not apply while the claimant lacks legal capacity.

**EXAM OR AUTOPSY.** At anytime while a claim is pending, the Company may have the Insured Person examined:

- (1) by a Physician of the Company's choice;
- (2) as often as reasonably required.

If the Insured Person fails to cooperate with an examiner or fails to take an exam, without good cause; then the Company may deny benefits, until the exam is completed. In case of death, the Company may also have an autopsy done, where it is not forbidden by law. Any such exam or autopsy will be at the Company's expense.

**TIME OF PAYMENT OF CLAIMS.** Any benefits payable under this Policy will be paid immediately after the Company receives complete proof of claim and confirms liability.

**TO WHOM PAYABLE**

**Death.** Any benefits payable for the Insured Person's death will be paid in accord with the Beneficiary, Facility of Payment, and Settlement Options sections of this Policy. If this Policy includes Dependent Life Insurance; then any benefits payable for an insured Dependent's death will be paid to:

- (1) the Insured Person, if he or she survives that Dependent; or
- (2) the Insured Person's Beneficiary, or in accord with the Facility of Payment section; if the Insured Person does not survive that Dependent.

**Dismemberment.** If this Policy includes Accidental Death and Dismemberment Benefits; then any benefit, other than the Insured Person's death benefit, will be paid to the Insured Person.

## CLAIMS PROCEDURES (Continued)

**NOTICE OF CLAIM DECISION.** The Company will send the claimant a written notice of its claim decision. If the Company denies any part of the claim; then the written notice will explain:

- (1) the reason for the denial, under the terms of this Policy and any internal guidelines;
- (2) how the claimant may request a review of the Company's decision; and
- (3) whether more information is needed to support the claim.

The Company will send this notice within 15 days after resolving the claim. If reasonably possible, the Company will send it within:

- (1) 90 days after receiving the first proof of a death or dismemberment claim; or
- (2) 45 days after receiving the first proof of a claim for any Extension of Death Benefit available under this Policy.

**Delay Notice.** If the Company needs more than 15 days to process a claim, in a special case; then an extension will be permitted. If needed, the Company will send the claimant a written delay notice:

- (1) by the 15<sup>th</sup> day after receiving the first proof of claim; and
- (2) every 30 days after that, until the claim is resolved.

The notice will explain the special circumstances which require the delay, and when a decision can be expected.

In any event, the Company must send written notice of its decision within:

- (1) 180 days after receiving the first proof of a death or dismemberment claim; or
- (2) 105 days after receiving the first proof of a claim for any Extension of Death Benefit available under this Policy.

If the Company fails to do so; then there is a right to an immediate review, as if the claim was denied.

**Exception:** If the Company needs more information from the claimant to process a claim; then it must be supplied within 45 days after the Company requests it. The resulting delay will not count towards the above time limits for claim processing.

**REVIEW PROCEDURE.** The claimant may request a claim review, within:

- (1) 60 days after receiving a denial notice of a death or dismemberment claim; or
- (2) 180 days after receiving a denial notice of a claim for any Extension of Death Benefit available under this Policy.

To request a review, the claimant must send the Company a written request, and any written comments or other items to support the claim. The claimant may review certain non-privileged information relating to the request for review.

**Notice of Decision.** The Company will review the claim and send the claimant a written notice of its decision. The notice will explain the reasons for the Company's decision, under the terms of this Policy and any internal guidelines. If the Company upholds the denial of all or part of the claim; then the notice will also describe:

- (1) any further appeal procedures available under this Policy;
- (2) the right to access relevant claim information; and
- (3) the right to request a state insurance department review, or to bring legal action.

For a death or dismemberment claim, the notice will be sent within 60 days after the Company receives the request for review; or within 120 days, if a special case requires more time. For a claim for any Extension of Death Benefit available under this Policy, the notice will be sent within 45 days after the Company receives the request for review; or within 90 days, if a special case requires more time.

**CLAIMS PROCEDURES**  
**(Continued)**

**Delay Notice.** If the Company needs more time to process an appeal, in a special case; then it will send the Insured Person a written delay notice, by the 30<sup>th</sup> day after receiving the request for review. The notice will explain:

- (1) the special circumstances which require the delay;
- (2) whether more information is needed to review the claim; and
- (3) when a decision can be expected.

**Exception:** If the Company needs more information from the claimant to process an appeal; then it must be supplied within 45 days after the Company requests it. The resulting delay will not count towards the above time limits for appeal processing.

**RIGHT OF RECOVERY.** If benefits have been overpaid on any claim; then full reimbursement to the Company is required within 60 days. If reimbursement is not made; then the Company has the right to:

- (1) reduce future benefits until full reimbursement is made; and
- (2) recover such overpayments from the Insured Person, or from his or her Beneficiary or estate.

Such reimbursement is required whether the overpayment is due to fraud, the Company's error in processing a claim, or any other reason.

**LEGAL ACTIONS.** No legal action to recover any benefits may be brought until 60 days after the required written proof of claim has been given. No such legal action may be brought more than three years after the date written proof of claim is required.

**COMPANY'S DISCRETIONARY AUTHORITY.** Except for the functions that this Policy clearly reserves to the Group Policyholder or Employer, the Company has the authority to:

- (1) manage this Policy and administer claims under it; and
- (2) interpret the provisions and resolve questions arising under this Policy.

The Company's authority includes (but is not limited to) the right to:

- (1) establish and enforce procedures for administering this Policy and claims under it;
- (2) determine Employees' eligibility for insurance and entitlement to benefits;
- (3) determine what information the Company reasonably requires to make such decisions; and
- (4) resolve all matters when a claim review is requested.

Any decision the Company makes, in the exercise of its authority, shall be conclusive and binding; subject to the Insured Person's or Beneficiary's rights to:

- (1) request a state insurance department review; or
- (2) bring legal action.

**NOTICE CONCERNING COVERAGE  
LIMITATIONS AND EXCLUSIONS UNDER THE NORTH CAROLINA  
LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT**

Residents of this state who purchase life insurance, annuities or health insurance should know that the insurance companies and Health Maintenance Organizations (HMOs) licensed in this state to write these types of insurance are members of the North Carolina Life and Health Insurance Guaranty Association. The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer or HMO becomes financially unable to meet its obligations. If this should happen, the guaranty association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the guaranty association is not unlimited, however. And, as noted *in the box* below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

**The North Carolina Life and Health Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in North Carolina. You should not rely on coverage by the North Carolina Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.**

**Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.**

**Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the guaranty association to induce you to purchase any kind of insurance policy.**

The North Carolina Life and Health Insurance Guaranty Association  
Post Office Box #10218  
Raleigh, North Carolina 27605-0218

North Carolina Department of Insurance  
Consumer Services Division  
1201 Mail Service Center  
Raleigh, North Carolina 27699-1201

The state law that provides for this safety-net coverage is called the North Carolina Life and Health Insurance Guaranty Association Act. *On the back of this page* is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the guaranty association.

## Coverage

Generally, individuals will be protected by the life and health insurance guaranty association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer or HMO. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## Exclusions From Coverage

**However, persons holding such policies are not protected by this association if:**

- ( They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- ( The insurer was not authorized to do business in this state;
- ( Their policy was issued by a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange;
- They acquired rights to receive payments through a structured settlement factoring transaction.

**The association also does not provide coverage for:**

- ( Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- ( Any policy of reinsurance (unless an assumption certificate was issued);
- ( Interest rate yields that exceed the average rate specified in the law;
- ( Dividends;
- ( Experience or other credits given in connection with the administration of a policy for a group contract holder;
- ( Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- ( Unallocated annuity contracts (which give rights to group contract holders, not individuals), unless they fund a government lottery or a benefit plan of an employer, association or union, except that unallocated annuities issued to employee benefit plans protected by the Federal Pension Benefit Guaranty Corporation are not covered; or
- ( A policy or contract commonly known as Medicare Part C, Medicare Part D, Medicaid or any regulations issued pursuant thereto.

## Limits On Amount Of Coverage

The act also limits the amount the association is obligated to pay out as follows:

- (1) The guaranty association cannot pay more than what the insurance company would owe under the policy or contract.
- (2) Except as provided in (3), (4) and (5) below, the guaranty association will pay a maximum of \$300,000 per individual, per insolvency, no matter how many policies or types of policies issued by the insolvent company.
- (3) The guaranty association will pay a maximum of \$500,000 with respect to a health benefit plan.
- (4) The guaranty association will pay a maximum of \$1,000,000 with respect to the payee of a structured settlement annuity.
- (5) The guaranty association will pay a maximum of \$5,000,000 to any one unallocated annuity contract holder.