

**Fort Dearborn Life Insurance Company**  
300 E. Randolph, Chicago, IL 60601  
(herein called FDL)

Administrative Office:  
Richardson, Dallas County, Texas

has issued this

**Renewable Group Term Life Insurance Policy**  
No. 38000-A (herein called the Group Policy)

to the


**Board of Trustees of the Employees Retirement System of Texas (“ERS”)**  
(herein called ERS or the Trustee)


**Effective September 1, 2001**  
(herein called the Policy Date).

FDL agrees to pay a sum of money as stated herein upon the death of any Employee or Retiree insured by this Group Policy. Any amount payable will be paid to the beneficiary entitled to such payment in accordance with the conditions and provisions of this Group Policy, including the Suicide Exclusion provision, and any documents executed and made a part of this Group Policy.

This Group Policy is issued for an initial term of September 1, 2001 through August 31, 2004 beginning on the Policy Date, in consideration of the Trustee’s Application therefor and of the timely payment of premiums as provided for herein. It is renewable annually on the Policy Anniversary by mutual agreement between FDL and the Trustee and timely payment by the Trustee of the premium as provided herein. It is terminable at the times, upon the conditions, and in the manners hereinafter specified, unless in conflict with the terms of the Contractual Agreement executed on February 13, 2001, as part of Fort Dearborn Life Insurance Company’s Response to the Request for Proposal submitted to ERS on or about the same date.

**In Witness Whereof**, FDL has caused this Group Policy to be executed at its Administrative Office in Richardson, Dallas County, Texas.

  
Secretary

  
President

**Death benefits of this Group Policy for an Employee or Retiree will be reduced when an Accelerated Life Benefit Amount payment is paid to that Employee or Retiree.**

DISCLOSURE: The Accelerated Life Benefit offered under this Group Policy is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the Accelerated Life Benefit qualifies for such favorable tax treatment, the Accelerated Life Benefit payment amount will be excludable from the Employee’s or Retiree’s income and not subject to federal taxation. Tax laws relating to Accelerated Life Benefits are complex. The Employee or Retiree is advised to consult with a qualified tax advisor about circumstances under which he or she could receive the Accelerated Life Benefit excludable from income under federal law.

Receipt of the Accelerated Life Benefit may affect the Employee’s, Retiree’s or Dependent’s eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary social security income (SSI), and drug assistance programs. The Employee or Retiree is advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect the Employee’s, Retiree’s or Dependent’s eligibility for public assistance.

## IMPORTANT NOTICE

To obtain information or make a complaint:

- You may call Fort Dearborn Life Insurance Company's toll-free telephone number for information or to make a complaint at:

**1-800-778-2281**

- You may also write to Fort Dearborn Life Insurance Company at:

P. O. Box 655403  
Dallas, Texas 75265-5403

- You may contact the Texas Department of Insurance's toll-free telephone number to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

- You may write the Texas Department of Insurance at:

P. O. Box 149104  
Austin, Texas 78714-9104  
FAX# (512) 475-1771

- **PREMIUM OR CLAIM DISPUTES:** Should you have a dispute concerning your premium or about a claim, you should contact the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

- **ATTACH THIS NOTICE TO YOUR POLICY:** This notice is for information only and does not become a part or condition of the document to which it is attached.

## AVISO IMPORTANTE

Para obtener información o para someter una queja:

- Usted puede llamar al número de teléfono gratis de Fort Dearborn Life Insurance Company para información o para someter una queja al:

**1-800-778-2281**

- Usted también puede escribir a Fort Dearborn Life Insurance Company al:

P. O. Box 655403  
Dallas, Texas 75265-5403

- Puede comunicarse con el Departamento de Seguros de Texas para obtener información acerca de compañías, coberturas, derechos o quejas al número de teléfono gratis:

**1-800-252-3439**

- Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104  
Austin, Texas 78714-9104  
FAX# (512) 475-1771

- **DISPUTAS SOBRE PRIMAS O RECLAMOS:** Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con la compañía primero. Si no se resuelve la disputa, puede entonces comunicarse con el Departamento de Seguros de Texas (TDI).

- **UNA ESTE AVISO A SU PÓLIZA:** Este aviso es solo para propósito de información y no se convierte en parte o condición del documento adjunto.

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## Article I — Definitions

### As used in this Group Policy:

- A. **Accelerated Life Benefit for Employees and Retirees** means that portion of the Group Term Life Insurance Amount requested by the insured Employee or Retiree and approved by FDL to be paid in advance of the Employee's or Retiree's actual death in accordance with the terms of this Group Policy. Accelerated Life Benefit Payment can be requested only once during the lifetime of the Employee or Retiree.
- B. **Accelerated Life Benefit Payment for Employees and Retirees** means the amount of the Accelerated Life Benefit actually paid to the insured Employee or Retiree. The Accelerated Life Benefit Payment will be the Accelerated Life Benefit amount requested by the insured Employee or Retiree and approved by FDL.

The Accelerated Life Benefit amount may be up to 80% (100% if the insured Employee has only Basic Group Term Life Insurance) of the insured Employee's total (Basic and Optional) Group Term Life Insurance amount. The Accelerated Life Benefit Payment must be at least \$5,000 for Employees.

The Accelerated Life Benefit amount may be up to 80% (100% if the insured Retiree has only Basic Group Term Life Insurance) of the insured Retiree's total (Basic and Optional) Group Term Life Insurance amount. The Accelerated Life Benefit payment must be at least \$2,500 for Retirees.

- C. **Accidental Bodily Injury** means a violent, external Accidental Bodily Injury resulting, directly and independently of all other causes, from an accident occurring while both this Group Policy is in force and the coverage of the Employee is in force as to the Employee whose bodily injury is the basis of claim, except as limited or excluded by the provisions of this Group Policy.
- D. **Act** means the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2 of the *Texas Insurance Code*).
- E. **Active Employee** means an Employee as defined in the Act.
- F. **Actively at Work, Active Work, Active Service or Active Duty** means the active expenditure of time and energy in the service of the Employer, except for elected officials of the State who qualify under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, *Texas Insurance Code*). An Employee will be considered to be on Active Duty on each day of a regular paid vacation or regular paid sick leave, or on a regular nonworking day, provided he or she was Actively at Work on the last preceding working day.
- G. **Annual Salary** means the gross amount of monthly Salary payable to an Employee, times a factor of 12 to annualize, excluding overtime and bonuses. Monthly Salary will be determined in accordance with the Trustee's established Rules and procedures.
- H. **Annuitant** means a person as defined in the Act.

## Article I — Definitions (Continued)

- I. **Approved Practitioner** means a person who provides medical service and care within the scope of his or her licensure and training which is consistent with the national and community medical practice standards and when acting within the scope of his or her license, (other than a hospital resident or intern), who is a Doctor of Medicine or Doctor of Osteopathy. The term Approved Practitioner shall not be deemed to include a Doctor of Chiropractic, a Doctor of Dentistry, a Doctor of Optometry, a Doctor in Psychology, a Licensed Audiologist, a Licensed Master Social Worker-Advanced Clinical Practitioner, a Licensed Chemical Dependency Counselor, a Licensed Hearing Instrument Fitter and Dispenser, a Licensed Dietitian, a Licensed Marriage and Family Therapist, a Licensed Professional Counselor, a Licensed Speech-Language Pathologist, a Doctor of Podiatry, an Advanced Practice Nurse, a Physician Assistant, a Licensed Occupational Therapist, a Licensed Physical Therapist, a Licensed Acupuncturist, a Licensed Psychological Associate or a Licensed Surgical Assistant. An acute and temporary Total Disability may be certified or attested to by a Doctor of Podiatry licensed by the Texas State Board of Podiatric Medical Examiners if the acute and temporary Total Disability is caused by a sickness or injury that may be treated within the scope of the license of such Doctor of Podiatry. Such terms as used herein shall have the meaning assigned to them by the *Texas Insurance Code*.
- J. **Attained Age** means age last birthday.
- K. **Attending Physician's Statement** as related to Accelerated Life Benefit means a written medical opinion of an Approved Practitioner currently licensed to practice in the United States, and which:
1. is made at the insured Employee's or Retiree's expense; and
  2. indicates that the insured Employee or Retiree has a Terminal Condition; and
  3. includes all medical test results, laboratory reports, and any other information on which the opinion is based; and
  4. indicates the insured Employee's or Retiree's life expectancy; and
  5. is acceptable to FDL.
- L. **Basic Plan** means the plan of group insurance determined by the Trustee in which every full-time Employee or Retiree is automatically enrolled, unless participation is specifically waived.
- M. **Department** means a commission, board, agency, division, department of the State of Texas, or institution of higher education created as such by the constitution or statutes of the State of Texas.
- N. **Employee** means any appointive or elective State officer or employee in the service of the State of Texas, including an employee of an institution of higher education, as defined in the Act, Article 3.50-2, Section 3(a)(5), *Texas Insurance Code*.
- O. **Employer** means the State of Texas and the particular Department that a participant serves by appointment or election.

## Article I — Definitions (Continued)

- P. **Employing Office** means, for a Retiree covered by this Program, the Employees Retirement System of Texas in Austin, Texas or the Retiree's last employing Department; for an Active Employee, the Employee's employing Department.
- Q. **Evidence of Insurability** means such evidence, provided at no expense to FDL, including medical records and a physical examination, as may be required by FDL to determine that the Employee, Retiree or Dependent is an acceptable risk for changes in existing insurance or issuance of new insurance pursuant to Section 81.7(f) of the Rules of the Board of Trustees of the Employees Retirement System of Texas. Evidence of Insurability information must be reviewed by and coverage approved by FDL before such coverage becomes effective.
- R. **Full-Time Employee** means an Employee as defined by Sections 3(a)(5) and 3(a)(15) in the Act.
- S. **Fund** means the Employee's Life, Accident and Health Insurance and Benefits Fund created by the Act which is administered by the Trustee.
- T. **Group Term Life Insurance Amount** means the Basic Group Term Life Insurance and Optional Group Term Life Insurance, if any, in force under this Group Policy on the life of the insured Employee or Retiree. The Group Term Life Insurance Amount means for the Accelerated Life Benefit the Group Term Life Insurance in force on the life of such insured Employee or Retiree including any age-based benefit reductions which would be scheduled to occur within 6 months of the Accelerated Life Benefit Payment.
- U. **Insurance Month** means each succeeding monthly period beginning on the Policy Date.
- V. **Leave Without Pay** means the status of an Employee who is certified monthly by an agency administrator to be absent from duty and who has not received a refund of retirement contributions based upon the most recent term of employment, such leave to be limited to a maximum period of duration as specified in the current Appropriations Act.
- W. **ORP** means the Optional Retirement Program as provided in Chapter 830, Texas Government Code.
- X. **Part-Time Employee** means an Employee as defined by Sections 3(a)(5) and 3(a)(14) in the Act.
- Y. **Policy Anniversary** means the month and day specified in the Schedule of Insurance, and the corresponding date in each year thereafter for as long as the Policy is in force.
- Z. **Policy Year** means the 12-month period beginning on September 1 of each year.
- AA. **Program** means the Texas Employees Uniform Group Insurance Program as established by the Board of Trustees.
- AB. **Qualifying Life Event** means a change in marital status, a change in dependent status, a change in employment status, a change of address that results in loss of benefits eligibility, a change in Medicare or Medicaid status, a significant cost of benefit or coverage change imposed by a third party provider, or a change in coverage ordered by a court.

## Article I — Definitions (Continued)

- AC. **Remaining Group Term Life Insurance Amount** as related to Accelerated Life Benefit means that portion of the Group Term Life Insurance Amount remaining after reduction by the FDL approved amount of the Accelerated Life Benefit.
- AD. **Retiree** means an Employee or Annuitant who has retired as defined in the Act.
- AE. **Rule or Rules** means those rules adopted by the Board of Trustees of the Employees Retirement System of Texas pursuant to the Act.
- AF. **Salary** means the Employee's regular earnings, including longevity, shift differential and hazardous duty pay or benefit replacement pay, received by the Employee as of the Employee's first day of Active Duty within a Plan Year (September 1 through August 31), excluding any other component of compensation. Nonsalaried elective or appointive officials and members of the legislature may use the Salary of a state district judge or their actual Salary as of September 1st of each year.
- AG. **Schedule of Insurance** means the Schedule of Insurance appearing in the Trustee's Application, or the latest of any revised schedules submitted by the Trustee and accepted by FDL to replace one previously effective.
- AH. **Terminal Condition** means a non-correctable health condition that, with reasonable medical certainty established by medical evidence based on objective clinical findings using current American Medical Association guidelines, will result in the death of the insured Employee or Retiree within twelve months from the date of the Attending Physician's Statement. The twelve month period is applicable for Accelerated Life Benefit and for a Viatical Settlement.
- AI. **Total Disability or Totally Disabled** as related to Extended Life Insurance Benefits, means the inability of the Employee to engage in any occupation for which he or she is reasonably suited by training, education, or experience, because of a proven physical or mental impairment which is established by medical evidence based on objective clinical findings using current American Medical Association guidelines, and certified by an Approved Practitioner operating within the scope of his or her licensure and practice.
- AJ. **Trustee** means the Board of Trustees of the Employees Retirement System of Texas.
- AK. **Viatical Settlement** means an agreement between the Employee or Retiree and a viatical settlement provider under which the Employee or Retiree makes the viatical settlement provider or the persons or entities the viatical settlement provider designates the irrevocable beneficiary to his or her Group Term Life Insurance coverage or his or her Dependent's Group Term Life Insurance coverage for a particular Dependent in exchange for a cash settlement. This cash settlement is a percentage of the Employee's, Retiree's, or Dependent's entire Group Term Life Insurance coverage. If the Employee or Retiree elects to receive benefits for himself or herself or for a covered Dependent under a Viatical Settlement Option, the Employee or Retiree may not also have received benefits under an Accelerated Life Benefit.

## Article II — Eligibility for Insurance; Effective Dates

### A. Eligibility for Insurance

1. Any Employee or Retiree will, upon the date he or she becomes an Employee or Retiree, become eligible to apply for insurance hereunder in accordance with Eligibility Rule No. 81.5 and Enrollment and Participation Rule No. 81.7 established by the Employees Retirement System of Texas as in effect on January 1, 1998, incorporated herein by reference and as may be amended by the Trustee during the term of the Group Policy.
2. If the eligible Full-Time Employee does not decline insurance, he or she will be deemed to have applied on his or her date of eligibility for the minimal amount of insurance available. Employees or Retirees who participated in this Program under the previous Group Policy immediately prior to the Policy Date, who do not select different election of insurance will be deemed to have applied for the same election of insurance in effect immediately prior to the Policy Date.

If the Extended Life Insurance Benefits provisions of Article VII of this Group Policy are in force and effect as to a disabled Employee on the date such Employee would otherwise become eligible for insurance under this Group Policy as a Retiree, such Employee will not become eligible to apply for insurance as a Retiree unless and until the Extended Life Insurance Benefit terminates.

3. Evidence of Insurability, provided at the Employee's expense, and review of such Evidence of Insurability by FDL, will be required for any Active Employee who:
  - a. does not elect to enroll within 31 days of the date of eligibility, but remains eligible for insurance under this Group Policy;
  - b. specifically waives participation when initially eligible and remains eligible for insurance under this Group Policy; or
  - c. elects additional coverage by selecting:
    - (1) Election I or II more than 31 days after the date of eligibility; or
    - (2) Election III or IV at any time.

FDL will review such medical information and either approve or deny coverage based on the medical information provided. FDL will provide written notification to the Employee and Employer of the approval or denial of coverage.

### B. Application for Insurance

Insurance for each eligible Employee or Retiree will be contingent upon the Employee or Retiree making application in accordance with the Rules, and subject to acceptance by FDL, insurance will become effective in accordance with the Rules.

## **Article II — Eligibility for Insurance; Effective Dates (Continued)**

### **C. Effective Dates — Timely Applications**

1. If the Employee or Retiree is eligible on the Policy Date and was insured under the Trustee's prior group policy with FDL immediately prior thereto, and such Employee or Retiree elects to continue insurance hereunder, such insurance will be continued.
2. If the application is for the initial insurance of an Employee or Retiree and if the application is received by the Benefits Coordinator of that Employee's Department or the Employees Retirement System of Texas within 31 days of the Employee's or Retiree's date of eligibility, the insurance will become effective on the first day of the Insurance Month following the date of application. If the application is received on or before the first day of eligibility, insurance will become effective on the first day of eligibility.
3. If the Extended Life Insurance Benefit provision of Article VII of this Group Policy terminates on the date a disabled Employee would otherwise be eligible for insurance hereunder as a Retiree, such disabled Employee will be automatically insured for Retiree Basic Group Term Life Insurance effective on the first day of the month following termination of the Extended Life Insurance Benefits provision.
4. If the application is submitted in accordance with Section A, Subsection 3, above, and Evidence of Insurability acceptable to FDL is required, the insurance will become effective, if at all, on the first day of the Insurance Month after the date the Benefits Coordinator of that Employee's Department receives notice from FDL that the coverage for that Employee has been approved by FDL.

### **D. Effective Dates — Late Applications**

If the application for insurance is received by the Benefits Coordinator of the Employee's Department more than 31 days after the date such Employee becomes eligible, no insurance will become effective unless FDL provides written notice of approval. A condition for such approval of insurance will be the submission by the Employee, without expense to FDL, of Evidence of Insurability satisfactory to FDL. If FDL determines the evidence submitted to be satisfactory and agrees in writing to accept the application, the insurance will become effective on the first day of the Insurance Month following the date the Benefits Coordinator of the Employee's Department receives notice of FDL's approval of the coverage for that Employee.

### **E. Conflict with the Rules**

In the event of any conflict between this Article II and the Rules, the Rules will prevail.

## **Article II — Eligibility for Insurance; Effective Dates (Continued)**

### **F. Actively At Work**

Notwithstanding the provisions of Sections C and D above, the effective date of insurance of any Employee who is not Actively at Work on the date his or her insurance would otherwise become effective will be delayed and become effective on the first day such Employee is Actively at Work.

### **G. Application After Previous Denial**

Any person who is eligible for insurance under this Group Policy and who would have been required to furnish Evidence of Insurability satisfactory to FDL as a condition to becoming insured and whose eligibility hereunder ceases either without the submission of Evidence of Insurability or with such evidence not having been accepted in writing by FDL, will be subject to the same requirement if he or she subsequently regains eligibility for insurance.

### **H. Changes After Retirement**

An Employee who retired on or after September 30, 1999 who is not enrolled for Optional Group Term Life Insurance immediately prior to his or her retirement may enroll in Minimum Optional Life Insurance (\$10,000):

- At the time of retirement; or
- During summer enrollment; or
- At the time of a Qualifying Life Event.

Evidence of Insurability will be required.

## **Article III — Premiums**

### **A. Minimum Premium Agreement**

Premiums are determined in accordance with the Minimum Premium Agreement entered into by the Trustee and FDL. If the Minimum Premium Agreement is terminated and not replaced by a similar Agreement, FDL reserves the right to determine the premium rates as described below. Such premium rates will become effective on the day following the date of termination of the Minimum Premium Agreement.

### **B. Payment of Premiums**

In the absence of the Minimum Premium Agreement described in Article III, Section A above, continuance of the insurance under this Group Policy will be contingent upon payment of premiums by the Trustee to FDL at its Administrative Office in Richardson, Dallas County, Texas in advance on the first day of each Insurance Month following the termination of the Minimum Premium Agreement.

### **C. Premium Rates**

1. The Table of Rates under Section IV--Premium Rates in the Trustee's Application will be the basis of computing the amount of premiums payable for insurance under this Group Policy, subject to the condition that FDL may, on any Policy Anniversary, change the premium rate basis upon which the amount of further insurance premiums, including the one then due, will be computed.

The claims portion of the monthly premium rate can be changed on any Policy Anniversary after the first. The carrier retention portion of the monthly premium rate can be changed on any Policy Anniversary after the second.

2. The insurance premium to be paid hereunder on each premium due date will be determined by multiplying the amount (number of thousands of dollars) of insurance in force on said date by the premium rate applicable on said date. The Trustee will remit to FDL 100% of the figure thus obtained.

### **D. Premiums for New Employees**

On insurance covering Employees other than those insured as of the date of termination of the Minimum Premium Agreement, the premium charge will commence on the first day of the Insurance Month coinciding with or next following the date such insurance is effective. On insurance terminating, the premium charge will cease on the first day of the Insurance Month coinciding with or next following the date such termination is effective.

### **Article III — Premiums (Continued)**

#### **E. Grace Period**

A grace period of 31 days, without interest charge, will be allowed for the payment of each premium. If any premium is not paid within the grace period, this Group Policy will terminate at the end of the grace period or at an earlier date (which is not prior to the end of the period for which premiums have been paid) provided the Trustee will have given FDL written notice of such earlier date of termination; in which event the Group Policy will terminate at such earlier date. If the Group Policy terminates during or at the end of the grace period, the Trustee will be liable to FDL for payment of a pro rata premium for the time the Group Policy was in force during the grace period. The allowance of the grace period is applicable only to the total monthly premium and will not be construed so as to extend the insurance of any Employee or Retiree for whom a premium has not been paid as a part of the group remittance.

#### Article IV — Amount of Insurance

- A. The insurance provided under this Group Policy will be Group Term Life Insurance. Additional coverages may be provided by Supplementary Contracts attached to and made a part of this Group Policy. The coverage provided by any Supplementary Contracts are as applied for in the Trustee's Application and as described in the Supplementary Contract(s).
- B. The amount of Group Term Life Insurance on each Employee or Retiree, except as otherwise provided in this Article IV, will be determined in accordance with the classes described under Section I--Schedule of Insurance in the Trustee's Application and upon the Employee's or Retiree's election of coverage.
- C. Any increase in the amount of insurance of an Employee due to:
  - 1. a change in Salary or class on the Policy Anniversary date will become effective on that date; or
  - 2. a change in Salary or class after the Policy Anniversary date will become effective on the next Policy Anniversary date after such change; or
  - 3. a change in Elections will:
    - a. be subject to Evidence of Insurability satisfactory to FDL, furnished by the Employee, without expense to FDL; and
    - b. become effective on the first day of the Insurance Month following receipt by the Benefits Coordinator of that Employee's Department of FDL's approval of the increased coverage for the Employee.

Except that in any case, if the Employee is not Actively at Work on the day the amount of his or her insurance would otherwise be increased, such increase will become effective on the first day such Employee is again Actively at Work in accordance with the Rules. For the purposes of determining the amount of insurance for Extended Life Insurance Benefits, that amount will be determined as stated in Article VII, Section D.

- D. Any decreases in the amount of insurance of any Employee due to:
  - 1. a change in Salary or class on the Policy Anniversary date will become effective on that date; or
  - 2. a change in Salary or class after the Policy Anniversary date will become effective on the next Policy Anniversary date after such change; or
  - 3. a change in Elections will become effective on the first day of the Insurance Month following notification in writing to the Benefits Coordinator of that Employee's Department of such change.
- E. Any change in the amount of insurance of an Employee due to a change in class from an active to a Retiree status will become effective on the first day of the Insurance Month following such change.

## Article V — Payment of Benefits

- A. Immediately upon receipt of due proof of death of any Employee or Retiree, while insured hereunder, FDL will pay the amount of insurance then in force on the life of that Employee or Retiree to the designated beneficiary, subject to the further provisions of this Article. FDL will not be required to recognize a beneficiary designation unless furnished on its form provided for that purpose, or otherwise expressly accepted. The amount of insurance provided by this Group Policy will be paid on the establishment of a valid claim to the person or persons surviving at the date of the Employee's or Retiree's death, in the following order of precedence:

First, to the beneficiary or beneficiaries designated by the Employee or Retiree in a signed and witnessed writing received before death in the Employing Office. For this purpose, a designation, change, or cancellation of beneficiary in a will or other document not so executed and filed has no force or effect.

Second, if there is no designated beneficiary, to the widow or widower of the Employee or Retiree.

Third, if none of the above, to the child or children of the Employee or Retiree and descendants of deceased children by representation.

Fourth, if none of the above, to the parents of the Employee or Retiree or the surviving parent if one parent is deceased.

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of the Employee or Retiree.

Sixth, if none of the above, to other kin of the Employee or Retiree entitled under the laws of the domicile of the Employee or Retiree at the date of his or her death.

If, within one year after the death of the Employee or Retiree, no claim for payment of the amount of insurance has been filed by a person entitled under the order of precedence named above, or if payment to the person within that period is prohibited by any statute or regulation, payment may be made in the order of precedence as if the person had predeceased the Employee or Retiree, and the payment bars recovery by any other person.

If, within two years after the death of the Employee or Retiree, no claim for payment of the amount of insurance has been filed by a person entitled under the order of precedence named above, and neither the Trustee nor FDL has received notice that such a claim will be made, payment may be made to the claimant who, in the judgment of the Trustee, is equitably entitled thereto, and the payment bars recovery by any other person.

If, within four years after the death of the Employee or Retiree, payment has not been made under this Section A and no claim for payment by a person entitled under this Section A is pending, the amount payable escheats to the credit of the Fund as defined in the Act.

## Article V — Payment of Benefits (Continued)

Whenever the death of both the insured Employee or Retiree and the beneficiary occur within a period of less than 120 hours of each other, the insured Employee or Retiree will be deemed to have survived the beneficiary for the purpose of determining the rights to the amount of insurance provided by this Group Policy.

B. If the Employee or Retiree designated his or her spouse as beneficiary of the amount of insurance provided by this Group Policy in the event of his or her death, and if:

1. The marriage ended in divorce after such designation was made; and
2. The Employee or Retiree dies before a new designation is made,

the proceeds of this Group Policy will be paid as set forth in Section 9.301 of the *Texas Family Code*.

C. Any Employee or Retiree while insured hereunder may, from time to time, change his or her designation of beneficiary by written request filed through the Trustee on a form furnished by or satisfactory to FDL. The right to change the beneficiary is reserved to the Employee or Retiree and the consent of the beneficiary or beneficiaries or notice to the beneficiary or beneficiaries will not be requisite to any change in beneficiary. However, if the insured Employee or Retiree has designated an irrevocable beneficiary as part of a Viatical Settlement, the Employee or Retiree may not change the beneficiary designation.

D. Upon written request, satisfactory to FDL, the proceeds of an Employee's or Retiree's amount of insurance will be paid in accordance with one of the options described below in Subsection 1.

1. Options

- a. **Fixed Period Payment.** Payments for a fixed period, not more than 25 years, in accordance with the Table for Option a, following.
- b. **Life Income Payment.** Payments for the life of the payee, guaranteed for 5, 10, or 20 years. The amount of payments for each \$1,000 applied under this option will be determined in accordance with the Table for Option b, following. In the event a Trustee or a business entity is the beneficiary, payment will be made only with the approval of FDL.
- c. **Fixed Amount Payment.** Payments of a fixed amount, not less than \$5 per month for each \$1,000 applied, until proceeds and interest are exhausted.
- d. **Interest Income Only Payment.** Annual interest payments on funds left on deposit for the life of the payee or for a fixed period of not more than 25 years. The payee may at any time by written request withdraw all or part of the funds left on deposit. In the event of the payee's death, any remaining amount of the funds left on deposit will be paid in a lump sum.

**Article V — Payment of Benefits (Continued)**

2. Conditions

- a. A written request for one of the above options must be made by the Employee or Retiree while living; or, in the absence of such request, by the beneficiary after the Employee's or Retiree's death.
- b. A change of beneficiary revokes any prior election.
- c. The proceeds must be sufficient to produce installment or interest payments of at least \$20 per payment.
- d. Unless the option was elected by the person to receive payment, withdrawal or transfer of funds between options may be made only to the extent specified in the election. An Option b election may not be changed after income payments begin.

3. Interest

The guaranteed minimum effective annual interest rate for all options is 3.00%. For Options a or b, the effective annual interest rate used for computing the amount of income payments will be used to determine the withdrawal value of any guaranteed payments remaining unpaid at the payee's death.

Under Options c and d, interest in excess of the guaranteed minimum interest rate may be paid by FDL. Such excess interest will be calculated using an interest rate determined by FDL and which may be changed at times determined by FDL.

**Tables for Income Options a and b**

Monthly payments for each \$1,000 of Net Proceeds

**Option a**

Payments for a Fixed Period

Years	Amount	Years	Amount	Years	Amount	Years	Amount	Years	Amount
1	\$84.47	6	\$15.14	11	\$8.86	16	\$6.53	21	\$5.32
2	42.86	7	13.16	12	8.24	17	6.23	22	5.15
3	28.99	8	11.68	13	7.71	18	5.96	23	4.99
4	22.06	9	10.53	14	7.26	19	5.73	24	4.84
5	17.91	10	9.61	15	6.87	20	5.51	25	4.71

**Article V — Payment of Benefits (Continued)**

**Option b**

Payments for Life of Payee, with Guarantee Period

Income According to Age Nearest Birthday and Guarantee Period				Income According to Age Nearest Birthday and Guarantee Period			
Age of Payee	5 Years	10 Years	20 Years	Age of Payee	5 Years	10 Years	20 Years
25	\$3.05	\$3.04	\$3.02	55	\$5.03	\$4.90	\$4.41
26	3.08	3.08	3.05	56	5.15	5.01	4.47
27	3.12	3.11	3.08	57	5.28	5.12	4.53
28	3.15	3.14	3.11	58	5.42	5.23	4.59
29	3.19	3.18	3.15	59	5.56	5.35	4.64
30	3.23	3.22	3.18	60	5.72	5.48	4.70
31	3.27	3.26	3.22	61	5.87	5.61	4.75
32	3.31	3.30	3.25	62	6.04	5.74	4.80
33	3.36	3.34	3.29	63	6.22	5.87	4.85
34	3.40	3.39	3.33	64	6.40	6.01	4.90
35	3.45	3.43	3.37	65	6.59	6.16	4.94
36	3.50	3.48	3.41	66	6.79	6.30	4.98
37	3.55	3.53	3.45	67	7.00	6.45	5.02
38	3.61	3.59	3.50	68	7.23	6.60	5.05
39	3.66	3.64	3.54	69	7.46	6.76	5.09
40	3.72	3.70	3.59	70	7.70	6.91	5.12
41	3.78	3.76	3.64	71	7.95	7.07	5.14
42	3.85	3.82	3.69	72	8.22	7.23	5.17
43	3.92	3.88	3.74	73	8.50	7.38	5.19
44	3.99	3.95	3.79	74	8.78	7.54	5.20
45	4.06	4.02	3.84	75	9.08	7.69	5.22
46	4.14	4.09	3.90	76	9.40	7.84	5.23
47	4.22	4.17	3.95	77	9.72	7.98	5.24
48	4.31	4.25	4.01	78	10.05	8.13	5.25
49	4.40	4.33	4.07	79	10.39	8.26	5.26
50	4.49	4.42	4.12	80	10.75	8.39	5.26
51	4.59	4.50	4.18	81	11.11	8.51	5.27
52	4.69	4.60	4.24	82	11.47	8.63	5.27
53	4.80	4.69	4.30	83	11.85	8.73	5.27
54	4.91	4.79	4.36	84	12.23	8.83	5.27
				85*	12.61	8.92	5.27

\*& over

## Article VI — Accelerated Life Benefit for Employees and Retirees

If an insured Employee or Retiree is diagnosed with a Terminal Condition while insured under the Group Term Life Insurance of this Group Policy, such insured Employee or Retiree may request an Accelerated Life Benefit. An Accelerated Life Benefit is available for the insured Employee or Retiree and is not available at the election of a beneficiary. Accelerated Life Benefit is not available to a Retiree who retired prior to January 1, 2000 unless he or she was determined, in a written statement executed before the day he or she retired by his or her attending physician, to have had a Terminal Condition. Upon approval of the claim, FDL will send the requested Accelerated Life Benefit Payment to the insured Employee or Retiree subject to the following conditions:

- A. **Request for Accelerated Life Benefit.** The insured Employee or Retiree, or a court appointed legal representative of such Employee or Retiree, must complete an “Accelerated Life Insurance Benefit Claim Form” and submit it together with an Attending Physician’s Statement to FDL attesting to the insured Employee’s or Retiree’s Terminal Condition.
- B. **Amount of the Accelerated Life Benefit Payment.** The amount allowed for the Accelerated Life Benefit Payment depends on whether the insured Employee or Retiree is enrolled for Basic only or Basic and Optional Group Term Life Insurance at the time of the request.

An insured Employee or Retiree with only Basic Group Term Life coverage who applies and is approved for an Accelerated Life Benefit Payment will receive the entire death benefit as an Accelerated Life Benefit payment.

An insured Employee or Retiree with both Basic and Optional Group Term Life coverage may request up to 80% of the total amount. The minimum payment is \$5,000 for an insured Employee and \$2,500 for a Retiree.

- C. **Effect on Group Term Life Insurance in Force.** Upon approval of a request for and payment of an Accelerated Life Benefit Payment, the amount of Term Life Insurance Amount then in force on the life of the insured Employee or Retiree prior to such payment will be affected as follows:
  - 1. The total Group Term Life Insurance Amount will be reduced by the amount of the approved Accelerated Life Benefit Payment and such Remaining Term Life Insurance Amount will be paid upon receipt by FDL of proof of the death of the insured Employee or Retiree in accordance with the provisions of this Group Policy. For an insured Employee or Retiree with only Basic coverage, the Accelerated Life Benefit Payment will leave no Remaining Term Life Insurance Amount to be paid to the insured Employee’s or Retiree’s beneficiary.
  - 2. The amount of Term Life Insurance which may be converted to an individual whole life insurance policy will be the Remaining Term Life Insurance Amount.
  - 3. The Remaining Term Life Insurance Amount may not subsequently be increased for the insured Employee or Retiree.

## Article VI — Accelerated Life Benefit for Employees and Retirees (Continued)

4. The insured Employee's or Retiree's Group Term Life Insurance premium rate will not be decreased as a result of the reduction in the Term Life Insurance Amount. If the Extended Life Insurance Benefits becomes operative under this Group Policy, all Group Term Life Insurance premiums may be waived in accordance with the terms of this Group Policy.
5. The amount of Remaining Term Life Insurance may not be reinstated to the original Term Life Insurance Amount or increased in any manner in the event the insured Employee or Retiree does not die within twelve months from the date of the Attending Physician's Statement.

With the Accelerated Life Benefit Payment, FDL will include a statement to the insured Employee or Retiree specifying the effect of the Accelerated Life Benefit Payment on the Term Life Insurance Amount and on future premiums becoming due under this Group Policy.

- D. **Age Reduction.** The maximum available Accelerated Life Benefit will be reduced by the age-based benefit reduction provisions of this Group Policy if the Accelerated Life Benefit Payment will be made within six months of such applicable age-based benefit reduction. The Remaining Term Life Insurance Amount under this Group Policy will be subject to the proportionate future age-based benefit reductions as they become applicable.
- E. **Other Coverages.** Any other coverages held by the insured Employee or Retiree under this Group Policy and any Supplementary Contracts attached and made a part thereof, Accidental Death, Dismemberment and Loss of Sight Benefits; Dependents' Group Term Life Insurance; Dependents' Accidental Death, Dismemberment and Loss of Sight Benefits; and Voluntary Accident Insurance will not be subject to this Accelerated Life Benefit for Employees and Retirees and will not be affected by any Accelerated Life Benefit Payment provided all required premiums for such coverage continue to be paid as they become due.
- F. **Denial of Benefit.** FDL will decline a request for an Accelerated Life Benefit Payment if, prior to FDL's remittance of the Accelerated Life Benefit Payment:
  1. The Group Term Life Insurance under this Group Policy on the insured Employee's or Retiree's life ceases for any reason; or
  2. FDL is notified of the insured Employee's or Retiree's death.
- G. **Method of Payment.** Any payment by FDL of the Accelerated Life Benefit will be made to or for the benefit of the insured Employee or Retiree in one lump sum.
- H. **Exclusions.** The Accelerated Life Benefit will not be available if:
  1. The insured Employee or Retiree has already received a Viatical Settlement payment under this Group Policy;
  2. The insured Employee or Retiree has already received an Accelerated Life Benefit Payment under this Group Policy;
  3. The insured Employee is in retirement status prior to January 1, 2000, unless the Terminal Condition was diagnosed before the insured Employee's date of retirement;

## Article VI — Accelerated Life Benefit for Employees and Retirees (Continued)

4. FDL has been notified that all or a portion of the Group Term Life Insurance under this Group Policy are to be paid to a former spouse as part of a divorce decree or annulment; or
5. The insured is no longer an Employee.

### I. General Provisions Applicable to Accelerated Life Benefit for Employees and Retirees

1. **Conversion Privilege.** In the event the Conversion Privilege under this Group Policy is exercised by an insured Employee or Retiree, then this Accelerated Life Benefit will not be applicable to such insured Employee or Retiree after conversion.
2. **Effect of Termination of Policy.** In the event the Trustee terminates this Group Policy and FDL has made an Accelerated Life Benefit Payment to an insured Employee and the Employee has not been approved for the Extended Life Insurance Benefit as of the date of termination, such insured Employee desiring to continue coverage for the Remaining Term Life Insurance Amount must convert such coverage to, and pay premiums for, an individual whole life insurance policy.
3. **Extended Life Insurance Benefits.** The insured Employee will be eligible to request an Accelerated Life Benefit Payment in the event Extended Life Insurance Benefits under the Group Policy became operative for such insured Employee prior to the request. If an Accelerated Life Benefit Payment was made prior to the Extended Life Insurance Benefits becoming operative, the amount of Group Term Life Insurance to be extended under Extended Life Insurance Benefits will be the Remaining Term Life Insurance Amount.  

An Accelerated Life Benefit Payment will not be made by FDL if the Group Policy terminates while Extended Life Insurance Benefits are being continued for an insured Employee and the insured Employee requests an Accelerated Life Benefit Payment within six months of the date Extended Life Insurance Benefits would otherwise terminate.
4. **Proof of Terminal Condition and Examinations.** FDL will have the right to require proof of an insured Employee's or Retiree's Terminal Condition. An Attending Physician's Statement must be submitted as proof and must be provided by an Approved Practitioner licensed to practice in the United States. The proof must be in a form satisfactory to FDL. Any delay in submitting proof will not cause a request for an Accelerated Life Benefit Payment to be denied as long as the proof is given as soon as reasonably possible. After such proof is given, FDL may request that such insured Employee or Retiree be examined by Approved Practitioners of FDL's choice at FDL's expense. If an insured Employee or Retiree fails to submit proof satisfactory to FDL of the Terminal Condition, a request for an Accelerated Life Benefit Payment will be denied.

## Article VI — Accelerated Life Benefit for Employees and Retirees (Continued)

5. **Termination of the Terminal Condition.** In the event the insured Employee no longer has a reported Terminal Condition and returns to Active Service with the Employing Office in a class of persons eligible for this Accelerated Life Benefit and:
- a. an Accelerated Benefit Payment has been made to the insured Employee, the amount of Group Term Life Insurance for such insured Employee under this Group Policy, or any subsequent Group Term Life Insurance Policy issued by FDL to the Trustee, will be the Remaining Term Life Insurance Amount although premiums will be due on the entire amount of Group Term Life Insurance as if the Accelerated Life Benefit Payment had not been made; or
  - b. if an Accelerated Life Benefit Payment has not been made, such prior Terminal Condition will not preclude such insured Employee from the provisions of this Accelerated Life Benefit.

In the event the insured Employee no longer has the Terminal Condition and does not return to Active Service with the Employer in a class of persons eligible for this Accelerated Life Benefit, the insured Employee's Group Term Life Insurance under this Group Policy will terminate. The insured Employee may exercise the Conversion Privilege under this Group Policy and any amounts of Group Term Life Insurance to be converted will be reduced by any Accelerated Life Benefit Payment that has been made.

## Article VII — Extended Life Insurance Benefits

- A. If an Employee, while insured and while under age 60, becomes Totally Disabled from bodily injury or disease as certified by an Approved Practitioner, thereby being prevented for a period of at least six months from performing any work or engaging in any occupation for compensation or profit, the Employee's Group Term Life Insurance hereunder will be continued without payment of premiums, subject to the further provisions of this Article VII.
- B. Written proof of such Total Disability must be submitted by or on behalf of the Employee to FDL at its Administrative Office after the said six months and within eighteen months following the onset of such Total Disability. Unless within 30 days FDL rejects such proof as unsatisfactory, Extended Life Insurance Benefits will become operative, relating back to the first premium payment becoming due after the date of onset. Extended Life Insurance Benefits will automatically expire when any 12-month period will have elapsed after the last submission of satisfactory proof of continuing Total Disability, provided FDL gives the Employee 30 days notice of such expiration by placing such notice in the United States mail to the Employee's last known address.
- C. The original proof of Total Disability, and each proof of continuing Total Disability must be furnished in writing to FDL on the appropriate claim form on the initiative of the disabled Employee or his or her personal representative without the necessity of FDL's requesting any such proof, except as provided in Section B, above. Medical proof of the continuing disability will not be required after the Employee becomes 70 years of age. FDL will continue to require a form completed by the Employee annually which will provide general information regarding his or her condition and current mailing address.
- D. The amount of Group Term Life Insurance to be extended under Extended Life Insurance Benefits for a particular insured Employee will be the amount of insurance in force on the date Total Disability begins for that insured Employee as determined in Article IV of this Group Policy. The amount of Group Term Life Insurance extended will be reduced when the insured Employee approved for Extended Life Insurance benefits attains age 70. He or she will retain the amount of Group Term Life Insurance in force under the Extended Life Insurance Benefits reduced by 50% or to \$12,500, whichever is less, so long as the Employee remains Totally Disabled.
- E. FDL has the right to have the Employee examined at any time or times during the period of claimed disability, and this Extended Life Insurance Benefit will expire immediately and without notice if at any time consent to make such examination is refused by the Employee, his or her physician, or his or her beneficiary. If there is a conflict in medical opinion between the Employee's Approved Practitioner's opinion and FDL's Approved Practitioner's Opinion, the opinion of FDL's Approved Practitioner will prevail.
- F. If Extended Life Insurance Benefits expire as provided in Sections B or E of this Article VII, insurance of such Employee will be continued hereunder only if regular premium payments for that Employee are promptly resumed; but, in the alternative, if his or her employment with the Employer has then been terminated, he or she will be entitled to apply for an individual policy of life insurance in accordance with Article IX, Section A, of this Group Policy as though employment had terminated at the date of expiration of Extended Life Insurance Benefits.

## **Article VII — Extended Life Insurance Benefits (Continued)**

- G. Extended Life Insurance Benefits do not apply to any Employee who has attained his or her 60th birthday at the date Total Disability commences, or to any supplementary coverages under this Group Policy.
- H. If an individual policy of whole life insurance has become effective in accordance with Article IX of this Group Policy, or in accordance with any supplement to this Group Policy, Extended Life Insurance Benefits will be applicable only if such individual life insurance policy is surrendered to FDL without claim other than for return of the premiums paid thereon less any indebtedness.
- I. If a disabled Employee's death occurs within the eighteen-month period in which the disabled Employee could have filed an application for Extended Life Insurance Benefits, the beneficiary may submit an application on behalf of the deceased Employee. Such an application will be considered a valid application on the same basis as if it had been submitted by an Employee. If such an application is approved by FDL, then benefits will be payable to the beneficiary.
- J. Extended Life Insurance Benefits will not be applicable to disabilities occurring after an Employee retires.

## Article VIII — Termination of Individual Insurance

- A. The insurance on any Employee or Retiree will automatically terminate immediately upon the earliest of the following dates:
1. The last day of the Insurance Month in which employment with the Employing Office terminates, or membership in the class or classes eligible for coverage under this Group Policy terminates; except:
    - a. An eligible member of the Texas Legislature:
      - (1) who held office on or after May 17, 1979, and
      - (2) who, on ending service as a member of the Legislature, has established the minimum amount of creditable service required of an elective official for eligibility for service retirement benefits at 60 years of age, and
      - (3) who notifies the Employing Office within 30 days of leaving office of his or her intent to continue coverage and remit the necessary premiums therefor; or
    - b. Persons who have at least ten years of creditable service in the Employees Retirement System of Texas as an Employee of the Legislature as defined in State statutes and the Rules of the Board of Trustees of the Employees Retirement System of Texas

may continue coverage hereunder for the same amount of insurance in effect on the date service in or for the Legislature terminated; or
  2. The effective date of an amendment to this Group Policy which terminates the insurance of any class or classes of Employees or Retirees eligible for coverage under this Group Policy if the Employee or Retiree is a member of the affected class; or
  3. The date of termination of this Group Policy; or
  4. The date of expiration of the last period for which he or she has made any required contribution toward payment of premium, except as otherwise provided in Article VII of this Group Policy; or
  5. The date the Employee or Retiree is expelled from the Uniform Group Insurance Program for fraud or attempted fraud.
  6. The last day of the Insurance Month in which the Employee or Retiree is no longer covered through the HealthSelect of Texas, HealthSelect Plus, or an HMO contracting with the Trustee, except an Employee or a Retiree who is enrolled in Optional Group Term Life Insurance may retain Optional Term Life Insurance coverage if the insured Employee or insured Retiree:
    - a. is a member of the Texas National Guard or any of the reserve components of the United States armed forces; and
    - b. is assigned to active military duty.

**Article VIII — Termination of Individual Insurance (Continued)**

Such coverage may be maintained without health coverage during the insured Employee's military assignment only as long as the Employee is on active duty and provided he or she returns to his or her job within ninety days of being discharged from active duty.

Such coverage may be maintained without health coverage during the insured Retiree's military assignment only as long as the Retiree is on active duty and provided he or she notifies ERS within 90 days of being discharged from active duty to prevent coverage from lapsing.

- B. Cessation of Active Work by the Employee will be deemed termination of employment; provided that if the cessation of Active Work is on account of:
1. sickness or injury; or
  2. being temporarily laid off or having been granted a Leave Without Pay;

then insurance of any such Employee will automatically and without notice terminate when premium payments for his or her insurance are discontinued by the Trustee acting according to rules which preclude individual selection.

In no event will the insurance on any Employee who has been granted a Leave Without Pay be continued by payment of premiums beyond the end of the Insurance Month following one year from that in which the leave commences.

In no event will the insurance on any Employee who has been temporarily laid off be continued by payment of premiums beyond the end of the Insurance Month following that during which layoff commences.

## Article IX — Conversion Privilege

- A. If the Group Term Life Insurance, or any portion of it, on an Employee or a Retiree covered under this Group Policy ceases because of the termination of employment, reduction of employment with his or her Department, retirement, reduction in coverage after retirement, age-based benefit reduction, or of membership in the class or classes eligible for coverage under this Group Policy, such person will be entitled to have issued to him or her by FDL, without evidence of insurability, an individual policy of whole life insurance without: Extended Life Insurance Benefits; Accelerated Life Benefit; Accidental Death, Dismemberment and Loss of Sight Benefits; or other supplementary benefits. Written application for the individual whole life insurance policy must be made, and the first premium paid to FDL, within 31 days after such termination or reduction, and provided further that:
1. The individual life insurance policy will be on any one of the forms, except term insurance, that will be selected by the Employee or Retiree from among the forms then customarily issued by FDL at the age and for the amount applied for; and
  2. The individual life insurance policy will be in an amount not in excess of such Employee's or Retiree's Group Term Life Insurance which ceases because of such termination or reduction of coverage; and
  3. The premium on the individual life insurance policy will be at FDL's then customary rate applicable to the form and amount of the individual life insurance policy, to the class of risk to which the Employee or Retiree then belongs, and to his or her Attained Age on the effective date of the individual life insurance policy; and
  4. Any individual life insurance policy issued under the Conversion Privilege will take effect at the end of the 31-day period during which application for the individual life insurance policy may be made; and
  5. Such individual life insurance policy will contain all terms and provisions that are included in the individual life insurance policies of the same form customarily being issued by FDL at the age applied for on the effective date of the individual life insurance policy with the benefit structure allowed under this Conversion Privilege.
- B. If this Group Policy terminates, with respect to all Employees or Retirees or with respect to any class or classes of insured Employees or Retirees, the Employee or Retiree will, if he or she was insured under this Group Policy at the date of such termination and if he or she had been continuously insured under this Group Policy for at least five years prior to such termination and if his or her Group Term Life Insurance under this Group Policy, or any portion of such Group Term Life Insurance, ceased because of such termination of coverage, be entitled to the Conversion Privilege above described as though his or her employment had terminated on the date of such termination of coverage, except that the amount of the individual life insurance policy will not exceed the lesser of:

### **Article IX — Conversion Privilege (Continued)**

1. the amount of the Employee's or Retiree's Group Term Life Insurance under this Group Policy which ceases because of such termination or amendment of this Group Policy less the amount of any life insurance for which he or she is or becomes eligible under any group policy issued or reinstated by FDL or any other insurer within 31 days after such discontinuance; or
  2. \$2,000.
- C. If an insured Employee or Retiree dies within 31 days after termination of his or her Group Term Life Insurance and while he or she is entitled to have an individual whole life insurance policy issued to him or her under the Conversion Privilege and before any such individual life insurance policy has become effective, the amount of life insurance which the Employee or Retiree is entitled to have issued to him or her under such individual life insurance policy will be payable as a claim under this Group Policy, whether or not application for the individual life insurance policy or the payment of the first premium for such policy had been made.
- D. The Conversion Privilege provided by this Article IX applies to the Group Term Life Insurance in force under Article IV, but will not apply to any supplemental contract providing Accidental Death, Dismemberment and Loss of Sight Benefits; Dependents' Group Term Life Insurance; Dependents' Accidental Death, Dismemberment and Loss of Sight Benefits; and Voluntary Accident Insurance.

## Article X — General Provisions

### A. **Contract; Amendments:**

1. This Group Policy including any Supplementary Contracts attached to and made a part of this Group Policy and the Trustee's Application therefor, a copy of which is attached hereto, the Books issued to Active Employees and Retirees and any Supplements thereto, and the applications of Employees and Retirees, if any, will constitute the entire Group Contract. All statements made by the Trustee or by the person insured will be deemed representations and not warranties, and no statement made by any person insured will be used in any contest or in defense of a claim hereunder unless a copy of the instrument containing the statement is or has been furnished to such person or his or her beneficiary.
2. This Group Policy may be amended or changed at any time, subject to the laws of the jurisdiction in which it is delivered, without the consent of the Employees or Retirees insured hereunder or of their beneficiaries, by written agreement between the Trustee and FDL. Only the President, a Vice President, the Secretary or an Assistant Secretary of FDL has the power to change, modify, or waive the provisions of this Group Policy, and then only in writing done at the Administrative Office. FDL will not be bound by any promise or representation heretofore or hereafter made by or to any agent or person other than specified above.

B. **Due Proof of Loss:** FDL will require that the person or persons claiming benefits under this Group Policy furnish documents and written instruments to determine the certainty of the death any person insured by this Group Policy or any supplementary contracts attached and made a part of this Group Policy. FDL may use such documents or written instruments to establish the right of the person or persons claiming benefits to receive those benefits claimed. Such documents or written instruments will include but not be limited to a signed and completed claim form, return of the certificate, a certified copy of a death certificate and a newspaper article describing the insured person's death (if available).

C. **Examination of Records:** FDL will be permitted to examine the Trustee records relating to this Group Policy and any Supplementary Contracts attached to and made a part of the Group Policy at any reasonable time, and from time to time, until two years after the expiration of the Group Policy or until final adjustment and settlement of all claims hereunder, whichever is later.

D. **Incontestability:** This Group Policy will be incontestable after two years from date of issue except for nonpayment of premiums and except if coverage has been obtained through fraud, attempted fraud or misrepresentation.

In the absence of fraud, attempted fraud, or misrepresentation, no statement made by any person insured under this Group Policy relating to his or her insurability will be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during such person's lifetime nor unless such statement is contained in a written instrument signed by him or her.

## Article X — General Provisions (Continued)

- E. **Individual Certificate:** FDL will issue to the Employer for each insured Employee or Retiree an individual certificate book setting forth a statement as to the insurance protection to which he or she is entitled, to whom the insurance benefits are payable, and the provisions of Article IX of this Group Policy entitled “Conversion Privilege.”
- F. **Insurance Data; Inadvertent Error:**
1. The Trustee will furnish FDL with all data necessary for the calculation of premiums and the processing of claims.
  2. Failure or omission on the part of the Trustee to furnish FDL the information specified in the paragraph above will not deprive such Employee or Retiree of insurance or affect the amount thereof; nor will failure to report the termination of insurance of any Employee or Retiree be construed as involving or affecting the continuation of such insurance beyond the date it would otherwise terminate in accordance with the terms of this Group Policy; but in either such event, an equitable premium adjustment will be made between the Trustee and FDL upon discovery of the error.
- G. **Legal Action:** No action at law or in equity may be brought against FDL to recover on this Group Policy prior to the expiration of 60 days after proof of loss has been filed in accordance with the requirements hereof, nor will such actions be brought at all unless brought within three years from the expiration of the time such proof of loss is required.
- If any time limitation of this Group Policy with respect to giving notice of claim, furnishing proof of loss, or bringing action at law or in equity is less than that permitted by law of the state in which the Employee or Retiree resides at the time this Group Policy is issued, such limitation is hereby extended to agree with the minimum permitted by such law.
- H. **Misrepresentation; Incomplete or Incorrect Information:** If during the underwriting or claims review process and if FDL has reason to believe that information provided is not correct or is incomplete, FDL may, subject to an authorization signed by the Employee, Dependent, Retiree or designated beneficiary, as appropriate, request additional information from any one or all of the sources listed in the signed authorization.
- I. **Misstatement of Age:** In the event the age of any person insured under this Group Policy has been misstated, the amount of insurance for such person will be that determined in accordance with the terms of this Group Policy, and there will be an equitable adjustment of premiums made so that the Trustee will pay to FDL the actual premiums at the true age of such Employee or Retiree.

## Article X — General Provisions (Continued)

- J. **Nonassignability:** The insurance and any benefits provided by this Group Policy and Individual Certificates are not assignable, except by irrevocable beneficiary designation made as part of a Viatical Settlement permitted by law. Basic AD&D, Optional AD&D, Dependents' AD&D, and Voluntary Accident Insurance are not subject to irrevocable beneficiary designations in conjunction with a viatical settlement.
- K. **Notice of Claim:** Written notice of the death of an Employee or Retiree while covered under this Group Policy, either while in the Active Service of the Employing Office or during a period when the Extended Life Insurance Benefits is in effect, must be given to FDL within two years after the date of death; if such notice is not given, FDL will not be liable for any payment on account of such death.
- L. **Renewal:** This Group Policy may be renewed from year to year on anniversaries of the Policy Date, but continuance of the insurance hereunder will be conditioned upon payment of premiums at such rates as may be determined by FDL.
- M. **Suicide Exclusion:** The Employee's or Retiree's Basic Group Term Life Insurance is not subject to this Suicide Exclusion provision.

Group Term Life Insurance benefits under the Employee's or Retiree's Optional Group Term Life Insurance coverage will not be paid if the Employee's or Retiree's death is a result of intentionally self-inflicted injuries, suicide or attempted suicide, while sane or insane, unless the insurance was continuously in effect for two years immediately before the death. The amount of insurance that will be paid is the amount of the Employee's or Retiree's Optional Group Term Life Insurance that has been continuously in effect for at least two years immediately prior to the date of death. Any increase in the amount of insurance coverage that has been in force for less than two years and resulted solely from salary changes, but not including increases in the insurance coverage amount based on changes in the election or multiple level of coverage, will be included in the insured amount, except that the insurance amount will be based on the insured Salary, as defined in Article I, on September 1 immediately prior to the date of death.