

Definitions of Terms

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Section 5

Definitions of Terms

The following definitions help explain important terms used in the description of your Group Term Life Insurance coverage:

Accelerated Life Benefit means an amount of Group Term Life Insurance requested by the insured Retiree and approved by FDL to be paid in advance of the Retiree's or covered Dependent's actual death in accordance with the terms of the Group Policy. An Accelerated Life Benefit Payment can be requested only upon diagnosis of a Terminal Condition and only once during the lifetime of the Retiree or covered Dependent for whom the request is made.

Accelerated Life Benefit Payment means the amount of the Accelerated Life Benefit that is actually paid to the insured Retiree. The Accelerated Life Benefit Payment will be the Accelerated Life Benefit that the Retiree requests for the Retiree or covered Dependent and FDL approves. The Accelerated Life Benefit Payment amount for a Retiree enrolled only in Basic Group Term Life Insurance is \$2,500. The Accelerated Life Benefit amount may be up to 80% of the Retiree's total (Basic plus Optional) Group Term Life Insurance with the minimum payment of \$2,500. The Accelerated Life Benefit Payment amount for the Dependents' Group Term Life Insurance will be \$2,500. If you elect to receive an Accelerated Life Benefit for yourself or a covered Dependent, you may not also receive benefits under a Viatical Settlement Option for that person.

Act means the Texas Employees Group Benefits Act (Chapter 1551, *Texas Insurance Code*).

Active Employee means an Employee as defined in the Act.

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 national and community medical practice standards and who is a Doctor of Medicine or Doctor of Osteopathy (other than a hospital resident or intern). 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*.

Attending Physician's Statement means a written medical opinion of an Approved Practitioner currently licensed to practice medicine in the United States, and which:

- is made at the insured Retiree's expense;
- indicates the insured Retiree or insured Dependent has a Terminal Condition;
- includes all medical test results, laboratory reports, and any other information on which the opinion is based;
- indicates the insured Retiree's or insured Dependent's expected remaining life span; and
- is acceptable to FDL.

The Attending Physician's Statement is used to establish the diagnosis of a Terminal Condition and determine the life expectancy of an insured Retiree or insured Dependent to whom the Accelerated Life Benefit Payment request applies.

Dependent means:

- Your spouse; and
- Your unmarried eligible children, from date of birth up to age 25, or a Disabled child as defined herein, including:
 1. the natural child of the Retiree;
 2. a legally adopted child (including a child living with the adopting parents during the period of probation);
 3. a stepchild whose primary place of residence is the Retiree's household;
 4. a foster child whose primary residence is the Retiree's household and who is not covered by another governmental health program;
 5. a child whose primary place of residence is the household of which the Retiree is the head and to whom the Retiree is the legal guardian of the child;
 6. a child who is in a parent-child relationship to the Retiree, provided that:

- a. the child's primary place of residence is the Retiree's household; and
 - b. the Retiree provides the necessary care and support for the child; and
 - c. if the natural parent of the child is 21 years of age or older, the natural parent does not live in the Retiree's household;
7. a child who is considered a dependent of the Retiree for federal income tax purposes and who is a child of the Retiree's child;
 8. an eligible child for whom the Retiree has received a court order requiring the Retiree to provide medical support for such child;
or
 9. a Disabled child, as Disabled is defined herein.

Disabled, referring to a Child, means a Child whose mental retardation or physical incapacity is a medically determinable condition which prevents the Child from engaging in self-sustaining employment; provided that the disability commences and the Child was covered immediately prior to such Child's attainment of age 25, and satisfactory proof of such disability and dependency is submitted by the Retiree within 31 days following such Child's attainment of age 25 and at such intervals thereafter as may be required by ERS or FDL.

Evidence of Insurability means such evidence, provided at no expense to ERS or FDL, including medical records and a physical examination, as may be required by FDL, to determine that the individual for whom coverage is sought is an acceptable risk for issuance of new coverage or for increases in existing coverage, required pursuant to the Rules of the Board of Trustees of the Employees Retirement System of Texas. FDL must review the Evidence of Insurability and approve coverage before such coverage becomes effective.

Fund means the Employee's Life, Accident, and Health Insurance and Benefits Fund created by the Act which is administered by the Trustee.

Group Benefits Program means the State Employees Group Benefits Program provided by Chapter 1551, *Texas Insurance Code*.

Group Policy means the Group Term Life Insurance Policy, including all supplementary policies, issued to the Trustee by Fort Dearborn Life Insurance Company (FDL).

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.

Retiree means an Employee who has retired or an Annuitant as defined in the Act.

Rule or **Rules** means those rules adopted by the Trustee.

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 insured Retiree's or Dependent's death within twelve months from the date of the Attending Physician's Statement. The twelve month period is applicable for Accelerated Life Benefit and Viatical Settlement.

Trustee means the Employees Retirement System of Texas and/or the Board of Trustees of the Employees Retirement System of Texas.

Viatical Settlement means an agreement between the Retiree and a Viatical Settlement provider under which the 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 Retiree's or Dependent's entire Group Term Life Insurance coverage. If you elect to receive benefits for yourself or for a covered Dependent under a Viatical Settlement Option, you may not also receive benefits under an Accelerated Life Benefit.

Certificate of Insurance

Fort Dearborn Life Insurance Company

certifies that it has issued Group Term Life Insurance Policy No. 38000-A, including a Dependent Group Term Life Insurance Supplementary Policy, to the Board of Trustees of the Employees Retirement System of Texas. The Group Term Life Insurance Policy and the Supplementary Policy together with the Trustee's Application form the Group Policy. Subject to the provisions of the Group Policy, each Retiree who has applied and been approved for this insurance and is making the required premium payments will have the insurance described in this book according to the options the Retiree selected in the enrollment materials, and the options that were accepted and approved for the Retiree by Fort Dearborn Life Insurance Company and on file with the Trustee.

A handwritten signature in dark ink, appearing to read "Anthony F. Strain". The signature is written in a cursive style with a horizontal line extending from the end.

President