

FORT DEARBORN LIFE INSURANCE COMPANY[®]
1020 31st Street, Downers Grove IL 60515
(herein called FDL)

Administrative Office:
Richardson, Dallas County, Texas

has issued this

Voluntary Accidental Death and Dismemberment Supplementary Policy

as part of the

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, 2007

All provisions of the Group Policy will apply to this Supplementary Policy, except that in the event of a conflict, the specific provisions of this Supplementary Policy will govern. Except as stated in this Supplementary Policy, nothing contained herein will be held to alter or affect any of the provisions of the Group Policy.

In consideration of: (1) the Trustee’s Application for the insurance provided by this Supplementary Policy; and (2) the payment by the Trustee of the additional premiums required; and subject to: (1) all the provisions of this Supplementary Policy; and (2) all applicable provisions of the Group Policy not in conflict with this Supplementary Policy; FDL agrees to pay the amount of additional benefits provided by this Supplementary Policy.

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



Secretary



President

**Voluntary Accidental Death and Dismemberment
Supplementary Policy**

Table of Contents

Article No.	Description of Article	Page No.
I	Definitions	1
	Accidental Bodily Injury	1
	Accidental Death	1
	Act	1
	Child	1
	Dependent	2
	Dependents' Insurance	2
	Disabled	2
	Insured	3
	Personal Insurance	3
II	Eligibility	3
III	Effective Date of Insurance	4
IV	Premiums	4
V	Amount of Insurance	4
VI	Payment of Benefits	5
VII	Limitations and Exclusions	6
VIII	Termination of Insurance	8
IX	Individual Certificates	9
X	Assignment of Individual Insurance	9
XI	General Provisions	9
	Change of Beneficiary	9
	Claim Forms	10
	Conformity with State Statutes	10
	Changes	10
	Examination of Records	10
	Legal Action	10
	Notice of Claim	11
	Physical Examination and Autopsy	11
	Proof of Loss	11

Article I — Definitions

- A. **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 Supplementary Policy is in force and the coverage of the Employee or Dependent is in force as to the Employee or Dependent whose bodily injury is the basis of claim, except as limited or excluded by the provisions of this Supplementary Policy.
- B. **Accidental Death** means loss of life as a direct result of an Accidental Bodily Injury.
- C. **Act** means the Texas Employees Group Benefits Act (Chapter 1551, *Texas Insurance Code*).
- D. **Child** means:
1. the natural child of the Employee;
 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 Employee's household;
 4. a foster child whose primary place of residence is the Employee'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 Employee is the head and to whom the Employee is legal guardian of the child;
 6. a child who is in a parent-child relationship to the Employee, provided that:
 - a. the child's primary place of residence is the Employee's household; and
 - b. the Employee 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 Employee's household;
 7. a child who is considered a dependent of the Employee for federal income tax purposes and who is a child of the Employee's child;

Article I — Definitions (Continued)

- 8. an eligible child for whom the Employee has received a court order requiring the Employee to provide medical support for such child; or
- 9. a Disabled child, as Disabled is defined herein.

E. Dependent means:

- 1. An Employee's spouse, or
- 2. An unmarried Child from date of birth and under 25 years of age or a Disabled child, as Disabled is defined herein.

Excluding in either 1 or 2 above,

- a. Any person who is a Full-Time Employee as defined in the Act, and is covered as an Employee under Employee Only Voluntary Accidental Death and Dismemberment (Voluntary AD&D) Insurance or any person insured as a Dependent spouse under Employee and Family Voluntary AD&D Insurance;
- b. Any person who is a Part-Time Employee as defined in the Act and is covered as an Employee under Employee Only Voluntary AD&D Insurance or any person insured as a Dependent spouse under Employee and Family Voluntary AD&D Insurance;
- c. Any person who was within the 31-day conversion period stipulated in Article IX of the Group Policy.

F. Dependents' Insurance means the insurance provided by this Supplementary Policy with respect to the Employee's Dependents.

G. 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 that satisfactory proof of such disability and dependency is submitted by the Employee within 31 days following such Child's attainment of age 25 and at such intervals thereafter as may be required by ERS or FDL.

Article I — Definitions (Continued)

- H. **Insured** means an Employee or a Dependent, as above defined, who has insurance coverage under this Supplementary Policy.
- I. **Personal Insurance** means the insurance provided by this Supplementary Policy with respect to the Employee's own life.

Article II — Eligibility

An Employee will be eligible to be insured under this Supplementary Policy for Personal Insurance on the latest of the following dates:

- A. The effective date of this Supplementary Policy; or
- B. The date the Employee becomes eligible for Personal Insurance under this Supplementary Policy.

An Employee will be eligible for Dependents' Insurance under this Supplementary Policy on the latest of the following dates:

- A. The effective date of this Supplementary Policy; or
- B. The date the Employee becomes eligible for Personal Insurance under this Supplementary Policy;
- C. The date the Employee first acquires a Dependent as defined in this Supplementary Policy.

The Employee must be covered for Personal Insurance under this Supplementary Policy in order to have Dependents' Insurance hereunder.

Article III — Effective Date of Insurance

Application by an Employee for Voluntary AD&D Insurance for Dependents under this Supplementary Policy, must be for all Dependents which the Employee has on the date of such applications. Except as otherwise provided in this Supplementary Policy, Voluntary AD&D Insurance will become effective in accordance with the provisions of Article II of the Group Policy to which this Supplementary Policy is attached, as though the Application for Voluntary AD&D Insurance was an application for insurance of an eligible Employee.

Article IV — Premiums

The initial monthly premium rate will be based upon the class elected by each Employee who is insured for Voluntary AD&D Insurance. FDL will have the right to change the premium rate on any Policy Anniversary after the second Policy Anniversary. The initial monthly premium rate per \$1,000 of coverage for both Employee and Dependents is shown in the Trustee's Application Section IV, Subsection E. The premium for this Supplementary Policy will be calculated by multiplying the amount (number of thousands of dollars) of insurance in force on said date by the then applicable premium rate by class. The Trustee will remit to FDL 100% of the figure thus obtained.

On insurance covering Employees other than those insured as of the Policy Date and on increases in the insurance of any Employees, the premium change will commence on the first day of the Insurance Month coinciding with, or next following, the date such insurance is effective. On insurance termination, 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 V — Amount of Insurance

The persons insured under this Supplementary Policy will be those eligible Employees whose Application for Coverage has been accepted by FDL in accordance with its normal practices. Each insured Employee may elect coverage for his or her Dependents. The insured persons and the amount of insurance (Principal Sum) which will be in force under this Supplementary Policy will be in accordance with Section III -- Schedule of Insurance for Voluntary AD&D Insurance of the Trustee's Application, and the election of the Employee as set forth in his or her application for coverage.

The maximum limit of liability for each Employee or each Dependent arising from any one accident is limited to the coverage for that Employee or that Dependent hereunder prior to the date of loss.

Article V — Amount of Insurance (Continued)

Loss of Life, Limb or Sight Indemnity:

If an Accidental Bodily Injury, occurring while this Supplementary Policy is in force as to the Insured, results directly and independently of all other causes in any of the following specific losses within 180 days after an Accidental Bodily Injury, FDL will pay the following amounts depending on the loss incurred; provided, however, that no more than one (the largest) of such benefits will be paid with respect to any one person for injuries resulting from any one accident:

Loss of Life	Principal Sum
Loss of two or more members	Principal Sum
Loss of one member	One-half the Principal Sum

Member means hand, foot or eye. **Loss** means, with regard to hand or foot, actual severance through or above the wrist or ankle joint; with regard to eye, entire and irrecoverable loss of the sight of one eye beyond remedy by surgical means.

Article VI — Payment of Benefits

The benefit for the Accidental Death of the Employee is payable to the Employee's designated beneficiary if living. Otherwise, on the establishment of a valid claim, the benefit is payable to the person or persons surviving at the date of the Employee's death in the order of precedence as provided in Article V of the Group Policy.

The benefit for a bodily loss due to an Accidental Bodily Injury of the Employee or an insured Dependent or the Accidental Death of an insured Dependent is payable to the Employee if living. Otherwise, on the establishment of a valid claim, the benefit is payable to the person or persons surviving at the date of the Employee's death in the order of precedence as provided in Article V of the Group Policy.

The benefits of this Supplementary Policy will be paid immediately upon FDL's receipt of due Proof of Loss as described in Article XI of this Supplementary Policy. Benefits for an Insured's bodily loss will be paid within 60 days of receipt of all due Proof of Loss documents and written instruments.

If the Employee has made prior written election, the amount due, or such portion thereof as may have been requested by the Employee in lieu of lump sum payments, will be paid in a fixed number of monthly installments as selected by the Employee according to the table set forth below. If the Employee has not elected any such mode of settlement, the beneficiary, after the death of the Insured, may elect, in writing, a fixed number of monthly installments as selected by the beneficiary according to said table, with the remainder, if any, paid in a lump sum. Any lump sum payment will be made immediately, upon receipt of the required proofs of loss at the Administrative Office of FDL. Where installment payments are elected, the first installment will be paid immediately upon receipt of such proofs.

Article VI — Payment of Benefits (Continued)

	Number of Years during which monthly installment will be paid	Amount of each monthly installment payment, \$10,000 <u>Principal Sum</u>
Payments for	3	\$289.90
Accidental Loss	5	179.10
of Life Indemnity	10	96.10

The amount of each monthly installment for Principal Sum, other than \$10,000, will be in proportion to the above amounts, but may in no case be less than \$90.

It is understood and agreed that settlement hereunder will be withheld until 15 days after the death of the Insured and that, for the purpose of making any settlement, any beneficiary surviving the Insured but dying within 15 days after the death of the Insured will be considered as having predeceased the Insured.

If the Employee has elected monthly installment payments and the beneficiary will die before the payment of all the monthly installments to which entitled, the commuted value of any remaining monthly installments, at the rate of interest used to determine such installments, will be paid in one sum to the estate of the deceased beneficiary, unless the Insured has designated otherwise. The amounts payable in accordance with the above table are based upon interest at the rate of 3% per annum.

Upon the anniversary date of this Supplementary Policy, FDL may substitute for the above table a comparable table based upon a different rate of interest, which will in no case be less than 3%. However, such new table will not be applicable to any claim resulting from an accident which occurred prior to the date of such substitution.

All other indemnities will be payable to the Employee.

Article VII — Limitations and Exclusions

The total amount payable under this Supplementary Policy for all losses resulting from any one accident will not exceed the Principal Sum for each Insured.

This Supplementary Policy does not cover any loss caused by, resulting from or substantially contributed to by any one or more of the following:

- A. Intentionally self-inflicted injuries, suicide or any attempted suicide, while sane or insane; or
- B. Declared or undeclared war or any act associated with war; or

Article VII — Limitations and Exclusions (Continued)

- C. An accident occurring while the Insured is serving on full-time active duty in the Armed Forces of any country or international authority; or
- D. Illness, disease, pregnancy, childbirth, miscarriage, bodily infirmity, or any bacterial infections other than bacterial infection occurring as a consequence of an accidental wound or cut.
- E. A loss occurring while the Insured is engaged in any felonious activity, or a loss which results from or is related to the Insured's felonious activity. Conviction of a felony is not necessary for a determination of a loss resulting from felonious activity.
- F. The insured individual being intoxicated by reason of alcohol or drug use, or a combination thereof. "Intoxication" shall have the meaning assigned in Section 49.01, *Texas Penal Code*, as may be amended. Conviction of a crime related to intoxication is not necessary for a determination of a loss resulting from intoxication. This exclusion is applicable whether or not the loss is related to the operation of a motor vehicle.
- G. Travel or flight in any vehicle or device for aerial navigation, including boarding or deplaning, while:
 - 1. being used for any test or experiment purpose; or
 - 2. traveling or flying in an aircraft owned, leased or rented by the State of Texas, as a pilot or member of the crew thereof, provided this item 2 will not apply to a pilot or crew member:
 - a. who is on approved official State of Texas business;
 - b. who is performing duties consistent with his or her State of Texas job description; and
 - c. who, in the case of a pilot, is properly licensed and certified by the Federal Aviation Agency to fly the type of aircraft being operated or is a properly licensed pilot who, while on approved official State of Texas business, is in the process of obtaining certification to fly the type of aircraft being operated; or
 - 3. traveling or flying in an aircraft other than an aircraft owned, leased or rented by the State of Texas, as a pilot or crew member, provided this item 3 will not apply to a pilot or crew member who meets all four of the following conditions at the time of any accident:
 - a. is on official State of Texas business;

Article VII — Limitations and Exclusions (Continued)

- b. is on approved State of Texas travel;
 - c. is eligible for reimbursement by the State of Texas for travel expenses;
and
 - d. in the case of a pilot, is properly licensed and certified by the Federal Aviation Agency to fly the type of aircraft being operated.
4. engaged in stunt flying, skydiving, crop dusting, banner towing or experimental test flights; or while giving or receiving any training or instructions unless the training or instructions are being given in conjunction with approved official State of Texas business.
5. being operated by, for or under the direction of any military authority of the United States of America or the similar air transport service of any other country, unless such aircraft is on temporary loan to the State of Texas agency, college, or university and such flight is part of approved non-military official State of Texas business.

Article VIII — Termination of Insurance

This Supplementary Policy may be terminated upon mutual written agreement by the parties or by FDL upon non-payment of premiums, or in accordance with the terms of the Restated Renewable Group Term Life Insurance Policy.

The Voluntary AD&D Insurance provided for under this Supplementary Policy will automatically cease:

- A. At the last day of the month in which the Employee retires; or
- B. Upon entry on full-time active duty for more than 30 days service in the Armed Forces of any country or international authority; or
- C. Upon termination of this Supplementary Policy; or upon termination of the Group Policy of which this Supplementary Policy is a part; or

Article VIII — Termination of Insurance (Continued)

- D. On the date the Employee or Dependent ceases to meet the eligibility requirements provided for in this Supplementary Policy; or
- E. On the last day of the month in which any Dependent ceases to be a Dependent as defined herein; or
- F. If, at the end of any period for which the Employee made his or her last premium contribution under this Supplementary Policy, he or she fails to make any required premium contribution when due; or
- G. The date the Employee is expelled from the Group Benefits Program for fraud or attempted fraud.

Article IX — Individual Certificates

FDL will issue to the Employer, for delivery to each Insured, a certificate book containing the benefits, limitations, and conditions of the Group Policy and this Supplementary Policy and stating to whom benefits are payable.

Article X — Assignment of Individual Insurance

The Employee's certificate book or any riders attached thereto and the Voluntary AD&D Insurance provided by this Supplementary Policy are nonassignable. Voluntary AD&D Insurance is not subject to irrevocable beneficiary designation in connection with a viatical settlement.

Article XI — General Provisions

- A. **Change of Beneficiary:** The right to change the beneficiary is reserved for the Employee, and the consent of or notice to the beneficiary or beneficiaries will not be requisite to any change in beneficiary.

Article XI — General Provisions (Continued)

- B. **Claim Forms.** FDL, upon receipt of notice of an Accidental Bodily Injury on which a claim is to be based, will furnish to the Employee, the Employee's beneficiary or to the Employer for delivery to the Employee or to the Employee's beneficiary, such forms as are usually furnished by FDL for filing proofs of loss. If such forms are not so furnished within 15 days after receipt of such notice by FDL, the Employee or the Employee's beneficiary will be deemed to have complied with the requirements of this Supplementary Policy as to proof of loss upon submitting within the time stated herein for filing proofs of loss, written proof covering the occurrence, character and extent of loss for which claim is made.
- C. **Conformity with State Statutes:** Any provision of this Supplementary Policy which, on its effective date, is in conflict with the statutes of the state in which the Insured resides on such date, is hereby amended to conform to the minimum requirements of such statutes. This Supplementary Policy is not in lieu of and does not affect any requirements for coverage by Workers' Compensation Insurance.
- D. **Changes:** No change in the Group Policy or this Supplementary Policy will be valid until approved by authorized representatives of FDL and ERS and unless such approval is endorsed hereon or attached hereto. No agent has the authority to change the Group Policy or this Supplementary Policy or to waive any of the provisions.
- E. **Examination of Records:** FDL and the Trustee will be permitted to examine the records of each other relating to this Supplementary Policy at any reasonable time, and from time to time, until two years after the expiration of this Supplementary Policy or until final adjustment and settlement of all claims hereunder, whichever is later.
- F. **Legal Actions.** No action at law or in equity may be brought against FDL to recover on this Supplementary Policy prior to the expiration of 60 days after proof of loss has been filed in accordance with the requirements hereof, nor will such action be brought at all unless brought within three years from the expiration of the time within which proof of loss is required. Nothing herein shall be deemed to constitute a waiver of the defenses and protections afforded FDL and ERS by Chapter 1551, *Texas Insurance Code* and/or Chapter 2001, *Texas Government Code*.

Article XI — General Provisions (Continued)

- G. **Notice of Claim.** Written notice of Accidental Bodily Injury on which claim is based must be given to FDL within 120 days after the date of the accident causing such injury. Such notice must be given by or on behalf of the Employee to FDL at its Administrative Office in Richardson, Dallas County, Texas, with particulars sufficient to identify the Insured. Failure to give notice within the time provided herein will not invalidate nor reduce any claim if it will be shown not to have been reasonably possible to give such notice and that notice was given as soon as was reasonably possible.
- H. **Physical Examination and Autopsy:** The Claims Administrator, at its own expense, shall have the right and opportunity to have the person of an Employee examined by an Approved Practitioner of its own choosing when and as often as it may be reasonably required during the pendency of a claim hereunder and to require an autopsy in case of death, where it is not forbidden by law.
- I. **Proof of Loss:** Written proof of loss must be furnished to FDL at its Administrative Office in Richardson, Dallas county, Texas, within 18 months following the date of an accident for a bodily loss as a result of an Accidental Bodily Injury, or 24 months following the date of death if the death was the direct result of an Accidental Bodily Injury while covered hereunder.

Written proof of loss will include all documents or written instruments needed to determine the certainty of the Insured's Accidental Death or the Insured's bodily loss as the direct result of an Accidental Bodily Injury. FDL may use such documents or written instruments to:

1. establish the right of the person or persons claiming benefits to receive those benefits claimed; and
2. for the Insured's Accidental Death to:
 - a. establish that the Insured died within 180 days of the accident; and
 - b. establish that the Insured's death was the direct result of an Accidental Bodily Injury and independent of all other causes; or
3. for the Insured's bodily loss to:
 - a. establish that the Insured's bodily loss occurred within 180 days of the accident; and
 - b. establish that the Insured's bodily loss was a direct result of an accident and independent of all other causes.

Failure to furnish such proof within such time will not invalidate nor reduce any claim if it will be shown not to have been reasonably possible to furnish proof within such time, provided such proof was furnished as soon as reasonably possible.

Article XI — General Provisions (Continued)

- J. Voluntary AD&D under this Supplementary Policy is not subject to irrevocable beneficiary designation in conjunction with a viatical settlement.