

Optional Group Term Life Insurance with Accelerated Life Benefit and AD&D

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Section 3

Optional Group Term Life Insurance with Accelerated Life Benefit and AD&D*

General Information

Coverage may be an amount of from one to four times your Annual Salary as Elections I, II, III, or IV of Optional Group Term Life Insurance with Accelerated Life Benefit and AD&D. You will be responsible for paying the premiums. The Optional Group Term Life Insurance coverage for each Election is described in the Summary of Benefits subsection later in this section. Enrollment may be subject to Evidence of Insurability requirements depending on when you enroll. See Eligibility subsection below.

*AD&D insurance ends upon your retirement, regardless of age. There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details.

Eligibility

If you are an Active Employee, including a Retiree returning to Active Service and electing coverage as an Active Employee, you are eligible to enroll in Optional Group Term Life Insurance with Accelerated Life Benefit and AD&D. Contact your benefits coordinator for enrollment details.

Your coverage effective date is determined by when you enroll.

Day you enroll	Insurance effective date
On or before your first day at work	Election I or II -- the first day you are Actively at Work, as long as the insurance and State Agency hire dates are the same. Election III or IV -- **
Within 31 days of your first day at work	Election I or II -- the first day of the month after the date you enroll (You must be Actively at Work for coverage to be effective). Election III or IV -- **
After 31 or more days from your first day at work***	Elections I, II , III or IV**
<p>**You must submit, at no expense to Dearborn National, Evidence of Insurability to Dearborn National for review. Dearborn National will evaluate your medical information. You will either be approved or denied coverage based on your medical information. Dearborn National will notify you and your Employer of Dearborn National's approval or denial of your coverage. Insurance coverage will be effective on the first of the month following Dearborn National notifying you and your Employer of Dearborn National's approval of your coverage. You must be Actively at Work for the coverage to become effective. The effective date of coverage is always later than the approval date.</p> <p>***Exception: A Retiree who returns to Active Service and elects coverage as an Active Employee may, during their initial period of eligibility elect Election I or Election II without Evidence of Insurability.</p> <p>Note: If the medical information you provide is false or misrepresented, this may cause an otherwise valid claim to be denied and coverage to be rescinded or canceled, and you may be subject to expulsion from the Group Benefits Program, as well as other sanctions.</p>	

Your Optional Group Term Life Insurance elections may change when you retire, regardless of your age. If Election I is in effect on the day you retire, you may continue Election I after retirement. If Election II, III, or IV is in effect on the date you retire, you may elect to continue Election I or II. You may elect to continue Election I or II if you retired and returned to Active Service after your original retirement, regardless of the Optional Group Term Life election made at your original retirement. Election I or II are subject to age-based benefit reduction factors beginning when you turn age 70 and continuing until the last reduction at age 90. The premiums you pay will be based on your age on September 1 of each year.

At retirement, any Optional Group Term Life Insurance amount you do not retain as group coverage may be converted to an individual whole life insurance policy with Dearborn National. If you have Election III or Election IV at the time of your retirement, you may retain Optional Group Term Life Insurance coverage in an amount up to Election II. The difference may be converted to an individual whole life insurance policy with Dearborn National.

Your AD&D coverage will end at your retirement, regardless of your age.

See Section 6 for more information on when coverage might end.

Summary of Benefits

Class Description	Amount of Optional Group Term Life Insurance with Accelerated Life Benefit	Amount of Optional Group AD&D*												
Each Active Employee Under age 70														
Election I	One times Annual Salary	An amount equal to the Optional Group Term Life Amount												
Election II	Two times Annual Salary	An amount equal to the Optional Group Term Life Amount												
Election III	Three times Annual Salary	An amount equal to the Optional Group Term Life Amount												
Election IV	Four times Annual Salary	An amount equal to the Optional Group Term Life Amount												
Each Active Employee Age 70 or older														
	<p>The same Optional Group Term Life Amount described above; however, your amount will be reduced to the percentages shown below, which are based on your age on September 1 of each year, rounded to the next highest \$1,000.</p> <table border="0" data-bbox="607 1388 948 1619"> <thead> <tr> <th data-bbox="607 1419 672 1451"><u>AGE</u></th> <th data-bbox="753 1388 948 1451"><u>REDUCTION PERCENTAGE</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="607 1451 704 1482">70 – 74</td> <td data-bbox="810 1451 867 1482">65%</td> </tr> <tr> <td data-bbox="607 1482 704 1514">75 – 79</td> <td data-bbox="810 1482 867 1514">40%</td> </tr> <tr> <td data-bbox="607 1514 704 1545">80 – 84</td> <td data-bbox="810 1514 867 1545">25%</td> </tr> <tr> <td data-bbox="607 1545 704 1577">85 – 89</td> <td data-bbox="810 1545 867 1577">15%</td> </tr> <tr> <td data-bbox="607 1577 737 1608">90 or over</td> <td data-bbox="810 1577 867 1608">10%</td> </tr> </tbody> </table>	<u>AGE</u>	<u>REDUCTION PERCENTAGE</u>	70 – 74	65%	75 – 79	40%	80 – 84	25%	85 – 89	15%	90 or over	10%	An amount equal to the Optional Group Term Life Amount
<u>AGE</u>	<u>REDUCTION PERCENTAGE</u>													
70 – 74	65%													
75 – 79	40%													
80 – 84	25%													
85 – 89	15%													
90 or over	10%													
<p>*AD&D insurance ends upon your retirement, regardless of age. There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details. The maximum coverage amount for Active Employees for Elections I, II, III or IV is the lesser of four times Annual Salary or \$400,000.</p>														

Coverage Amount Examples

For Employees under age 70:

Example: Suppose your Annual Salary was \$24,300. Round your Annual Salary up to the next highest \$1,000 or \$25,000. Then multiply by four (for Election IV). Your coverage amount would be \$100,000.¹

For Employees age 70 and older:

Example: Suppose your Annual Salary was \$25,200, your age was 75, and you have Election II coverage. The percentage of your Annual Salary would be 40%. The Annual Salary for determining coverage would be \$11,000 (\$25,200 times 40% = \$10,080 rounded to the next highest \$1,000 would be \$11,000). Your coverage amount for Election II would be \$22,000 (\$11,000 x 2 = \$22,000).³

Optional Group Term Life Insurance

Your Optional Group Term Life Insurance provides you with an amount of group term life insurance coverage from one to four times your Annual Salary, which will be paid to your designated beneficiary. See Section 6 for more information on beneficiary designations. The Optional Group Term Life Insurance also includes:

Extended Life Insurance Benefit - This benefit is available to you if you become Totally Disabled prior to age 60. See Section 6 for details.

Conversion Privilege - This benefit is available to you if you leave employment with your Employer. See Section 6 for details.

Accelerated Life Benefit - This benefit is available to you as part of the Basic Group Term Life Insurance and Optional Group Term Life Insurance. If you are diagnosed with a Terminal Condition and have a life expectancy of twelve months or less, you may apply for this benefit. See the Accelerated Life Benefit subsection later in this section. If you have only Basic Group Term Life Insurance, see Section 2 for benefit details.

Life Settlement Contract Option - This option is available to you if you are diagnosed with a Terminal Condition. See the Life Settlement Contract Option subsection later in this section.

¹ The example above is for illustration purposes only. Please refer to the Group Policy or the Master Benefit Plan document, whichever is applicable, and the ERS website for further information. The Group Policy and the Master Benefit Plan document prevail.

Step-by-Step Instructions for Filing an Optional Group Term Life Insurance Claim

If you die as a result of any cause²

Your designated beneficiary or other person designated by you or lawfully authorized to represent your estate:

- contacts ERS at (877) 275-4377 for instructions and forms required for filing a claim for benefits; the forms are sent to the designated beneficiary.
- completes, signs, and dates the claim forms;
- within 24 months of your death, submits the completed claim form, together with a certified copy of your death certificate to Dearborn National; and
- provides additional information as needed for Dearborn National to process the claim.

Benefits coordinator of your State Agency:

- completes, signs, and dates an Agency Certification and Coordinator's Statement; and
- forwards the documents to Dearborn National.

Dearborn National:

- receives the claim form, any attachments, death certificate from your designated beneficiary or other person designated by you or lawfully authorized to represent your estate;
- receives an Agency Certification and Coordinator's Statement;
- requests additional information as needed to process the claim; and
- pays the death benefit to your designated beneficiary if the claim is approved; or
- notifies your beneficiary and your benefits coordinator if the claim is denied for any reason.

² See Suicide exclusion on page 59.

Optional Group AD&D Coverage

The Optional Group AD&D benefit will be paid if you have an Accidental Bodily Injury which directly results in your death or in a bodily loss within 180 consecutive days from the day the accident happened.

In the event of your Accidental Death, your Optional Group AD&D amount will be paid to your designated beneficiary.

Optional Group AD&D benefits will be paid to you if you have a bodily loss as a direct result of your Accidental Bodily Injury and if your bodily loss is one or more of these:

- loss of your hand by *actual severance* through or above the wrist;
- loss of your foot by *actual severance* through or above the ankle joint; and
- loss of your sight in one eye resulting in total and permanent loss of vision that cannot be recovered by surgery or other means.

If one of the above bodily losses occurs, half of your Optional Group AD&D insurance amount will be paid to you. If you have two or more bodily losses at the same time, the full amount of your Optional Group AD&D insurance will be paid to you. Benefits will not be paid if you independently lose one or more fingers, one or more toes, or incur a partial loss of sight.

The total Optional Group AD&D amount that will be paid for all losses resulting from the same accident will not be more than your Optional Group AD&D coverage amount.

There are limitations and exclusions that may limit the amount that is payable to you or your beneficiary. See Section 6 for details.

Step-by-Step Instructions for Filing an Optional Group AD&D Claim

If you die as a direct result of and within 180 days of an Accidental Bodily Injury,

Your designated beneficiary or other person designated by you or lawfully authorized to represent your estate:

- contacts ERS at (877) 275-4377 for instructions and forms required for filing a claim for benefits; the forms are sent to the designated beneficiary.
- completes, signs, and dates the claim forms;
- within 24 months of your death, submits the completed claim form, together with a certified copy of your death certificate to Dearborn National; and
- provides additional information as needed for Dearborn National to process the claim.

Benefits coordinator of your State Agency:

- completes an Agency Certification and Coordinator's Statement, signs, and dates; and
- forwards the documents to Dearborn National.

Dearborn National:

- receives the claim form, any attachments, and death certificate from your designated beneficiary or other person designated by you or lawfully authorized to represent your estate;
- receives an Agency Certification and Coordinator's Statement;
- requests additional information as needed to process the claim; and
- pays the death benefit to your designated beneficiary if the claim is approved; or
- notifies your beneficiary and your benefits coordinator if the claim is denied for any reason.

If you lose a hand, foot, or sight in one eye as a result of an Accidental Bodily Injury,

You must:

- within 120 days of the accident, obtain a claim form.³ If you do not have access to the website, you may call ERS at (877) 275-4377 for assistance.
- complete identifying information in the *To be Completed by Employee or Employee's Legal Representative* section of the claim form, and send the claim form to your benefits coordinator.

Benefits coordinator of your State Agency:

- completes the Employer's section, signs, and dates; and
- returns the claim form to you for further handling.

You:

- obtain the completed form from your benefits coordinator. Have your doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement as due proof of your loss;
- receive the claim form from your doctor for further handling;
- complete all outstanding information on the form, sign, and date the form, and forward to Dearborn National at the address shown on the form; and
- attach any available newspaper clippings and/or official reports giving details of the accident.

Note: Dearborn National must receive the form within 18 months of the Accidental Bodily Injury.

Dearborn National:

- receives the claim form and due proof of your loss;
- reviews the claim, and requests additional information if needed;
- pays the benefit amount to you if the claim is approved; or
- notifies you and your benefits coordinator if the claim is denied for any reason.

³ At www.dearbornnational.com/ers click on *Resource Center* and then on *Forms*

Accelerated Life Benefit

This section is applicable to you if you have Optional Group Term Life Insurance coverage. If you have only Basic Group Term Life Insurance coverage, the description of the Accelerated Life Benefit and the Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim in Section 2 are applicable to you.

You or your court-appointed legal representative may request payment in one lump sum to you of up to 80% of your total Group Term Life Insurance amount which is the sum of your Basic Group Term Life Insurance (which you have if you have health coverage through the Group Benefits Program) and your Optional Group Term Life Insurance amounts. You must be diagnosed with a Terminal Condition and have a life expectancy of twelve months or less.

Dearborn National will review your request and evaluate whether the requirements of this benefit are met. The minimum payment will be \$5,000 and will be made by Dearborn National to you or your legal representative. The amount of the payment will be deducted from your Optional Group Term Life Insurance amount. However, you will continue to pay the premium for the Optional Group Term Life Insurance coverage as if the Accelerated Life Benefit payment had not been made.

The amount of Optional Group Term Life Insurance that will be paid to your designated beneficiary when you die will be reduced by this Accelerated Life Benefit Payment.

***Note:* If you are diagnosed with a Terminal Condition with a life expectancy of 12 months or less, you may elect to receive benefits under the Accelerated Life Benefit or Life Settlement Contract Option, but not both. Please review your situation carefully before making your selection.**

DISCLOSURE: The Accelerated Life Benefit offered under your Optional Group Term Life Insurance coverage 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 benefits will be excludable from your income and not subject to federal taxation. Tax laws relating to the Accelerated Life Benefit are complex. You are advised to consult a qualified tax advisor about the circumstances under which you could receive the Accelerated Life Benefit excludable from income under federal law. Receipt of the Accelerated Life Benefit payment may affect your or your Dependents' eligibility for public assistance such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), Supplementary Social Security Income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such payment will affect your or your Dependents' eligibility for public assistance.

Step-by-Step Instructions for Filing an Accelerated Life Benefit Claim

Applicable if you have Optional Group Term Life Insurance coverage. If you are diagnosed with a Terminal Condition and have a remaining life expectancy of twelve months or less,

You or your court-appointed legal representative:

- obtain an Accelerated Life Insurance Benefit Claim Form.⁴ If you do not have access to the website, you may call ERS at (877) 275-4377 for assistance.
- complete identifying information in the *To be Completed by Employee or Employee's Legal Representative* section of the claim form, and send the claim form to your benefits coordinator.

Benefits coordinator of your State Agency:

- completes the Employer's section, signs, and dates; and
- returns the claim form to you for further handling.

You or your court-appointed legal representative:

- obtain the completed form from your benefits coordinator. Have your doctor, who must be an Approved Practitioner, complete, sign, and date the Attending Practitioner's Statement, including as due proof of your Terminal Condition, copies of medical test results, lab reports, and any other information on which the diagnosis and life expectancy are based;
- receive the claim form from your doctor for further handling;
- complete all outstanding information on the form, sign, and date the form; and
- forward the completed claim form with all attachments to Dearborn National at the address shown on the claim form.

Dearborn National:

- receives the claim form, reviews the claim, and requests additional information if needed;
- prepares a lump sum check in the amount of your Optional Group Term Life Insurance selected, up to 80%, if your claim is approved; and
- mails the check to you or your legal representative; or
- notifies you or your legal representative and your benefits coordinator if your claim is denied for any reason.

⁴ At www.dearbornnational.com/ers click on *Resource Center* and then on *Forms*

Life Settlement Contract Option

You may make an irrevocable beneficiary designation in conjunction with a Life Settlement Contract. The choice of a Life Settlement Contract provider is yours. Neither Dearborn National nor ERS is responsible for recommending or selecting a Life Settlement Contract provider. Upon your death, payment will be made to the Life Settlement Contract provider or the persons or entities designated as the irrevocable beneficiary if your life insurance is still in force. This option only applies to Basic Group Term Life Insurance and Optional Group Term Life Insurance.

You will need to make a separate beneficiary designation for Basic Group AD&D, Optional Group AD&D, and Voluntary AD&D coverages if an irrevocable beneficiary designation are made for Group Term Life Insurance coverages.

| Contact the Dearborn National Customer Service Department at (855) 377-5433 for additional information.

Note: If you are diagnosed with a Terminal Condition and have a life expectancy of 12 months or less, you may elect to receive benefits under the Accelerated Life Benefit or Life Settlement Contract Option, but not both. Please review your situation carefully before making your selection.

Step-by-Step Instructions for Filing a Life Settlement Contract Claim

If you are diagnosed with a Terminal Condition, **and have a life expectancy of 12 months or less**

You must:

- research and select a Life Settlement Contract provider.

The Life Settlement Contract provider:

- sends a request for verification of coverage to Dearborn National.

Dearborn National:

- researches your Group Term Life Insurance coverage; and
- responds to the Life Settlement Contract provider within 30 days following the date of receipt of the request for verification of coverage.

The Life Settlement Contract provider:

- reviews Dearborn National's response; and
- signs an agreement with you or declines to sign an agreement. If an agreement is signed, within 20 days the Life Settlement Contract provider sends written notice to Dearborn National.

Dearborn National:

- sends you an irrevocable beneficiary designation form for you to complete, sign, and return to Dearborn National if the Life Settlement Contract provider signs an agreement with you;
- notifies ERS of the irrevocable beneficiary designation; and
- maintains the irrevocable beneficiary designation form in Dearborn National's files.

You will:

- receive the payment from the Life Settlement Contract provider for the agreed upon percentage of your Group Term Life Insurance amount.

Dearborn National:

- pays the death benefit from your Group Term Life Insurance to the Life Settlement Contract provider or the persons or entities designated as the irrevocable beneficiary in the event the coverage is still in force when you die.