



American United Life Insurance Company®

Indianapolis, Indiana 46206-0368

Certifies that it has issued and delivered a Policy numbered G 2535(T) E to:

Fifth Third Bank, Indiana, Trustee For

The American United Life Group Insurance Trust

For The Business And Professional Service Industry

(Hereinafter called the Group Policyholder)

Taylor Independent School District

shall participate in the coverage as a Participating Unit.

Participating Unit Number: G 00613656-0000-000

Class: 001

Change Effective Date: Does Not Apply

This certificate replaces any and all certificates previously issued to You under the Policy indicated above.

American United Life Insurance Company® (AUL) certifies that the Employee whose enrollment form is on file with the Participating Unit as being eligible for insurance and for whom the required premium has been paid is insured under the Policy named above for group insurance benefits as designated in the Schedule of Benefits. Benefits are subject to change as described on the Schedule of Benefits page.

This certificate describes the coverage provided in the Policy. The Policy determines all rights and benefits in this certificate and may be amended, cancelled, or discontinued at any time by agreement between AUL and the Participating Unit without notice to You. The Policy may be examined at the main office of AUL during regular office hours.

If an Employee is not Actively At Work on the date insurance would otherwise become effective, the individual Effective Date is the date the Employee returns to full-time Active Work.

Thomas M. Zurek  
Secretary

J. Scott Davison  
Chairman, President and Chief Executive Officer

**CERTIFICATE OF INSURANCE**

**GROUP VOLUNTARY TERM LIFE INSURANCE CERTIFICATE**

**WITH AN ACCELERATED LIFE BENEFIT**

**NOTE: RECEIPT OF THE ACCELERATED LIFE BENEFIT MAY BE TAXABLE.**

**PLEASE SEEK ASSISTANCE FROM A PERSONAL TAX ADVISOR.**

**Death benefits will be reduced if an Accelerated Life Benefit is paid. TAX TREATMENT:** The Accelerated Life Benefit offered under this certificate 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 benefit will be excludable from Your income and not subject to federal taxation. Tax laws relating to Accelerated Life Benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which You could receive an Accelerated Life Benefit excludable under federal law. **ELIGIBILITY FOR PUBLIC ASSISTANCE:** Receipt of an Accelerated Life Benefit may affect Your, Your Dependent spouse's, or Your family'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. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect Your Dependent spouse's, and Your family's eligibility for public assistance.

## IMPORTANT NOTICE

To obtain information or make a complaint:

You may call AUL's toll-free telephone number for information or to make a complaint at

**1-800-553-5318**

You may contact the Texas Department of Insurance to obtain information on companies coverages, rights, or complaints at:

**1-800-252-3439**

You may write the Texas Department of Insurance  
P.O. Box 149104  
Austin, TX 78714-9104  
FAX # (512) 475-1771  
Web: <http://www.tdi.state.tx.us>  
E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### **PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact AUL first. If the dispute is not resolved, you may contact the 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 attached document.

## AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de AUL's para informacion o para someter una queja al

**1-800-553-5318**

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

**1-800-252-3439**

Puede escribir al Departamento de Seguros de Texas  
P.O. Box 149104  
Austin, TX 78714-9104  
FAX # (512) 475-1771  
Web: <http://www.tdi.state.tx.us>  
E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### **DISPUTAS SOBRE PRIMAS O RECLAMOS:**

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el AUL primero, Si no se resuelve la disputa, puede entonces comunicarse con el departamento Texas (TDI).

### **UNA ESTE AVISO A SU POLIZA:**

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

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## SECTION 1 - SCHEDULE OF BENEFITS

*This coverage is only offered to You if the required premiums are paid timely and if:*

- 1) *the coverage was requested in the application signed by the Participating Unit and approved by AUL;*
- 2) *You requested the coverage on an application form approved by AUL; and*
- 3) *AUL determines in its discretion or judgment all other terms, conditions, and requirements outlined in this insurance contract have been met.*

CLASS: 001

CLASSIFICATION: All Eligible Full-Time Employees

LIFE AMOUNT:

The Life Amount is a flat amount available in \$10,000 increments. The minimum Life Amount is \$10,000. The maximum Life Amount is \$500,000, or seven times the Employee's Annual Base Salary, then rounded up to the next \$10,000 whichever is less.

ACCELERATED LIFE BENEFIT (ALB):

You may request payment of 25%, 50%, or 75% of the Life Amount. This benefit is available on Life Amounts of \$10,000 or more. The maximum payment is limited to 25%, 50%, or 75% of the Life Amount shown; however, AUL will not issue an amount less than \$2,500. See Section 13.

ANNUAL BASE SALARY: Annual Base Salary Only. See Section 2.

CHANGES IN INSURANCE COVERAGE: Anniversary-First. See Section 6.

CONTRIBUTIONS: Employee premium contributions are required. See Section 2.

ELIGIBILITY: First of the Month. See Section 3.

FULL-TIME EMPLOYEE REQUIREMENT: 20 hours or more per week. See Section 2.

**SECTION 1 - SCHEDULE OF BENEFITS**  
**(Continued)**

GUARANTEED ISSUE AMOUNT (GIA): The Guaranteed Issue Amount is \$150,000.

Any amount of coverage for which You request greater than the Guaranteed Issue Amount will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If coverage for amounts greater than the Guaranteed Issue Amount is approved, coverage will begin on the date identified in writing by AUL. See Section 3.

INDIVIDUAL EFFECTIVE DATE: First of the Month. See Section 3.

INDIVIDUAL REINSTATEMENTS: First of the Month. See Section 11.

INDIVIDUAL TERMINATIONS: End of the Month. See Section 9.

**INITIAL ENROLLMENT PERIOD**

Present Employees: Between 11/01/2014 and 11/30/2014. See Section 3.

New Employees: 31 days following the Employees Eligibility Date. See Section 3.

REDUCTIONS: Upon attainment of age 65, the Life Amount will reduce by 35%.  
Upon attainment of age 70, the Life Amount will reduce by 50% of the original amount.

Reductions will be based upon the Life Amount prior to the payment of any Accelerated Life Benefit.

SUICIDE LIMITATION: This limitation is included. See Section 14.

TERMINATIONS: Terminations are governed by the Individual Terminations Section. See Section 9.

WAITING PERIOD for Present Employees hired before the Participating Unit's effective date: First of the Month following 0 days. See Eligibility, Section 3.

WAITING PERIOD for New Employees hired on or after the Participating Unit's effective date: First of the Month following 0 days. Also, see Eligibility, Section 3.

WAIVER OF PREMIUM FOR TOTAL DISABILITY: This benefit is included. Reductions are applicable to this benefit. See Section 8.

**SECTION 1 - SCHEDULE OF BENEFITS  
DEPENDENT INSURANCE**

*This coverage is only offered to Your Dependent if the required premiums are paid timely and if:*

- 1) the coverage was requested in the application signed by the Participating Unit and approved by AUL;*
- 2) You requested the coverage on an application form approved by AUL; and*
- 3) AUL determines in its discretion or judgment all other terms, conditions, and requirements outlined in this insurance contract have been met.*

Class 001, Option 01

SPOUSE under age 70:

LIFE AMOUNT: The Dependent Life Amount is a flat dollar amount purchased in \$500 increments. The minimum Life Amount is \$5,000. The maximum Life Amount is \$250,000. The Dependent Life Amount is limited to 50% of the Employee's Life Amount.

GUARANTEED ISSUE AMOUNT FOR DEPENDENT SPOUSE: \$50,000

Any amount of coverage for which the Dependent requests greater than the Guaranteed Issue Amount will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If coverage for amounts greater than the Guaranteed Issue Amount is approved, coverage will begin on the date identified in writing by AUL. See Section 20C.

CHILD live birth to under 6 months:

LIFE AMOUNT: \$1,000

GUARANTEED ISSUE AMOUNT FOR DEPENDENT CHILD (live birth to under 6 months): \$1,000

Any amount of coverage for which the Dependent requests greater than the Guaranteed Issue Amount will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If coverage for amounts greater than the Guaranteed Issue Amount is approved, coverage will begin on the date identified in writing by AUL. See Section 20C.

CHILD 6 months to under 25 years or under age 99 if a full-time student:

LIFE AMOUNT: \$10,000

GUARANTEED ISSUE AMOUNT FOR DEPENDENT CHILD (6 months to under 25 years or under age 99 if a full-time student): \$10,000

Any amount of coverage for which the Dependent requests greater than the Guaranteed Issue Amount will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If coverage for amounts greater than the Guaranteed Issue Amount is approved, coverage will begin on the date identified in writing by AUL. See Section 20C.

**SECTION 1 - SCHEDULE OF BENEFITS  
DEPENDENT INSURANCE  
(Continued)**

Class 001, Option 01

**DEPENDENT SPOUSE ACCELERATED LIFE BENEFIT:**

You may apply to receive payment of 50% or 75% of the Dependent Spouse Life Amount. This benefit is available on a Dependent Spouse Life Amount of \$5,000 or more. The maximum payment is limited to 75% of the Dependent spouse Life Amount shown; however, AUL will not approve a payment amount less than \$2,500. See Section 20H, Accelerated Life Benefit for Dependent spouse.

**REDUCTIONS:** The Amount of Dependent Life Insurance will reduce according to the Employee's reduction schedule when the Employee reaches age 65.

Reductions will be based upon the Dependent Life Amount prior to the payment of any Accelerated Life Benefit for Dependent Spouse.

**SUICIDE LIMITATION:** This limitation is included in a Dependent's insurance coverage. See Section 20I.

**TERMINATIONS:** Terminations are governed by the Dependent Individual Terminations section of the policy. See Section 20E.



## SECTION 2 - DEFINITIONS

**ACCIDENTAL BODILY INJURY** means an injury occurring, either directly or indirectly, as a result of an accident, along with all other related conditions, sustained by an individual while insured under the policy.

**ACTIVE WORK** and **ACTIVELY AT WORK** mean the use of time, services, and energy by You for the Participating Unit at the Participating Unit's regular place of business, an alternate location approved by the Participating Unit, or an alternate location to which the Participating Unit requires You to travel. You must be physically and mentally capable of performing each of the material and substantial duties of Your regular position with the Participating Unit for at least the minimum number of hours listed in the Eligibility Section of the policy. Active Work will include time off for vacation, jury duty, paid holidays, and funeral leave approved by the Participating Unit when You could have been Actively at Work. Active Work does not include periods of time when You are not Actively at Work following an injury, Accidental Bodily Injury, Sickness, strike, lock-out, layoff, after Your employment has ended voluntarily or involuntarily, or periods of time during which You are entitled or are receiving accrued employment related benefits including but not limited to vacation time.

**ANNUAL BASE SALARY** means Your yearly gross wages received from the Participating Unit based on a maximum forty (40) hour work week. Annual Base Salary is based on the amount last reported in writing to AUL by the Participating Unit and approved for coverage under the Policy by AUL before the date of death or the events shown in the AD&D provisions if AD&D coverage is included. Annual Base Salary does not include amounts received from commissions, bonuses, overtime or reimbursement for expenses.

**SECTION 2 - DEFINITIONS**  
**(Continued)**

BASIC LIVING EXPENSES include the cost of food, shelter, clothing and any other basic living expenses of the average American household. Each household member need not contribute equally or jointly to the payment of these expenses as long as each agrees both are responsible for the basic living expenses.

BI-WEEKLY means every two weeks or 26 times a year.

CHILD means any minor related by blood, marriage or court order that can be claimed as a dependent for federal income tax purposes, and may include:

- 1) any of Your natural born child(ren);
- 2) any of Your legally adopted child(ren) from the time of placement in Your home and the filing of documents with the court to adopt;
- 3) any stepchild(ren) who live with You;
- 4) any child(ren) for whom You have legal guardianship; or
- 5) any children for whom coverage must be provided in accordance with state law or court order.

CONTINUATION UNIT means any person who has been approved for Continuation of Insurance. See Section 7, Continuation of Insurance.

CONTRIBUTORY INSURANCE means insurance for which You pay part or all of the premium.

COVERAGE MONTH means that period of time beginning on the first day that the Participating Unit's coverage is in force, as shown in the Participating Unit's Subscription Agreement, and ending on the day before that date of the next month.

DATE OF DISABILITY means the first day You are not Actively at Work due to an Accidental Bodily Injury or Sickness and results in Total Disability.

**SECTION 2 - DEFINITIONS**  
**(Continued)**

DEPENDENT means:

- 1) Your legal spouse under age 70.
- 2) Your Domestic Partner under age 70 whose relationship with You is recognized by and allowed under applicable state law provided both the Domestic Partner and You;
  - a) share the same regular and permanent residence;
  - b) have a close personal relationship similar to lawful marriage;
  - c) are not married to anyone;
  - d) are 18 years of age and older;
  - e) are not so closely related by blood to be prohibited under applicable state laws;
  - f) were mentally competent to consent to a contract when the domestic partnership began;
  - g) are each other's sole domestic partner; and
  - h) are responsible for each other's welfare;
- 3) Your unmarried Child from live birth and under the age of 25, if the Child:
  - a) is not eligible under the policy for Personal Insurance;
  - b) is not in the military of any country; and
  - c) is dependent upon You for principal support and is claimed as a dependent on Your federal income tax return;
- 4) Your unmarried Child who is disabled and incapable of self-sustaining employment as a result of mental or physical disability. The Child must have been disabled prior to age 25. If the Child is at least age 25 on Your effective date, coverage is subject to AUL's receiving written proof of the disability on that date including but not limited to receipt of Social Security Administration disability benefits. If the Child is not at least age 25, extension of coverage is subject to AUL's receiving written proof of the disability not later than 120 days after the Child attains age 25. Proof of continued disability shall be required not more than once each year thereafter.
- 5) any natural or adopted unmarried grandchild of You if the child is under age 25 and is Your dependent for federal income tax purposes at the time the application for coverage of the child is made; if the child:
  - a) is not eligible under this policy for Personal Insurance, and
  - b) is not in the armed forces of any country.

DEPENDENT INSURANCE means the insurance provided under the policy covering Your Dependents, Section 20 if included in the policy.

ELIMINATION PERIOD see Waiver of Premium, Section 8, if shown in the Subscription Agreement.

ELIGIBLE UNIT means any entity which is a subsidiary of or under majority ownership of the Participating Unit.

## SECTION 2 - DEFINITIONS

(Continued)

EMPLOYEE means any individual who is a full-time, permanent Employee (including owner, member, partner, or shareholder) of the Participating Unit:

- 1) who is legally authorized to work and reside in the United States under applicable state and federal laws; and
- 2) whose employment with the Participating Unit constitutes his principal occupation; and
- 3) who regularly works at that occupation at the Participating Unit's regular place of business a minimum of 20 hours or more per week; and
- 4) who is not temporarily or seasonally employed by the Participating Unit; and
- 5) who is an employee, participant, person, or any member of any employee organization, who is or may become eligible to receive a benefit of any type from the Participating Unit's employee welfare benefit plan; and
- 6) who is not an independent contractor.

EMPLOYEE also means an individual designated by the Participating Unit and shown in the Subscription Agreement.

EMPLOYEE also means Retiree and Grandfathered Retiree. See Section 4, Retirees.

EMPLOYER see PARTICIPATING UNIT.

EVIDENCE OF INSURABILITY means a signed statement of proof acceptable to AUL of a person's medical history provided at no expense to AUL, and, if requested by AUL, medical records, tests, and/or examinations at no expense to AUL. Satisfactory Evidence of Insurability must include information and documentation, which can be used by AUL to determine if the individual is an acceptable underwriting risk and can be approved for coverage under AUL's guidelines.

GRANDFATHERED RETIREE, see Retirees, Section 4, if shown in the Subscription Agreement.

GUARANTEED ISSUE AMOUNT means the amount of coverage that does not require Evidence of Insurability. This amount is selected by the Participating Unit, shown in the Subscription Agreement, and approved in writing by AUL.

## SECTION 2 - DEFINITIONS

### (Continued)

INSURED UNIT means any Eligible Unit shown in the Subscription Agreement and is insured under the policy. See Section 23.

MENTAL ILLNESS means a psychiatric or psychological condition classified in the most recent version of the Diagnostic and Statistical Manual of Mental Health Disorders (DSM), published by the American Psychiatric Association as of the date of Total Disability and has been diagnosed by a Physician. Such disorders include, but are not limited to, psychotic, emotional, behavioral disorders, or disorders related to stress or to substance abuse or dependency. If the DSM is discontinued or replaced, Mental Illness will be determined based on the diagnostic manual then published by the American Psychiatric Association on the date of Total Disability.

NON-CONTRIBUTORY INSURANCE means insurance for which an Employee pays no portion of the premium. When the Participating Unit pays 100% of the premiums, 100% of those eligible must be covered.

PARTICIPATING UNIT means the entity which applied for and was approved by AUL for coverage. Any references to Participating Unit used in the policy shall include Insured Units.

A Participating Unit is eligible for coverage under the policy as determined by AUL. In order for the Participating Unit to remain eligible for coverage under the policy, participation must be not less than 2 insured's in each Participating Unit.

PARTICIPATING UNIT'S ANNIVERSARY DATE means an annual date chosen by the Participating Unit.

PERMANENT AND TOTAL DISABILITY/PERMANENTLY AND TOTALLY DISABLED means Your inability as determined by a Physician to engage, due to Accidental Bodily Injury or Sickness in any occupation for which You are fitted by training, education or experience. Permanent and Total Disability/Permanently and Totally Disabled must occur after You become insured under the policy and it must be conclusively determined the Permanent And Total Disability will continue for Your lifetime.

PERSONAL INSURANCE means the insurance provided under the policy for You.

PHYSICIAN means a qualified, licensed doctor of medicine or osteopathy, and any other licensed health care provider that state law requires to be licensed prior to engaging in the practice of medicine and who is, practicing within the scope of his specialty, license, and applicable law. Physician does not include any medical provider affiliated with the Participating Unit, or anyone related by blood, marriage, or domestic partnership to an Employee.

POLICY MONTH means that period of time the policy is in force beginning on the first day of a calendar month, as shown in the Title Page, and ending on the last day of that calendar month.

PORTABLE means any Employee who has been approved for and is receiving benefits under the Portability provisions. See Section 7A, Portability.

REGULAR ATTENDANCE means that You or Your Dependent:

- 1) are receiving periodic medical treatment and services from a Physician when medically required and according to standard medical protocol to effectively manage and treat You or Your Dependent's Disability;
- 2) is receiving the most appropriate treatment and care that will maximize his medical improvement and aid in Your return to work; and
- 3) is receiving medical care and services from a Physician whose specialty or practice is related to the Disability.

**SECTION 2 - DEFINITIONS**  
**(Continued)**

RETIREE means an individual who, on his last day of Active Work prior to retirement, was an Actively at Work Employee and who is receiving benefits under the Participating Unit's retirement plan. Retiree does not include an Employee who is receiving benefits under his retirement plan solely due to being Totally Disabled and who otherwise does not meet the Participating Unit's retirement plan's criteria for receipt of benefits, see Retirees, Section 4, if shown in the Subscription Agreement.

SICKNESS means illness, bodily disorder or disease, Mental Illness, normal pregnancy and complications of pregnancy. Complication of Pregnancy is defined as concurrent disease or abnormal conditions significantly affecting the usual medical management of pregnancy.

SUBSCRIPTION AGREEMENT means the applications for insurance executed by the Participating Unit and approved in writing by AUL.

TEMPORARY LAY-OFF means a period of time during which You are not Actively at Work due to lack of work and are not terminated from employment with the Participating Unit.

TOTAL DISABILITY AND TOTALLY DISABLED mean that because of Accidental Bodily Injury or Sickness You cannot engage in any occupation for which You are reasonably fitted by training, education, or experience. If you accept any type of employment, other than in a state-approved rehabilitation program or sheltered workshop, You will be considered fitted to that occupation.

WE, OUR, US, and AUL mean American United Life Insurance Company®.

YOU and YOUR, when used in the policy's certificate of insurance, has the same meaning as Employee.

**SECTION 3 - ELIGIBILITY, ENROLLMENT,  
AND INDIVIDUAL EFFECTIVE DATE**

DEFINITIONS

INITIAL ENROLLMENT PERIOD means either of the periods during which You may first make written application for coverage under the policy and includes:

- 1) For a Present Employee, the Initial Enrollment Period is shown on the Schedule of Benefits under INITIAL ENROLLMENT PERIOD.
- 2) For a New Employee, the Initial Enrollment Period is:
  - a) the period ending on the number of days selected by the Participating Unit and as shown on the Schedule of Benefits under INITIAL ENROLLMENT PERIOD after the date the Employee becomes eligible for coverage under the policy; or
  - b) the next Scheduled Enrollment Period after the date the Employee becomes eligible for coverage under the policy.

LATE ENROLLEE means a Present or New Employee who did not request coverage during his Initial Enrollment Period.

NEW EMPLOYEE means an Employee who is employed by the Participating Unit on or after the Participating Unit's Effective Date.

PRESENT EMPLOYEE means an Employee who is employed by the Participating Unit before the Participating Unit's Effective Date.

SCHEDULED ENROLLMENT PERIOD means period of days shown in the Subscription Agreement after the Participating Unit's Effective Date, during which an Employee may apply to become covered under the policy, or during which an Employee may apply to change his coverage amounts. This period must be approved in writing by AUL.

WAITING PERIOD means the period of days beginning on the Employee's hire date that an Employee must be continuously Actively at Work prior to becoming eligible for Personal Insurance. Present Employees will be given credit for time insured under the Participating Unit's prior group life insurance contract if the policy replaces the same coverage available under the prior group life insurance contract. The Waiting Period is shown in the Subscription Agreement.

**SECTION 3 - ELIGIBILITY, ENROLLMENT,  
AND INDIVIDUAL EFFECTIVE DATE  
(Continued)**

**ELIGIBILITY OF EMPLOYEE**

On the effective date of the policy, an Employee becomes eligible for Personal Insurance if:

- 1) the Employee has fulfilled the Waiting Period, if any, and is Actively at Work;
- 2) the Employee has fulfilled the Waiting Period, if any, and is not Actively at Work due to being on an Employer-approved leave of absence other than for injury or Sickness; or
- 3) the Employee has fulfilled the Waiting Period, if any, and is not Actively at Work due to being on Temporary Lay-off.

**ENROLLMENT**

Any eligible Employee, prior to receiving coverage under the policy, must make written request for coverage under the policy to AUL on a form approved by AUL and must make timely contributions of the required amount of premium to AUL. An eligible Employee may request coverage only during an Initial or Scheduled Enrollment Period as follows:

- 1) During an Employee's Initial Enrollment Period, an Employee may request coverage under any options offered by AUL and as shown on the Subscription Agreement.
- 2) During an Employee's Scheduled Enrollment Period:
  - a) If an Employee did not request coverage during his Initial Enrollment Period, he will be considered a Late Enrollee. Enrollment at a later date can only be conducted during a Scheduled Enrollment Period. Satisfactory Evidence of Insurability will be required before any coverage will be approved by AUL.
  - b) An Employee may apply to increase his Life Amount with satisfactory Evidence of Insurability. See Section 6, Changes in Insurance Coverage.



**SECTION 3 - ELIGIBILITY, ENROLLMENT,  
AND INDIVIDUAL EFFECTIVE DATE  
(Continued)**

**INDIVIDUAL EFFECTIVE DATE OF INSURANCE**

Present Employee

For an eligible Present Employee the Individual Effective Date of Insurance will be the Participating Unit's Effective Date.

New Employee

Coverage will be effective on the first day of the Coverage Month following the Waiting Period for an eligible New Employee, the Individual Effective Date of Insurance for coverage requested during the Initial Enrollment Period, the Individual Effective Date will be:

- 1) the date of the request, if that date is the first day of a Coverage Month; or
- 2) the first day of the next Coverage Month, if the request is made after the first day of a Coverage Month.

If an Employee is not Actively At Work on the date insurance would otherwise become effective, the Individual Effective Date is the date the Employee returns to full-time Active Work.

LATE ENROLLEES

FOR COVERAGE REQUESTED BY A LATE ENROLLEE DURING A SCHEDULED ENROLLMENT PERIOD, SATISFACTORY EVIDENCE OF INSURABILITY WITHOUT EXPENSE TO AUL IS REQUIRED AND THE INDIVIDUAL EFFECTIVE DATE OF INSURANCE WILL BE IDENTIFIED BY AUL.

**EVIDENCE OF INSURABILITY**

Evidence of Insurability is required if:

- 1) request is made by a Late Enrollee;
- 2) request is made after a termination of insurance due to failure to pay the required amount of premium timely;
- 3) the amount requested by the Employee during the Initial Enrollment Period exceeds the Guaranteed Issue Amount shown in the Schedule of Benefits; or
- 4) the Employee requests an increase in coverage not allowed under the Guaranteed Increase Benefit.

Any amount of coverage for which the Employee requests greater than the Guaranteed Issue Amount will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If coverage for amounts greater than the Guaranteed Issue Amount is approved, coverage will begin on the date identified in writing by AUL. If an amount greater than the Guaranteed Issue Amount is not approved by AUL, the Life Amount will be equal to the Guaranteed Issue Amount and will be effective as set forth above.

## SECTION 5 - CONTINUITY OF COVERAGE

References to Dependent used in this section apply only if the Participating Unit's coverage under the policy includes Dependent Insurance.

Coverage will be extended under this section to an Employee or Employee's Dependent who:

- 1) was insured under the prior carrier's group term life insurance on its termination date; but
- 2) was not eligible for coverage on the effective date of the Participating Unit's coverage under the policy because:
  - a) in the case of an Employee, he was not Actively at Work; or
  - b) in the case of a Dependent, was confined in any medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility.

Coverage may be extended if such Employee or Dependent:

- 1) applies to AUL for coverage on or before the effective date of the Participating Unit's coverage under the policy;
- 2) pays the required amount of premium; and
- 3) is not eligible to continue coverage under the prior carrier's group term life insurance.

The amount of coverage extended will be the lesser of:

- 1) the coverage for which the Employee or Dependent would have been eligible to receive under the policy, if the Employee had been Actively at Work or the Dependent had not been confined in any medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility; or
- 2) the coverage the Employee or Dependent received under the Participating Unit's prior carrier's group term life insurance policy minus the amount payable under that group term life policy.

The coverage under this section will terminate on the earliest of the following dates:

- 1) the date for which any required premium was not received by AUL;
- 2) the date the Personal Insurance or Dependent Insurance becomes effective under the Participating Unit's coverage under the policy;
- 3) the date the coverage would have terminated under the Individual or Dependent Termination Sections of the Participating Unit's coverage under the policy if the Personal Insurance or Dependent Insurance had become effective; or
- 4) the date the Employee or Dependent becomes eligible for coverage under the prior carrier's group term life insurance policy.

This coverage only includes the Life Amount.

## **SECTION 6 - CHANGES IN INSURANCE COVERAGE**

### **OTHER INCREASE REQUESTS**

During Scheduled Enrollment Periods, You may request to increase his Life Amount to a higher function of his Annual Base Salary. Any increase in the amount of coverage You request will only be available following written approval by AUL. Approval will be based on Evidence of Insurability and information satisfactory to AUL at no expense to AUL. If an increased coverage amount is approved, coverage will begin on the date identified in writing by AUL.

**SECTION 6 - CHANGES IN INSURANCE COVERAGE**  
**(Continued)**

**EFFECTIVE DATE OF CHANGE**

The amount of coverage for which You are eligible is shown in the Schedule of Benefits.

A change in coverage that does not increase the amount of coverage takes effect on:

- 1) the date of any scheduled reduction;
- 2) the Participating Unit's Anniversary Date following AUL's written approval of the change, if the date of AUL's approval is the Participating Unit's Anniversary Date; or
- 3) the Participating Unit's Anniversary Date next following AUL's written approval of the change, if the date of AUL's approval is after the Participating Unit's Anniversary Date.

Prior to a change in coverage that increases the amount of coverage, You must be Actively at Work and the required amount of premium must be paid.

A change in coverage increasing the amount of coverage is subject to:

- 1) satisfactory Evidence of Insurability, at no expense to AUL; and
- 2) AUL's written approval.

If You are not Actively at Work on the Participating Unit's Anniversary Date that is the approved change date, any increase in the amount of coverage takes effect on the date You return to Active Work.

## SECTION 7 - CONTINUATION OF INSURANCE

### CONTINUATION OF INSURANCE

While the policy is in force and if You have ceased Active Work due to:

- 1) Sickness or injury, Personal Insurance and Dependent Insurance existing under the policy may be continued for 9 months following cessation of Active Work; or
- 2) Temporary Lay-off, Personal Insurance and Dependent Insurance existing under the policy may be continued until the 90th day following cessation of Active Work;
- 3) an Employer-approved leave of absence, Personal Insurance and Dependent Insurance existing under the policy may be continued until the 90th day following cessation of Active Work, or
- 4) an Employer-approved leave of absence allowed under the Family and Medical Leave Act (FMLA) or state law. Personal Insurance and Dependent Insurance existing under the policy may then be continued until the end of the period allowed under FMLA or state law, whichever is longer.

In all the above Continuation of Insurance situations, benefits under this section will terminate on the earliest of the following:

- 1) the date You return to Active Work;
- 2) the date the required premium payments are not received by AUL;
- 3) the date You die;
- 4) the date You begin full or part-time employment;
- 5) the date the policy, or the Participating Unit's coverage under the policy, terminates;
- 6) the date You notify the Participating Unit that You will not be returning to Active Work;
- 7) the date Your class is no longer offered under the policy;
- 8) the date You are no longer a member in an eligible class;
- 9) the date You make written request for termination of coverage but not prior to the date of the request; or
- 10) the date You enter military service for any country, except for temporary duty not scheduled for more than 30 days.

If the Participating Unit has approved more than one type of leave of absence during any one period, AUL will consider such leaves to be concurrent for the purpose of determining how long Your coverage may continue under the policy.

If You do not return to Active Work, Personal Insurance and Dependent Insurance existing under the policy terminates at the end of Continuation of Insurance period. At the end of Continuation of Insurance period You may be eligible to apply for:

- 1) Waiver of Premium for Total Disability, see Section 8, if available;
- 2) Portability, see Section 7A; or
- 3) the Conversion Privilege, see Section 10.

## SECTION 7A - PORTABILITY

### PORTABILITY

If Your coverage ceases due to:

- 1) loss of eligibility under the policy due to not being Actively at Work or a reduction in hours worked;
- 2) termination of employment; or
- 3) termination of the Participating Unit's coverage under the policy and coverage is not replaced under a similar group insurance policy within 31 days following termination of coverage.

You may continue the amount of Personal Insurance and Dependent Insurance existing under the policy, minus any benefits paid under the policy without interruption until the earlier of:

- 1) the date premium payments are not received by AUL for You; or
- 2) the attainment of age 70.

To continue coverage You must submit written application and the required amount of premium to AUL within 31 days of the date coverage terminated under the policy. Failure to pay the required amount of premium to AUL timely will terminate any coverage under the policy at the end of the period for which the premium has been received.

### LIMITATIONS

- 1) If Personal Insurance is based on a function of Your Annual Base Salary, no changes in coverage due to salary increases will be allowed under Section 7A.
- 2) Dependent Insurance may be continued when Your Personal Insurance is continued under Section 7A.
- 3) Your AD&D coverage may be continued under Section 7A, subject to the provisions of the policy.
- 4) Dependent AD&D coverage may be continued when Your AD&D coverage is continued under Section 7A.
- 5) No Waiver of Premium benefits are available under Section 7A.
- 6) No benefits under Section 7A are available to any Employee who is not authorized to reside in the United States or whose domicile is outside of the United States.

If benefits under Section 7A terminates You may convert Your Life Amount and any Dependent Insurance to an individual policy in accordance with Section 10, Conversion Privilege.

AUL may terminate the insurance under this provision at the end of any Coverage Month by giving the Participating Unit and each Portable at least 31 days prior written notice.

See Section 26, Termination of a Portable.

## SECTION 8 - WAIVER OF PREMIUM

### DEFINITIONS

**CLAIM FORMS FOR PROOF OF LOSS:** Upon receipt of the Initial Notice of Disability, AUL will furnish the Participating Unit with any necessary claim forms to be given to the person. These forms must be properly, accurately and truthfully completed and returned to AUL. If, for any reason, a person does not receive a claim form within 15 days of request, the person should submit written proof of Disability. The initial claim form or proof of Disability must show:

- 1) claimant's name;
- 2) Employer's name and address;
- 3) Group number;
- 4) the date Disability started;
- 5) the cause of Disability; and
- 6) the nature and extent of the Disability.

The initial claim form or proof of Disability must be signed by a Physician and sent to AUL within 90 calendar days following the Elimination Period. If it is not possible to give proof within these limits, it must be given as soon as reasonably possible. Proof of claim may not be given later than one year after the time proof is otherwise required.

**ELIMINATION PERIOD** means a 9 month period of consecutive days of Total Disability. The Elimination Period begins on the 1st day of Total Disability and ends on the last day ending the 9 month period. You may not have more than three (3) days of Active Work during the Elimination Period.

### WAIVER OF PREMIUM BENEFIT

AUL will waive further premium payments for Your Life Amount if You:

- 1) become Totally Disabled before age 60 and while insured under the policy;
- 2) remain continuously Totally Disabled during the nine (9) month Elimination Period;
- 3) submit and AUL receives proof of Total Disability within the three (3) months prior to the end of the Elimination Period;
- 4) submit and AUL receives acceptable proof of continuous Total Disability at least annually and as requested by AUL; and
- 5) are under the Regular Attendance of a Physician.

AUL also may require that You be examined:

- 1) at AUL's expense;
- 2) by a Physician of AUL's choice.

While You meet the conditions set forth above and is approved by AUL for the benefit You will retain coverage for the Life Amount without the need to make further premium payments until the first of the following occurs:

- 1) proof of Total Disability is not received by AUL;
- 2) You become employed, or are found able to be employed in an occupation for which You are reasonably fitted by training, education or experience;
- 3) You refuse to undergo a medical examination requested by AUL;
- 4) the date You are not under the Regular Attendance of a Physician;
- 5) proof of continuous Total Disability is not submitted within the twelfth month of any benefit period unless it was not possible to do so;
- 6) You attain age 65;
- 7) Your class terminates; or
- 8) You are no longer Totally Disabled.

If coverage under the Waiver of Premium benefit ceases because the person returns to Active Work with the Participating Unit, and the Participating Unit's coverage under this policy is still in force, the person is immediately eligible for all coverage available to his class.

## **SECTION 8 - WAIVER OF PREMIUM**

When You are approved for coverage under this Waiver of Premium for Total Disability, the coverage existing under the policy for You will reduce based on the reduction schedule in the Schedule of Benefits page.

If You are not approved for this benefit, or if the Waiver of Premium benefit coverage ceases and You do not return to Active Work You may, within 31 days from notice of the adverse benefit determination or the cessation of coverage, apply to:

- 1) continue Your coverage, pursuant to Section 7A, Portability; or
- 2) convert Your Life Amount to an individual life insurance policy, pursuant to Section 10, Conversion Privilege.

If benefits under the Waiver of Premium for Total Disability end because You return to Active Work with the Participating Unit, and the policy is still in force You are eligible to apply for the coverages available to Your class.

If You die during the Elimination Period and benefits are payable under the policy Your Beneficiary will be entitled to the Life Amount.

If benefits are payable under the policy after You are approved for Waiver of Premium and You have applied and been issued an individual life insurance policy under Section 10, Conversion Privilege, any amount payable under the policy will be reduced by the amount payable under the individual life insurance policy. **IN NO EVENT WILL A BENEFIT BE PAYABLE UNDER BOTH THE INDIVIDUAL LIFE INSURANCE POLICY AND THE POLICY GREATER THAN THE LIFE AMOUNT.**



## SECTION 9 - INDIVIDUAL TERMINATIONS

Personal Insurance terminates on the earliest of the following dates:

- 1) the date the Participating Unit's coverage under the policy is terminated;
- 2) the last day of the Coverage Month in which You request termination but not prior to the date of the request;
- 3) the last day of the Coverage Month for which any required premium payment was not received by AUL;
- 4) the last day of the Coverage Month during which You cease to be eligible. See Section 3, Eligibility;
- 5) the last day of the Coverage Month during which You enter active military service for any country except for temporary duty of 30 days or less;
- 6) the last day of the Coverage Month during which You cease Active Work, except for an event listed in the policy in Continuation of Insurance, see Section 7, Continuation of Insurance;
- 7) the date of an adverse benefit determination under the Waiver of Premium provisions; or
- 8) the last day of the Coverage Month during which You become a Retiree, unless the Schedule of Benefits includes a specific classification for Retirees.

## SECTION 10 - CONVERSION PRIVILEGE

If Your coverage or a portion of it, terminates because You are no longer eligible for coverage under the policy You may apply for an individual life insurance conversion policy without evidence of insurability. The coverage amount of the individual life insurance conversion policy shall not exceed the amount of life insurance that ceases because of loss of eligibility for coverage under the policy minus the amount of any group life coverage for which You become eligible within 31 days of termination.

If Your coverage ceases due to termination of the policy You may apply for and receive an individual life insurance conversion policy if Your group life insurance has been in force with AUL for five (5) continuous years before the termination date. The coverage amount of the individual life insurance conversion policy may not exceed the LESSER of:

- 1) the amount of life insurance that ceases because of termination minus the amount of any group life coverage for which You become eligible within 31 days of termination; or
- 2) \$10,000.

The conversion privilege is subject to the following:

- 1) Written application must be made and the first premium must be paid within 31 days after the date of termination of insurance.
- 2) An individual life insurance policy other than term life insurance, offered by AUL at the time of conversion, may be selected.
- 3) The premium on the individual life insurance policy must be at AUL's then customary rate applicable to the form and amount of the individual life insurance policy, to the class of risk to which You or Your dependent then belong, and to the individual age attained by You or Your dependent on the effective date of the individual life insurance policy.
- 4) The individual life insurance conversion policy takes effect on the last day of the application period and is in lieu of all benefits under the policy.

If notice of the existence of the conversion right is not given at least 15 days before the expiration of the period during which the conversion application and payment of the first premium must be made under the terms of the policy, You have an additional period within which to exercise the conversion right. The additional conversion application period created to exercise a right of conversion expires 15 days after You are given notice of the conversion right. However, irrespective of the date on which notice is given or of the absence of any notice, the additional conversion application period may not extend beyond 60 days after the expiration date of the period within which conversion application period and payment of the first premium were to be made under the terms of the policy. For purposes of this section, notice of the right of conversion may be given to You in writing, presented to You; mailed by the Participating Unit to Your last known address; or mailed by the insurer to Your last known address as furnished by the Participating Unit.

If death occurs during the conversion application period, AUL will pay the Life Amount available for conversion whether or not the application or the first premium payment has been made. After the 31-day period, no conversion application will be accepted unless it is proven that it was not possible for You to apply in a timely fashion. The individual life insurance conversion policy will not include Accidental Death benefits or any other benefits currently in force under the policy.

Premium must be paid to and received by AUL for coverage during the conversion application period.

**IF DEATH OCCURS DURING THE CONVERSION APPLICATION PERIOD, IN NO EVENT WILL BENEFITS BE PAYABLE UNDER BOTH THE INDIVIDUAL CONVERSION POLICY AND THE POLICY.**

## SECTION 11 - INDIVIDUAL REINSTATEMENTS

If Personal Insurance, and Dependent Insurance if any, terminates due to termination of Your employment You can apply to reinstate that coverage following return to Active Work. The following conditions apply:

- 1) When You return to Active Work within 30 days of termination of coverage, coverage becomes effective on the first day of the next Coverage Month following Your return to Active Work. Evidence of Insurability will not be required for any amount of coverage less than the Guaranteed Issue Amount.
- 2) When return to Active Work occurs after the period shown in paragraph 1 above You will be considered a New Employee and must satisfy all New Employee requirements. See Section 3, Eligibility, Enrollment, and Individual Effective Date. Evidence of Insurability will not be required for any amount of coverage less than the Guaranteed Issue Amount.
- 3) When the Life Amount has been converted under the Conversion Privilege, Section 10, the Life Amount available for reinstatement under the policy will be reduced by the amount of coverage under the individual life insurance policy. In no event will the amount of coverage reinstated under this Section and the amount of coverage under the individual life insurance policy be greater than the Life Amount existing on Your termination of employment.
- 4) Prior to applying for reinstatement, AUL must have received the required amount of premium timely.
- 5) The maximum amount of coverage reinstated will not exceed the maximum amount of coverage which would have been available had Your coverage not terminated.

If reinstatement is requested for any reason other than returning to Active Work, medical underwriting and satisfactory Evidence of Insurability, at no expense to AUL, will be required prior to AUL's approval of coverage. The effective date of reinstatement will be the date determined by AUL in writing.

After a Participating Unit's reinstatement of coverage under this policy, coverage may not be contestable for more than two (2) years from the effective date of the reinstatement, based on material misrepresentations in the reinstatement application. Only nonpayment of premiums can be used to void the Participating Unit's coverage under the policy. After 2 years from the Individual Effective Date of Insurance of a Person's coverage, in the absence of fraud, only written statements signed by the Person, as the statements pertain to his insurability, may be used to contest coverage applicable to the statements made. The validity of this Group Policy shall not be contested, except for non-payment of premium, after it has been in force for 2 years from the date of issue.

Dependent Insurance cannot be reinstated without reinstatement of Personal Insurance.

IN NO EVENT CAN AN EMPLOYEE HAVE COVERAGES FROM ALL EXISTING AUL GROUP VOLUNTARY TERM LIFE INSURANCE CONTRACTS EXCEEDING THE MAXIMUM AMOUNT SHOWN IN THE SCHEDULE OF BENEFITS.

## SECTION 13 - ACCELERATED LIFE BENEFIT

The following definitions apply only to this section:

### DEFINITION

TERMINAL CONDITION means an injury or Sickness that, despite appropriate medical care, is conclusively established to AUL will result in Your death within 12 months from the date of claim, AUL may require that You be examined at AUL's expense by AUL's choice of Physician.

### ACCELERATED LIFE BENEFIT

If You are Permanently and Totally Disabled and are diagnosed with a Terminal Condition and are eligible for benefits under this Section, You may apply for payment of the Accelerated Life Benefit. The amount of Accelerated Life Benefit available is shown in the Schedule of Benefits, unless any portion of Your Life Amount has already been paid. The amount of Accelerated Life Benefit available will then be based on the amount remaining after payment of any portion of the Life Amount. Benefits will be paid in one lump sum to You.

At the time of payment AUL will send a statement to the Person Specifying:

- 1) the amount of benefits paid;
- 2) the effect of the Accelerated Life Benefit payment on the death benefit, on the face amount, and on the future premiums.

### CONDITIONS

To be eligible to apply for the Accelerated Life Benefit:

- 1) You must have Personal Insurance;
- 2) You must be under age 60;
- 3) You must be diagnosed by a Physician with a Terminal Condition while eligible for benefits under this Section;
- 4) If You are subject to laws of a community property state, you must obtain Your spouse's written consent for payment to You of the Accelerated Life Benefit; and
- 5) You can receive an Accelerated Life Benefit only once.

### PROOF REQUIRED FOR THE ACCELERATED BENEFIT

Proof is a completed claim form and other information AUL requires in order to determine whether benefits are owed under this Section. AUL may require that You be examined by a Physician selected by AUL and at AUL's expense. If AUL requires that You be examined and AUL's physician and Your physician disagree on the diagnosis of a Terminal Condition, AUL shall obtain a third opinion at AUL's expense from a physician mutually agreed upon by AUL and You, and accept that physician's diagnosis of a Terminal Condition.

### LIMITATIONS

An Accelerated Life Benefit will not be paid if:

- 1) You have named an irrevocable Beneficiary or made an assignment of Your Life Amount;
- 2) all or a portion of Your Life Amount is to be paid to another person or entity pursuant to a valid court order;
- 3) Your coverage terminates;
- 4) the Participating Unit's coverage under the policy terminates, unless Continuation of Insurance is selected;
- 5) the Portable terminates; or
- 6) the policy terminates.

**SECTION 13 - ACCELERATED LIFE BENEFIT  
(Continued)**

**EFFECT OF PAYMENT OF ACCELERATED LIFE BENEFIT**

After payment of an Accelerated Life Benefit, Your Life Amount payable at death to Your Beneficiary equals:

- 1) Your Life Amount as if an Accelerated Life Benefit payment had not been made, minus
- 2) the amount of the Accelerated Life Benefit paid, minus
- 3) the interest charge.

The interest charge equals the Accelerated Life Benefit amount, times the number of days from the date of payment to Your date of death divided by 365, times the interest rate. The interest rate will be based on the current 90-day Treasury bill rate existing on the date of payment of the Accelerated Life Benefit and will not exceed 15% per annum.

The required amount of premiums must continue to be received by AUL on the original Life Amount, unless premiums have ceased due to coverage under the Waiver of Premium benefit of the policy.

The AD&D Principal Sum, if any, will not be reduced by payment of the Accelerated Life Benefit.

The following information is used for illustrative purposes only:

Example: Life insurance in force = \$100,000\*  
Date of receipt of proof of terminal condition = 10/31/05  
Date of payment of Accelerated Life Benefit = 11/1/05  
Date of death = 2/15/06  
Interest rate\*\* = 3.5%

1. Amount of Accelerated Life Benefit =  $.50 \times \$100,000 = \$50,000$
2. Interest Charge =  $\$50,000 \times (106 \text{ days} / 365 \text{ days}) \times .035 = \$508.22$
3. Death Benefit Payable =  $\$100,000 - \$50,000 - \$508.22 = \$49,491.78$

\*Your Life Insurance amount is shown in the Schedule of Benefits in Your insurance certificate.

\*\*The interest rate is equal to the 90-day treasury bill rate on the date of the Accelerated Life Benefit payment.

NOTE: The Accelerated Life Benefit offered under the 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 benefit will be excludable from the Employee's income and not subject to federal taxation. The laws relating to Accelerated Life Benefits are complex. Employees are advised to consult with a qualified tax advisor about circumstances under which they could receive an Accelerated Life Benefit excludable under federal law. Eligibility for Public Assistance: Receipt of an Accelerated Life Benefit may affect the Employee's, their Dependent spouse's, or their family'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. Employees are 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, their Dependent spouse's, and their family's eligibility for public assistance.

## **SECTION 14 - SUICIDE LIMITATION**

LIMITATION: If You commit suicide, while sane or insane:

- 1) for two (2) years from the effective date of Personal Insurance with AUL, the benefits payable will be limited to the premiums paid under the policy for You; or
- 2) two (2) or more years after the effective date of Personal Insurance with AUL, in a period of two (2) years of the effective date of an increase in the amount of coverage the benefits payable will be limited to the coverage in effect under the policy prior to the effective date of the increase, if any, plus the premiums paid for the increased coverage.

If the Participating Unit's coverage under the policy replaced a prior carrier's group life insurance coverage and You were insured with the prior carrier's group life insurance policy, the Suicide Limitation period will begin on the effective date of Your coverage with the prior carrier.

## **SECTION 15 - PAYMENT OF DEATH BENEFITS**

If You die while insured under the policy, AUL will pay the benefits owed under the policy to the Beneficiary:

- 1) no later than 2 (two) months upon timely receipt of acceptable proof of death; and
- 2) subject to all other provisions of the policy and to Your dated and signed designation.

The following Sections describe the manner in which death benefits are paid.

## **SECTION 16 - NAMING OF BENEFICIARY**

**BENEFICIARY** means the individual, individuals or entity named by You to receive Your Life Amount.

Unless the policy provides otherwise, AUL will pay benefits according to Your Beneficiary designation.

When You apply for coverage on an AUL-approved form, You should:

- 1) designate the name of one or more Beneficiaries;
- 2) classify the Beneficiaries by order of preference, either primary or contingent; and
- 3) indicate distribution of the proceeds among members of the class of Beneficiaries.

If more than one primary Beneficiary is listed and no distributive share is indicated, then all primary Beneficiaries will share equally. If no primary Beneficiaries outlive You and there is no distributive share indicated among the contingent Beneficiaries, then all contingent Beneficiaries will share equally.

If the policy replaces insurance coverage of another carrier, AUL may, upon written request of the Participating Unit recognize Beneficiary designations in effect under the prior coverage as effective until a new designation is made with AUL, provided that prior designations are in a form acceptable to AUL and the Participating Unit receives AUL's written approval of the form.

### **CHANGING A BENEFICIARY**

You may change a Beneficiary at any time by written request. The request must be completed, signed, dated and filed through the Participating Unit.

AUL may recognize a beneficiary change as of the date the form was signed by You even if You are not alive when AUL receives it. However, AUL is not liable if benefits are paid according to the previous designation before AUL receives the change. If You apply for an individual life insurance conversion policy under Section 10, Conversion Privilege and name a new Beneficiary, AUL will use any beneficiary designated in that application when determining which beneficiary to pay.

AUL reserves the right to require that any Beneficiary designation be acceptable to it and be made pursuant to applicable laws.

## SECTION 17 - THE DEATH CLAIM

If You die while insured under the policy, proof of death should be furnished as soon as possible. The claim must be submitted within 12 months of the date of death. The claim may still be considered if it can be shown that timely submission of the claim was not possible due to events beyond the control of the beneficiary, but will not be considered after the applicable statute of limitations has passed.

Proof of death must include:

- 1) a certified death certificate; and
- 2) a completed claim form.

AUL, at its option, may also require:

- 1) return of Your insurance certificate;
- 2) submission of pertinent medical records, including an autopsy report;
- 3) police reports; or
- 4) any other documents AUL may deem reasonably necessary to determine what benefits and to whom benefits are owed.

If the cause of death cannot be clearly established by other means, AUL reserves the right to have a medical examination performed. The examination will be performed:

- 1) at AUL's expense; and
- 2) by a Physician of AUL's choice.

If the policy is no longer in force, proof furnished more than two (2) years from the date of loss must also include:

- 1) proof of employment at death; and
- 2) proof of coverage under the policy at death.



## **SECTION 18 - DETERMINATION OF DEATH BENEFIT PAYEE**

Once acceptable proof of death is received, AUL will determine the Beneficiaries or payees in the following order:

- 1) If more than one primary Beneficiary is listed and no distributive share is indicated, then all primary Beneficiaries will share equally.
- 2) If no primary Beneficiaries outlive You and there is no distributive share indicated among contingent Beneficiaries, then all contingent Beneficiaries will share equally.
- 3) If no named Beneficiaries outlive You or none were named, then at AUL's option, the closest surviving heir(s) if the benefits could be paid to these heir(s) under applicable small estate laws. Heirs will be considered in descending order of preference as follows:
  - a) spouse;
  - b) child(ren);
  - c) parent(s); or
  - d) brother(s) and sister(s).
- 4) If no named Beneficiaries outlive You or none were named and the benefits could not be paid to the closest surviving heir(s) under applicable small estate laws, then Your estate.

AUL may, at its option, pay the proceeds in an amount not to exceed \$250.00 to any individual appearing to AUL to be legally entitled to payment by reason of having paid funeral or other burial expenses related to Your death.

In the event You and Your Dependents should die simultaneously or if there is no clear evidence as to which individual died first, it shall be presumed that the Dependents should have predeceased You.

If any Beneficiary dies within 15 days after Your death, the Beneficiary will be treated as having died before You. This provision does not apply to any payment mailed to such Beneficiary during the 15 days following Your death, and any payment made in good faith shall fully discharge AUL.

## **SECTION 19 - SELECTION OF PAYMENT METHOD**

The proceeds will be paid in a lump sum unless another payment method is selected or changed by giving written notice to AUL prior to Your death. If no payment method is in effect at death, the payee may select a payment method. For information concerning payment method options, You or payee should contact AUL.

Benefits will be paid only if AUL decides in its discretion the person is entitled to them and after AUL approves the payment method. Any person who becomes entitled to receive any portion of the proceeds under the policy shall be entitled to receive payment of interest if any payment is not received by such person within 30 days after the event giving rise to the obligation and after all requested information is received by AUL. Interest payable shall be calculated at an annual rate after all requested information is received by AUL. The rate of interest payable shall be the lesser of 3% or that rate, as determined from time to time by AUL, applicable to proceeds of life insurance left on deposit with AUL and subject to withdrawal on demand. For the purposes of this section, payment shall be deemed to have been received by the person when deposited by AUL in United States mail, postage prepaid, and directed to the person's last known address or the Participating Unit's address shown in AUL's records.

Other than lump sum payment, AUL reserves the right to specify the minimum periodic payment when a method is to become effective.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20A - DEPENDENT ELIGIBILITY**

**ELIGIBILITY**

All Dependents must be legally authorized to reside in the United States under applicable state and federal laws.

An individual who is Your Dependent on or before the effective date the policy becomes eligible for Dependent Insurance on the later of the following dates:

- 1) the effective date of the Participating Unit's coverage under the policy;
- 2) the date You become eligible for Personal Insurance; or
- 3) the effective date that Dependent coverage under Section 20, Dependent Insurance is added to the Participating Unit's coverage.

An individual who becomes Your Dependent after the effective date of the policy becomes eligible for Dependent Insurance on the later of the following dates:

- 1) the date You become eligible for Personal Insurance;
- 2) the date the individual becomes Your Dependent; or
- 3) the effective date that Dependent coverage under Section 20, Dependent Insurance is added to the Participating Unit's coverage.

You as a condition of insuring Your Dependent(s) must make written election to AUL on a form approved by AUL and must contribute the required amount of premium to AUL on a timely basis.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20B - DEPENDENT INDIVIDUAL EFFECTIVE DATE**

**INDIVIDUAL EFFECTIVE DATE OF INSURANCE**

Dependent Insurance will not become effective for a Dependent until You have Personal Insurance. To receive any amount of coverage exceeding the Guaranteed Issue Amount, You must make a written election to AUL on a form approved by AUL and Your Dependent must undergo medical underwriting.

The effective date of Dependent Insurance for an eligible Dependent, subject to the further provisions of this Section, will be after the Dependent submits satisfactory Evidence of Insurability to AUL and the date AUL determines the Dependent is approved for coverage. Satisfactory Evidence of Insurability, at no expense to AUL, must be provided prior to receiving any amount of coverage greater than the Guaranteed Issue Amount.

During an Employee's Initial Enrollment Period

If You request Dependent Insurance during the Initial Enrollment Period, the Dependent's Individual Effective Date of Insurance will be:

- 1) for amounts of coverage that do not exceed the Guaranteed Issue Amount shown in the Dependent Insurance Schedule of Benefits, the effective date of Dependent Insurance for each Dependent will be Your Individual Effective Date of Insurance; or
- 2) for amounts of coverage exceeding the Guaranteed Issue Amount, the date identified by AUL.

After an Employee's Initial Enrollment Period and within 31 days of acquiring his dependent

If You request Dependent Insurance after Your Initial Enrollment Period and within 31 days of acquiring his Dependent, the Dependent's Individual Effective Date of Insurance will be:

- 1) for amounts of coverage that do not exceed the Guaranteed Issue Amount shown in the Dependent Insurance Schedule of Benefits, the effective date of Dependent Insurance for each Dependent will be the date the Dependent becomes eligible; or
- 2) for amounts of coverage exceeding the Guaranteed Issue Amount, the date identified by AUL.

After an Employee's Initial Enrollment Period and after 31 days of acquiring his dependent

If You request Dependent Insurance after Your Initial Enrollment Period and after 31 days of the individual becoming a Dependent You must make a written election to AUL on a form approved by AUL and the Dependent must undergo medical underwriting. The effective date of Dependent Insurance for an eligible Dependent, subject to the further provisions of this Section, will be after the Dependent submits satisfactory Evidence of Insurability to AUL and the date AUL determines the Dependent is approved for coverage. Satisfactory Evidence of Insurability, at no expense to AUL, must be provided prior to receiving any amount of coverage.

After an Employee's Individual Effective Date of Insurance and within 31 days of acquiring his dependent

If You request Dependent Insurance after Your Individual Effective Date of Insurance but within 31 days of the individual becoming a Dependent, the Dependent's Individual Effective Date of Insurance will be:

- 1) for amounts of coverage that do not exceed the Guaranteed Issue Amount shown in the Dependent Insurance Schedule of Benefits, the effective date of Dependent Insurance for each Dependent will be the first of the Coverage Month following the application; or
- 2) for amounts exceeding the Guaranteed Issue Amount, the date identified by AUL.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20B - DEPENDENT INDIVIDUAL EFFECTIVE DATE**  
**(Continued)**

After an Employee's Individual Effective Date of Insurance and after 31 days of the individual becoming a Dependent

If You request Dependent Insurance after Your Individual Effective Date of Insurance and after 31 days of the individual becoming a Dependent You must make a written election to AUL on a form approved by AUL and the Dependent must undergo medical underwriting.

The effective date of Dependent Insurance for an eligible Dependent, subject to the further provisions of this Section, will be after the Dependent submits satisfactory Evidence of Insurability to AUL and the date AUL determines the Dependent is approved for coverage. Satisfactory Evidence of Insurability, at no expense to AUL, must be provided prior to receiving any amount of coverage.

**ADDITIONAL PROVISIONS**

Any Dependent who converted his insurance under the policy to an individual life insurance policy and if that individual life insurance policy is still in force, the Dependent is required prior to becoming insured again under the policy, to undergo medical underwriting and submit satisfactory Evidence of Insurability, at no expense to AUL. If the Dependent does not wish to undergo medical underwriting and submit satisfactory Evidence of Insurability, the Life Amount under the policy will be reduced by the amount of coverage under the individual life insurance policy. No coverage shall begin until the date AUL has approved the request for coverage in writing and the required amount of premium is received from the Employer.

If You have at least one Dependent Child insured under the Participating Unit's coverage under the policy, insurance amounts for any newly acquired Dependent Child that do not exceed the Guaranteed Issue Amount shown in the Dependent Insurance Schedule of Benefits becomes effective on the date that Dependent Child is acquired. No Evidence of Insurability will be required.

If You have only Dependent Child(ren) insured under the Participating Unit's coverage under the policy, insurance amounts for a newly acquired Dependent spouse requested within 31 days of acquiring the Dependent spouse will become effective:

- 1) for amounts within the Guaranteed Issue Amount, the date the Dependent spouse is acquired; and
- 2) for amounts in excess of the Guaranteed Issue Amount, the date named by AUL.

Satisfactory Evidence of Insurability will be required on amounts in excess of the Guaranteed Issue Amount.

If You have only Dependent Child(ren) insured under the Participating Unit's coverage under the policy, insurance amounts for a newly acquired Dependent spouse requested after 31 days of acquiring the Dependent spouse will require Evidence of Insurability. The spouse's Individual Effective Date of Insurance will be the date named by AUL.

If a Dependent is confined in any medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility on the date Dependent Insurance would otherwise become effective for that Dependent, the Individual Effective Date of Insurance for that Dependent is the date following the Dependent's final discharge from the medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility and the resumption of the usual and customary duties or activities of an individual in good health and of the same age and sex. For the purposes of the policy, a Dependent will not cease to be confined if one confinement is followed by another confinement, within 72 hours, for the same or a related injury or sickness. AUL may request satisfactory evidence of good health.

Also see Section 5, Continuity of Coverage.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20C - DEPENDENT CHANGES IN INSURANCE COVERAGE**  
**(Continued)**

**OTHER INCREASE REQUESTS**

During Scheduled Enrollment Periods, You may request to increase coverage up to the next higher amount of Dependent Insurance coverage. You must make a written election to AUL on a form approved by AUL and all Dependents must undergo medical underwriting. The effective date of Dependent Insurance for an eligible Dependent, subject to the further provisions of this Section, will be after all Dependents submit satisfactory Evidence of Insurability to AUL and the date AUL determines all Dependents are approved for coverage. Satisfactory Evidence of Insurability, at no expense to AUL, must be provided prior to receiving any amount of coverage.

**EFFECTIVE DATE OF CHANGE**

The amount of coverage for which a Dependent is eligible is shown in the Schedule of Benefits.

A change in coverage increasing the amount of coverage is subject to:

- 1) satisfactory Evidence of Insurability, at no expense to AUL; and
- 2) AUL's written approval.

If a Dependent is confined in any medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility on the approved change date, any increase in the amount of coverage for that Dependent takes effect on:

- 1) the date of the Dependent's final discharge from the medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility and the resumption of the usual and customary duties or activities of an individual in good health and of the same age and sex, if the date is the first day of the Coverage Month; or
- 2) the first day of the next Coverage Month following the Dependent's final discharge from the medical facility, rehabilitation center, convalescent care facility, nursing home or correctional facility and the resumption of the usual and customary duties or activities of an individual in good health and of the same age and sex, if the date is after the first day of the Coverage Month.

AUL may request satisfactory evidence of good health.

For the purposes of the policy, a Dependent will not cease to be confined if one confinement is followed by another confinement, within 72 hours, for the same or a related injury or sickness.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20E - DEPENDENT INDIVIDUAL TERMINATIONS**

INDIVIDUAL TERMINATIONS

A Dependent's insurance terminates on the earliest of the following dates:

- 1) the date the Participating Unit's coverage under the policy or this section is terminated; or
- 2) the last day of the Coverage Month in which You request termination, but not prior to the date of the request;
- 3) the last day of the Coverage Month for which any required premium payment was not received by AUL;
- 4) the last day of the Coverage Month during which the Dependent ceases to be eligible;
- 5) the date Personal Insurance terminates;
- 6) the date the Waiver of Premium benefit request for You is approved;
- 7) the date of an adverse benefit determination under the Waiver of Premium provisions, if applicable; or
- 8) the last day of the Coverage Month during which You become a Retiree, unless the Schedule of Benefits includes a specific classification for Retirees.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20F - DEPENDENT CONVERSION PRIVILEGE**

**CONVERSION PRIVILEGE**

If a Dependent's coverage, or a portion of it, terminates because the Dependent is no longer eligible for coverage under the policy, the Dependent may apply for an individual life insurance conversion policy without evidence of insurability. The coverage amount of the individual life insurance conversion policy shall not exceed the amount of life insurance that ceases because of loss of eligibility for coverage under the policy minus the amount of any group life coverage for which the Dependent becomes eligible within 31 days of termination.

If the Dependent's coverage ceases due to termination of the policy, the Dependent may apply for and receive an individual life insurance conversion policy if the Dependent's group life insurance has been in force with AUL for five (5) continuous years before the termination date. The coverage amount of the individual life insurance conversion policy may not exceed the LESSER of:

- 1) the amount of life insurance that ceases because of termination minus the amount of any group life coverage for which the Dependent becomes eligible within 31 days of termination; or
- 2) \$10,000.

The conversion privilege is subject to the following:

- 1) Written application must be made and the first premium must be paid within 31 days after the date of termination of insurance.
- 2) An individual life insurance policy, other than term life insurance, offered by AUL at the time of conversion, may be selected.
- 3) The premium on the individual policy must be at AUL's then customary rate applicable to the form and amount of the individual life insurance policy, to the class of risk to which You or Your dependent then belongs, and to the individual age attained by You or Your dependent on the effective date of the individual life insurance policy.
- 4) The individual life insurance conversion policy takes effect on the last day of the application period and is in lieu of all benefits under the policy.

If notice of the existence of the conversion right is not given at least 15 days before the expiration of the period during which the conversion application and payment of the first premium must be made under the terms of the policy, the Dependent has an additional period within which to exercise the conversion right. The additional conversion application period created to exercise a right of conversion expires 15 days after the Dependent is given notice of the conversion right. However, irrespective of the date on which notice is given or of the absence of any notice, the additional conversion application period may not extend beyond 60 days after the expiration date of the period within which conversion application and payment of the first premium were to be made under the terms of the policy. For purposes of this section, notice of the right of conversion may be given to the Dependent in writing presented to the Employee; mailed by the Participating Unit to the last known address of the Dependent; or mailed by AUL to the last known address of the Dependent as furnished by the Participating Unit.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20F - DEPENDENT CONVERSION PRIVILEGE**  
**(Continued)**

If death occurs during the conversion application period, AUL will pay the Dependent Life Amount available for conversion whether or not the application or the first premium payment has been made. After the 31-day period, no conversion application will be accepted unless it is proven that it was not possible for the Dependent to apply in a timely fashion. The individual life insurance conversion policy will not include Accidental Death benefits or any other benefits currently in force under the policy.

Premium must be paid to and received by AUL for coverage during the conversion application period.

IF DEATH OCCURS DURING THE CONVERSION APPLICATION PERIOD, IN NO EVENT WILL BENEFITS BE PAYABLE UNDER BOTH THE INDIVIDUAL CONVERSION POLICY AND THE POLICY.

See Individual Reinstatements, Section 11.



**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20H - DEPENDENT SPOUSE ACCELERATED LIFE**

The following definition applies only to this section:

**DEFINITION**

**TERMINAL CONDITION** means an injury or Sickness that, despite appropriate medical care, is conclusively established to AUL will result in the Dependent spouse's death and/or domestic partner's death (thereafter, within this Dependent Spouse Accelerated Life Benefit Section, references to Spouse includes domestic partner) within 12 months from the date of claim. AUL may require that the Dependent spouse be examined at AUL's expense by AUL's choice of Physician.

**DEPENDENT SPOUSE ACCELERATED LIFE BENEFIT**

If a Dependent spouse, under age 60, is Permanently and Totally Disabled and is diagnosed with a Terminal Condition and is eligible for benefits under this Section You may apply for payment of the Dependent Spouse Accelerated Life Benefit. The amount of Dependent Spouse Accelerated Life Benefit available is shown in the Schedule of Benefits, unless any portion of the Dependent Spouse's Life Amount has already been paid. The amount of Dependent Spouse Accelerated Life Benefit available will then be based on the amount remaining after payment of any portion of the Life Amount. Benefits will be paid in one lump sum to You.

**CONDITIONS**

To be eligible to request payment of the Dependent Spouse Accelerated Life Benefit:

- 1) You must have Dependent Insurance that includes this Dependent Spouse Accelerated Life Benefit provision;
- 2) Your Dependent spouse must be diagnosed by a Physician with a Terminal Condition while eligible for benefits under this Section and must be less than age 60;
- 3) A Dependent who is subject to laws of a community property state, obtains the spouse's written consent for payment to the Employee of the Dependent Spouse Accelerated Life Benefit; and
- 4) You can receive a Dependent Spouse Accelerated Life Benefit only once.

**PROOF REQUIRED FOR THE DEPENDENT SPOUSE ACCELERATED BENEFIT**

Proof is a completed claim form and any other information AUL requires in order to determine whether benefits are owed under this Section. AUL may require that the Dependent spouse be examined by a Physician selected by AUL and at AUL's expense.

**LIMITATIONS**

A Dependent Spouse Accelerated Life Benefit will not be paid if:

- 1) the Dependent spouse's coverage under the policy terminates;
- 2) the Participating Unit's coverage under the policy terminates, unless Continuation of Insurance is selected;
- 3) the Portable terminates; or
- 4) the policy or provision terminates.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20H - DEPENDENT SPOUSE ACCELERATED LIFE BENEFIT**  
**(Continued)**

**EFFECT OF PAYMENT OF DEPENDENT SPOUSE ACCELERATED LIFE BENEFIT**

After payment of a Dependent Spouse Accelerated Life Benefit, the Dependent spouse's Life Insurance amount payable at death to You equals:

- 1) the amount of the Dependent spouse's Life Insurance as if a Dependent Spouse Accelerated Life Benefit payment had not been made, minus
- 2) the Dependent Spouse Accelerated Life Benefit payment, minus
- 3) the interest charge.

The interest charge equals the Dependent Spouse Accelerated Life Benefit amount times the number of days from the date of payment to the Dependent spouse's date of death, divided by 365, times the interest rate. The interest rate will be based on the current 90-day treasury bill rate existing on the date of payment of the Dependent Spouse Accelerated Life Benefit.

Dependent Insurance premiums continue to be due and payable on the original Dependent Insurance amount, unless premiums have ceased due to the Dependent Spouse's coverage under the Dependent Life Insurance Waiver of Premium provision, if any, of the policy.

The Dependent Spouse's Accidental Death and Dismemberment Insurance, if any, will not reduce due to payment of the Dependent Spouse Accelerated Life Benefit as long as the Dependent Spouse's Accidental Death and Dismemberment Insurance remains in force.

The following information is used for illustrative purposes only:

Example:      Dependent spouse life insurance coverage in force = \$50,000\*  
                    Date of receipt of proof of terminal condition = 10/31/05  
                    Date of payment of Accelerated Life Benefit = 11/1/05  
                    Date of death = 2/15/06  
                    Interest rate\*\* = 3.5%

- 1) Amount of Accelerated Life Benefit =  $.50 \times \$50,000 = \$25,000$
- 2) Interest Charge =  $\$25,000 \times (106 \text{ days} / 365 \text{ days}) \times .035 = \$254.11$
- 3) Death Benefit Payable =  $\$50,000 - \$25,000 - \$254.11 = \$24,745.89$

\*The Dependent spouse's Life Insurance amount is shown in the Schedule of Benefits in the Employee's insurance certificate.

\*\*The interest rate is equal to the 90-day treasury bill rate on the date of the Accelerated Life Benefit payment.

NOTE: The Accelerated Life Benefit offered under the 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 benefit will be excludable from the Employee's income and not subject to federal taxation. The laws relating to Accelerated Life Benefits are complex. Employees are advised to consult with a qualified tax advisor about circumstances under which they could receive an Accelerated Life Benefit excludable under federal law. Eligibility for Public Assistance: Receipt of an Accelerated Life Benefit may affect the Employee's, their Dependent spouse's, or their family'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. Employees are 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, their Dependent spouse's, and their family's eligibility for public assistance.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20I - DEPENDENT SUICIDE LIMITATION**

SUICIDE LIMITATION:

LIMITATION: If the Dependent commits suicide, while sane or insane:

- 1) for two (2) years from the Dependent's effective date of Dependent Life Insurance with AUL, the benefits payable will be limited to the premiums paid for the Dependent Insurance; or
- 2) two (2) or more years after the effective date of the Dependent's Life Insurance with AUL, in a period of two (2) years of the effective date of an increase in the amount of the Dependent's Life coverage, the benefits payable will be limited to the Dependent's Life coverage obtained prior to the effective date of the increase in the Dependent's Life Insurance, if any, plus the premiums paid for the increased Dependent Insurance.

If the Participating Unit's coverage under the policy replaced a prior carrier's group life insurance coverage and the Dependent was insured with the prior carrier's group life insurance policy, the Suicide Limitation period will begin on the effective date of the Dependent's coverage with the prior carrier.

**SECTION 20 - DEPENDENT INSURANCE**  
**SECTION 20J - DEPENDENT PAYMENT OF DEATH BENEFITS**

**PAYMENT OF DEATH BENEFITS**

Upon the death of an insured Dependent, benefits will be paid:

- 1) to You;
- 2) to Your Beneficiary, if You are not living; or
- 3) as provided in Section 18, Determination of Death Benefit Payee.

Benefits will be paid in a lump sum.

**SECTION 20K - DEPENDENT TERMINATION**

**TERMINATION OF THIS SECTION**

The Participating Unit may terminate this section at the end of any Coverage Month by giving AUL 31 days prior written notice.

AUL may terminate the insurance provided under this section at the end of any Coverage Month by giving at least 31 days prior notice to the Participating Unit.

**AUL WILL STILL BE LIABLE FOR PAYMENT OF VALID CLAIMS INCURRED BEFORE THE TERMINATION DATE.**

## SECTION 21 - GENERAL POLICY PROVISIONS

**ENTIRE CONTRACT:** The policy, the enrollment forms of the individuals, the application of the Participating Unit, the application/Subscription Agreement of the Participating Unit, and any amendments made from time to time constitute the entire contract.

**AMENDMENT and CHANGES:** A Participating Unit's coverage under the policy may be amended by mutual agreement between the Participating Unit and AUL but without prejudice to any valid claim incurred prior to the effective date of the amendment. The policy may be changed or corrected by AUL at any time. However, no change in the Participating Unit's coverage under the policy will be valid unless written notice is provided by AUL containing the signature of its Chief Executive Officer or Secretary. No agent may or has the authority to waive, alter or change any terms and conditions of the policy or coverage.

**SUBSCRIPTION AGREEMENT:** An approved copy of the Subscription Agreement will be given to the Participating Unit when coverage is approved and offered by AUL. All statements made by an Employee or Dependents are deemed representations and not warranties. No statement made by an Employee or a Dependent may be used in any contest unless a copy of the instrument containing the statement is or has been furnished to the Employee or Dependent or, in the event of death or incapacity of the Employee or Dependent, to the Employee's or Dependent's Beneficiary or personal representative.

**INCONTESTABILITY:** The validity of any coverage under the policy may not be contested, except for nonpayment of premiums, after the policy has been in force for two years after its date of issue, no statement made by a Participating Unit or You or Your Dependent relating to Your insurability may be used in contesting the validity of the insurance with respect to which the statement was made, unless: (1) the insurance has not been in force before the contest for a period of two years or longer from the date the insurance was issued during the insured's lifetime; and (2) the statement is contained in a written instrument signed by the Participating Unit or You or Your Dependent making the statement. All statements made by the Participating Unit or by the Employees or Dependents insured are to be deemed representations and not warranties, no statement made by any person insured may be used in any contest unless a copy of the instrument containing the statement is or has been furnished to the Employees or Dependents or, in the event of death or incapacity of the Employee or Dependent, to the Employee's or Dependent's beneficiary or personal representative.

If a reinstatement is contested for misrepresentation, no representation other than one causing the reinstatement may be used to contest the policy, any contest of the reinstatement may be for a material and fraudulent misrepresentation only and reinstatement may not be contested more than two (2) years after the effective date of the reinstatement; provided, this provision does not affect AUL's right to contest the policy for a representation respecting the initial policy issuance or a different reinstatement during the incontestable period applicable to such issuance or reinstatement. The Accidental Death Benefits are not subject to this provision.

**INSURANCE FRAUD:** AUL wants to ensure that its customers do not incur additional insurance costs as a result of the act of insurance fraud. AUL promises to focus on all means necessary to support fraud detection, investigation and prosecution.

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison

**RELATIONSHIP:** AUL and the Participating Unit are, and will remain, independent contractors. Nothing in the policy shall be construed as making the parties joint ventures or as creating a relationship of employer and employee, master and servant, or principal and agent. Neither party has any power, right or authority to bind the other or to assume or create any obligation or responsibility on behalf of the other. AUL and the Participating Unit each retain exclusive control of their time and methods to perform their respective duties. AUL and the Participating Unit will employ, pay and supervise their own employees and pay their own expenses during the term of the policy.

**SECTION 21 - GENERAL POLICY PROVISIONS**  
**(Continued)**

**GRACE PERIOD:** Premiums are due monthly and must be received by AUL within the required time frame for coverage to remain in force. The Employee is entitled to a grace period of 31 calendar days for the payment of any premium due except the first. During the grace period, the insurance coverage shall continue in force, unless AUL has received written notice of termination in advance of date of termination and in accordance with the terms of the policy. A Participating Unit is liable to AUL for the payment of a pro rata premium for the time the policy was in force during the grace period. If the required amount of premium is not received by the end of the grace period, the insurance will terminate as of the last day of coverage for which premium was paid.

**LEGAL ACTION:** No legal action may be brought to obtain benefits under the policy:

- 1) for at least 60 days after proof of loss has been furnished; or
- 2) after three (3) years from the time written proof of loss is required to have been furnished to AUL.

**CONFORMITY WITH STATE LAWS:** Any provision of the policy in conflict with the laws of the state in which it is delivered is amended to conform to the minimum requirements of those laws.

**DATA AND RECORDS:** The Participating Unit must furnish information which AUL reasonably requires. The Participating Unit's documents which may have a bearing on the insurance shall be open for inspection by AUL at all reasonable times.

**GENDER PRONOUNS:** Whenever the male pronoun is used, it shall also mean the female.

**SECTION 21 - GENERAL POLICY PROVISIONS**  
**(Continued)**

**ERISA APPEAL GUIDELINES WHEN POLICY IS GOVERNED BY ERISA:** If a claimant wishes to appeal AUL's decision, claimants are allowed 60 days following receipt of a notification of an adverse benefit determination within which to appeal the determination. Claimants are allowed the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by reference to paragraph (m)(8) of 29 C.F.R. Section 2560.503-1. AUL's review will take into account all comments, documents, records, and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. A claimant has a right to obtain the information about any voluntary appeal procedures offered by the plan described in paragraph (c)(3)(iv) of 29 C.F.R. Section 2560.503-1 and has a right to bring an action under section 502(a) of ERISA. A final determination will be provided pursuant to 29 C.F.R. Section 2560.503-1.

**CERTIFICATES:** AUL will issue certificates to the Participating Unit for delivery to the insured Employee. The certificate will summarize the Participating Unit's coverage under the policy and will state:

- 1) the benefits provided; and
- 2) to whom the benefits are payable.

If there is any discrepancy between the provisions of any certificate and the provisions of the policy, the provisions of the policy will govern.

**ASSIGNMENT:** A Participating Unit may not assign any benefits or rights under the policy without first receiving AUL's written approval.

You may make an absolute assignment of all benefits and rights of his coverage. Any coverage is assignable to the extent permitted by the law except that no collateral assignment is permitted. No assignment is binding unless filed with AUL in a form acceptable to it. AUL assumes no responsibility for the validity or effect of any assignment.

**CLAIMS OF CREDITORS:** The benefits paid under the policy will be exempt from the claims of creditors to the maximum extent permitted by law.

**CLERICAL ERROR:** Clerical error on the part of the Participating Unit or AUL will not invalidate insurance otherwise in force or continue insurance otherwise terminated. Upon discovery of an error, an equitable adjustment will be made in the premiums and/or benefits, if appropriate.

**MISSTATEMENT OF AGE:** If the age of an Employee or Dependent has been misstated, the benefits will be payable based on the true facts. Premium adjustment will be made so that AUL will receive the actual premium required based on the true facts. Any adjustment of benefits due to the correction of age will also be made.

## SECTION 22 - PREMIUM PAYMENT

Each premium is remitted in United States dollars by the Participating Unit or by the Portable to AUL on or before its due date. Upon the request of the Participating Unit and the written consent of AUL, the interval of payment may be changed. Payment of any premium does not maintain the insurance in force beyond the end of the period for which the premium has been paid or after the policy has terminated except as provided under the Grace Period or Portable provision. The policy is renewable at the option of AUL only.

AUL reserves the right to change premium rates on:

- 1) any date after the Participating Unit's coverage has been in effect for 3 years by giving written notice to the Participating Unit at least 31 days before the date the change is to become effective;
- 2) any date the benefit or eligibility provisions of the policy are changed;
- 3) any date the number of Employee's insured through the changes by 25% or more;
- 4) any date an Insured Unit is added to the policy; or
- 5) any date on which AUL learns any information provided by the Participating Unit prior to and after the date of the application for insurance was not true or accurate and would have changed any coverage, changed the premium rates, and/or would have required further evaluation by AUL prior to AUL's approval of coverage.

Increases in premium due to:

- 1) age bracket changes, if any; or
- 2) salary changes (if benefits are based on a function of salary)

will be effective on the Participating Unit's Anniversary Date following the date of change.

Not later than the 61st calendar day before the date on which a premium rate increase takes effect on this policy, AUL will give written notice to the Participating Unit of: (1) the amount of the increase; and (2) the date on which the increase is to take effect. The notice will be based on coverage in effect on the date of the notice. AUL will not be prevented, at the request of the Participating Unit, from negotiating a change in benefits or rates after delivery of the notice required by this section. A Participating Unit entitled to notice will not be required to respond to AUL to renew the policy or take other action relating to the renewal or extension of the policy before the 45th calendar day after the date the notice described under this section is given.



## SECTION 23 - INSURED UNITS

### PROVISIONS APPLICABLE TO ELIGIBLE UNITS

The Participating Unit is liable for all premiums due for an Insured Unit during any period of time it is an Insured Unit under the policy.

### EFFECTIVE DATE

Insurance for an Eligible Unit becomes effective on:

- 1) the effective date of the policy is when the Eligible Unit is approved for coverage by AUL and shown in the Subscription Agreement; or
- 2) the effective date of an amendment to the policy showing AUL has added and approved the Eligible Unit for coverage.

### TERMINATION

Insurance for an Insured Unit ceases on the earliest of the following dates:

- 1) the date the Insured Unit no longer meets the definition of an Eligible Unit;
- 2) the date the Insured Unit ceases active business operations or is placed in bankruptcy or receivership;
- 3) the date the Insured Unit loses its entity by means of dissolution, merger, or otherwise;
- 4) the date the Insured Unit is eliminated as an Insured Unit by an amendment to or change in the policy; or
- 5) the last day of the Coverage Month for which any required premium payment is not made for the Insured Unit's insurance.

Any rights of an Employee whose insurance is terminated due to the termination of an Insured Unit are determined the same as if the Participating Unit's coverage under the policy had terminated on that date.

Any references to Participating Unit or Employer used in the policy shall include Insured Units.

## **SECTION 24 - TERMINATION OF THE POLICY**

AUL may terminate the policy at the end of any Coverage Month by giving at least 31 days prior notice to the Participating Unit or Portable. AUL will still be liable for payment of valid claims incurred and benefits owed under the policy before the termination date.

## **SECTION 25 - TERMINATION OF A PARTICIPATING UNIT**

Insurance for a Participating Unit ceases on the earliest of:

- 1) the date the Participating Unit no longer meets the definition of the Participating Unit or assigns the policy to another entity without AUL's written approval;
- 2) the date the Participating Unit ceases business operations or is placed in bankruptcy or receivership;
- 3) the date the Participating Unit loses its entity by means of dissolution, merger, majority change in ownership, transfer of assets, transfer of employees to another entity, etc or otherwise;
- 4) the date the Participating Unit is removed as a Participating Unit by an amendment to or change in the policy;
- 5) the last date of the Coverage Month for which the required premium payment is made;
- 6) the last day of a Coverage Month, provided that AUL has given at least 31 days prior written notice to the Participating Unit;
- 7) the last day of a Coverage Month, if the Participating Unit has given AUL at least 31 days prior written notice;
- 8) the date, as determined by AUL, that the Participating Unit fails to promptly furnish any information which AUL may reasonably require;
- 9) the date, as determined by AUL, that the Participating Unit, without good and sufficient cause, fails to perform in good faith its duties pertaining to the policy; or

If an Employee's insurance is terminated due to the termination of a Participating Unit, the Employee's rights under the policy are determined as the date the Participating Unit's coverage terminated.

If the policy terminates, the Participating Unit will remain liable to AUL for unpaid premiums for periods during which the coverage existed.

Following termination of Coverage for a Participating Unit or Employee, reinstatement of the coverage will only occur following evaluation and AUL's written approval.

## **SECTION 26 - TERMINATION OF A PORTABLE**

Insurance for a Portable unit terminates on the earliest of:

- 1) the last date of the Coverage Month for which the required premium payment is made;
- 2) the last day of the Coverage Month in which the Portable requests termination, but not prior to the request;
- 3) the last day of the Coverage Month during which the Portable attains age 70;
- 4) the date the Portable becomes insured for AUL Group Voluntary Term Life Insurance through an Employer; or
- 5) the last day of a Coverage Month, provided that AUL has given at least 31 days prior written notice to the Portable.

Following termination of coverage for Portable, reinstatement of the coverage will only occur following evaluation and AUL's written approval.

Upon termination of the Portable, an insured person may elect coverage under a life insurance conversion policy.

**IMPORTANT INFORMATION ABOUT COVERAGE UNDER THE  
TEXAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION**  
*(For insurers declared insolvent or impaired on or after September 1, 2011)*

Texas law establishes a system to protect Texas policyholders if their life or health insurance company fails. The Texas Life and Health Insurance Guaranty Association ("the Association") administers this protection system. Only the policyholders of insurance companies that are members of the Association are eligible for this protection which is subject to the terms, limitations, and conditions of the Association law. (The law is found in the *Texas Insurance Code*, Chapter 463.)

**It is possible that the Association may not protect all or part of your policy because of statutory limitations.**

**Eligibility for Protection by the Association**

When a member insurance company is found to be insolvent and placed under an order of liquidation by a court or designated as impaired by the Texas Commissioner of Insurance, the Association provides coverage to policyholders who are:

- Residents of Texas (**regardless of where the policyholder lived when the policy was issued**)
- Residents of other states, ONLY if the following conditions are met:
  - 1) The policyholder has a policy with a company domiciled in Texas;
  - 2) The policyholder's state of residence has a similar guaranty association; and
  - 3) The policyholder is *not eligible* for coverage by the guaranty association of the policyholder's state of residence.

**Limits of Protection by the Association**

**Accident, Accident and Health, or Health Insurance:**

- For each individual covered under one or more policies: up to a total of \$500,000 for basic hospital, medical-surgical, and major medical insurance, \$300,000 for disability or long-term care insurance, or \$200,000 for other types of insurance.

**Life Insurance:**

- Net cash surrender value or net cash withdrawal value up to a total of \$100,000 under one or more policies on any one life; or
- Death benefits up to a total of \$300,000 under one or more policies on any one life; or
- Total benefits up to a total of \$5,000,000 to any owner of multiple non-group life policies.

**Individual Annuities:**

- Present value of benefits up to a total of \$250,000 under one or more contracts on any one life.

**Group Annuities:**

- Present value of allocated benefits up to a total of \$250,000 on any one life; or
- Present value of unallocated benefits up to a total of \$5,000,000 for one contractholder regardless of the number of contracts.

**Aggregate Limit:**

- \$300,000 on any one life with the exception of the \$500,000 health insurance limit, the \$5,000,000 multiple owner life insurance limit, and the \$5,000,000 unallocated group annuity limit.

These limits are applied for each insolvent insurance company.

**Insurance Companies and agents are prohibited by law from using the existence of the Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance. When you are selecting an insurance company, you should not rely on Association coverage. For additional questions on Association protection or general information about an insurance company, please use the following contact information.**

**Texas Life and Health Insurance  
Guaranty Association  
515 Congress Avenue, Suite 1875  
Austin, Texas 78701  
(800) 982-6362 or [www.txlifega.org](http://www.txlifega.org)**

**Texas Department of Insurance  
P.O. Box 149104  
Austin, Texas 78714-9104  
(800) 252-3439 or [www.tdi.state.tx.us](http://www.tdi.state.tx.us)**