SAMPLE

Term Life and Accident Insurance

Developed for the Employees of ABC Company
SAMPLE
"As long as you've got your health . . ."

If you're physically healthy, you can work, play, take care of your family, and enjoy life. The same holds true of your fiscal health. For long-term financial well-being, you need to understand where you are, be aware of where you want to go, and have a plan to get you there.

But, if something were to happen to you, all your hard work — and everything you have — could be lost unless you've taken steps to protect yourself and your family. Having adequate insurance coverage is not only the basis for a sound financial blueprint; it also provides the protection you need to help ensure that your family, your home and your finances will be protected in the event of a serious accident.

Who Needs Life and Accident Insurance?

You do. Single or married. Buying your first home or preparing for retirement. Raising children or sending them off to college. No matter where you are in life, insurance should be part of your financial plan.

*Life insurance* can help you protect your family’s financial security in case of your death.

*Accident insurance* can help pay expenses in the event of a serious accident.

By purchasing these insurance products through your employer, you benefit from:

◆ Affordable group rates
◆ Convenient payroll deduction
◆ Access to knowledgeable service representatives.
Start With Basic Coverage and Add What You Need

Basic Life Insurance Coverage (outlined in your certificate) — Employer-Paid
- Provided automatically to all eligible employees.
- Life insurance equal to [one times eligible earnings.]

Voluntary Life Insurance Coverage — Employee-Paid
- For You — Up to [five times your current salary.]
- For Your Spouse — Up to $________.
- For Your Unmarried, Dependent Children — Up to $________.

Who Is Eligible For Coverage?

You — If you are an active, full-time employee and work at least [30] hours per week for your employer.

Your Spouse — Up to age 70 is eligible provided that you apply for and are approved for coverage for yourself.

Your Unmarried, Dependent Children — At least 14 days old and under age 19 (or under age 25 if they are full-time students), as long as you are covered. One low premium will insure all your eligible children, regardless of the number of children you have. No one may be covered more than once under this plan.

How Much Coverage Can You Buy?

You — You can select life insurance coverage of [1, 2, 3, 4 or 5] times your salary rounded to [the next higher $1,000]. The maximum for any employee is $________. The guaranteed coverage* amount for you is $________.

Your Spouse — You may select coverage for your spouse in units of [$10,000] to a maximum of [$250,000]. The cost of coverage will be based on your [spouse’s] age. The guaranteed coverage amount for your spouse is $________.

Your Unmarried, Dependent Children — You may select coverage for your unmarried, dependent children in units of [$2,000/$5,000] up to a maximum of [$10,000]. The maximum benefit for children under six months is $500. The guaranteed coverage amount for your child(ren) is $________.

* See Guaranteed Coverage.

Guaranteed Coverage

If you and your dependents are eligible and you apply during the initial enrollment period, or within 31 days after you are eligible to elect coverage, you are entitled to choose any of the offered amounts of coverage up to the guaranteed coverage amount, as shown on your application, without having to provide evidence of good health.

If you apply for an amount of coverage for yourself and any dependents greater than the guaranteed coverage amount, coverage in excess of the guaranteed coverage amount will not be issued until the insurance company approves acceptable evidence of your good health. Evidence of good health may include a paramedical exam or physician’s statement.

If you apply for coverage for yourself and any dependents more than 31 days from the date you become eligible to elect coverage under this plan, the guaranteed coverage amounts will not apply. Coverage will not be issued until the insurance company approves acceptable evidence of good health. Evidence of good health may include a paramedical exam or physician’s statement.
How Much Life Insurance Do You Need?

We have provided this worksheet to help you calculate how much life insurance you may need for a surviving spouse and dependents. When calculating annual amounts, be sure to multiply the annual income or cost by the number of years you expect to receive that income, or incur that cost.

1. Living Costs

Day-to-day Living Expenses (Use 75% of current net income)
$_______ annually x ____ years = $________

Child Care Expenses
$_______ annually x ____ years = +________

Education Funding
$_______ annually x ____ years = +________

Major Purchases (cars, home repair)
$_______ annually x ____ years = +________

Estate and Funeral Expenses
= +________

TOTAL LIVING COSTS (A) = $________

2. Available Resources

Cash and Savings
= $________

Retirement Savings (IRA, 401(k), etc.)
= +________

Stocks and Bonds (at current market value)
= +________

Spouse Income (multiply by 60%)*
$_______ annually x ____ years = +________

Other Assets
= +________

TOTAL AVAILABLE RESOURCES (B) = $________

3. Life Insurance Need

TOTAL LIVING COSTS (A) = $________ (A)

LESS TOTAL AVAILABLE RESOURCES (B) = $________ (B)

EQUALS LIFE INSURANCE NEED = $________

Naturally a worksheet like the above is only an aid to determining life insurance needs. It cannot predict all of your expenses, economic conditions, inflation, investment performance or other factors which may alter your needs. For a more accurate plan, you should consider consulting an investment advisor.

* Estimate likely spouse income as sole provider. Include your estimate of Social Security benefits to surviving spouse and dependents. The 60% factor above is used to account for taxation so that a net income figure can be derived. Vary this factor if you feel combined federal, state and local taxes, and FICA will be different for your situation.

Calculating the Cost of Your Coverage

Follow These Steps

Step 1 $_______ Your Yearly Salary
x _______ 1, 2, 3, 4 or 5 (salary multiples)
= $________ Amount of Coverage You Want

Step 2 Round to the [Next Higher] $1,000 e.g., $214,300 becomes [$215,000]

Step 3 Your Coverage Amount ÷ [_____] = _______ Employee Units

Step 4 _______ Employee Units x $______ = _______ Employee Cost Per Unit*

Step 5 _______ Spouse Units x $______ = _______ Spouse Cost Per Unit*

Step 6 _______ Child(ren) Units x $______ = _______ Child(ren) Cost Per Unit*

Step 7 = $________


* See table.

<table>
<thead>
<tr>
<th>Employee/Spouse Age</th>
<th>Employee Monthly Cost per $____ Unit</th>
<th>Spouse Monthly Cost per $____ Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 20</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
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<tr>
<td>20 to 24</td>
<td>0.00</td>
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<tr>
<td>25 to 29</td>
<td>0.00</td>
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<tr>
<td>30 to 34</td>
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<tr>
<td>35 to 39</td>
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<td>40 to 44</td>
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<td>45 to 49</td>
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<td>60 to 64</td>
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<td>70 to 74</td>
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<td>75 to 79</td>
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<tr>
<td>80 &amp; Over</td>
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</table>

The monthly cost for children is $ .__ per $____ of coverage. One premium will insure all your eligible children, regardless of the number of children you have.

Costs are subject to change.
Other Benefit Features

**Accelerated Death Benefit — Terminal Illness**

If you or your spouse is diagnosed by two unaffiliated physicians as terminally ill with a life expectancy of 12 months or less, the accelerated payment benefit for terminal illness provides for up to 50% of the life insurance coverage amount in force or $50,000, whichever is less, to be paid to the insured. This benefit is payable only once in the insured’s lifetime, and will reduce the life insurance death benefit.

The terminal illness benefit may be taxable. As with all tax matters, an insured should consult with a personal tax advisor to assess the impact of this benefit.

**Annual Enrollment Period**

Each year, during your enrollment period, you have the opportunity to enroll in the plan or increase your voluntary coverage. We do require evidence of good health for all new coverage elections.

**Automatic Increase Feature**

In the event of an increase in salary, your voluntary life insurance coverage will increase accordingly — up to 25% of your previous salary, not to exceed $25,000.

Your new coverage amount will become effective on the policy anniversary date. However, if the increase in coverage is to an amount in excess of your plan’s guaranteed coverage amount, and you have not previously applied and been approved by the insurance carrier for coverage in excess of the guaranteed coverage amount, you must receive approval from the insurance carrier in order for the benefit increase to become effective.

**Waiver of Premium**

*If you become totally disabled — To make sure you can keep the life insurance protection you need during a difficult period of your life, this plan provides a waiver of premium feature. If you are totally disabled prior to age 60 and can't work for at least 9 months, you won't need to pay premiums for your coverage while you are disabled, provided the insurance company approves you for this benefit. You must continue to pay premiums until the insurance company approves you for this benefit. You are considered totally disabled when you are completely unable to engage in any occupation for wage or profit because of injury or sickness. This benefit will remain in force until age 65, subject to proof of continuing disability each year. If you qualify for this benefit and have insured your spouse or children, the premium for their coverage is also waived.*

**When Your Coverage Begins and Ends**

The date your coverage begins is called its “effective date.” Your employer will let you know the effective date of your coverage. If you are not actively at work on the effective date of coverage, your coverage will not begin until you return to work.

For coverage for your spouse and/or children to be effective, they must not be hospitalized, confined at home, under the care of a doctor, or unable to perform the normal daily activities of a person of the same age or sex.

Your coverage cannot be terminated as long as you remain eligible, the premium is paid and the group policy remains in force.

For your spouse and children, coverage ends when your coverage ends, when their premiums are not paid or when they are no longer eligible.

**Converting Your Coverage to Permanent Life Insurance**

If group life insurance coverage is reduced or ends for any reason except nonpayment of premiums, you can convert to an individual policy. No medical certification is needed. To convert coverage, you must apply for the conversion policy and pay the first premium payment within 31 days after your group coverage ends. Family members may convert their coverage as well. Converted policies are subject to certain benefits and limits as outlined in the conversion brochure which may be requested as needed. Premiums may change at this time.

**When You Reach Age 65**

By the time you and your spouse reach age 65, chances are that your children will be grown and your mortgage paid. At age 65, providing you are still employed, your coverage will decrease to 65% of the benefit amount. It will decrease to 45% at age 70, 30% at age 75 and 20% at age 80. Premiums and coverage for your spouse will end at age 70; at that time your spouse may choose to convert this coverage to a permanent life insurance policy.

*This portion of the plan provides life insurance only.*
Start With Basic Coverage and Add What You Need

Basic Accident Insurance Coverage (outlined in your certificate) — Employer-Paid

- Provided automatically to all eligible employees.
- Accident insurance equal to two times eligible earnings.

Who Is Eligible?

You — You are eligible for coverage if you are an active full-time employee of the sponsoring employer, working 30 or more hours per week.

Your Family — You may elect to cover your lawful spouse under age 70, and your unmarried dependent children who are under age 19 (or under age 25 if they are full-time students). Children must be dependent upon you for support and maintenance.

No one may be covered more than once under this plan. If covered as an employee, you cannot also be covered as a dependent.

How Much Coverage Can You Buy?

You — You may select from $____ to $_____ of coverage, in units of $____, at an affordable price.

Your Family — Your spouse’s benefit amount will be ___% of yours, or ___% if you have no dependent children. Each of your covered children’s benefit amount will be ___% of yours, or ___% if you are a single parent.

Each family member’s coverage is a percentage of the benefit amount you select. It will depend on who your insured family members are at the time of a covered accidental loss.

Benefit Reductions

When you reach age 70, your benefits will be reduced to 65% of the benefit amount selected; at age 75, 45%; at age 80, 30%, and at age 85, 15%. The benefit reductions apply to the benefit amount in force on the day before you reach the age specified in the reductions table. If you elect coverage for your family members, Accidental Death & Dismemberment benefits for your insured family members will be based on your selected benefit amount. Other plan benefits based on your selected benefit amount will be determined by this reduction schedule. Coverage for your spouse ends when he or she reaches age 70. These reductions also apply if you elect coverage after age 69.

Your Monthly Cost

From the chart below, select the benefit amount and family option most appropriate for your needs and budget. Then, add the individual costs together to determine your total cost.

<table>
<thead>
<tr>
<th>Your Benefit Amount</th>
<th>________ly Cost for You and Your Family</th>
<th>________ly Cost for You Only</th>
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[See Benefit Reductions.] Costs are subject to change.
Spouse and children coverages are a percentage of your benefit amount.

Example:

<table>
<thead>
<tr>
<th>Benefit Amount</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Yourself</td>
<td>$200,000 = $_______</td>
</tr>
<tr>
<td>Your Spouse (100%)</td>
<td>$200,000 = $_______</td>
</tr>
<tr>
<td>Your Children (10%)</td>
<td>$20,000  = $_______</td>
</tr>
<tr>
<td>Total Monthly Cost</td>
<td>$_______</td>
</tr>
</tbody>
</table>
A Valuable Combination of Benefits

Personal Accident Insurance helps protect you against losses due to accidents. A covered accident is a sudden, unforeseeable, external event, resulting directly and independently of all other causes, in a covered injury or covered loss that occurs while coverage is in force. We will pay the full benefit amount for accidental loss of life occurring within 365 days of a covered accident. To help survivors of severe accidents adjust to new living circumstances, we will pay benefits for paralysis, dismemberment and loss of eyesight, speech or hearing according to the chart below.

For College Education and Spouse Training

The education benefit provides training or education as follows:

- **For your children:** If you or your insured spouse die in a covered accident, we will pay an extra benefit for each insured child who enrolls in college before he or she is 25. To help pay college expenses, we will increase your benefit amount by 2% or $5,000, whichever is less, for each qualifying child. This benefit is payable each year for four consecutive years as long as your child continues his/her college education.

- **For your spouse:** If, within one year of your death in a covered accident, your spouse enrolls in an accredited school to gain skills needed for employment, we will pay the actual cost of this education or training program for not more than one year after enrollment begins, up to 3% of your benefit amount, but not more than $3,000.

For Child Care Expenses

Personal Accident Insurance pays an additional benefit to help pay for your insured children’s child care expenses. If you have elected to cover your family members and you or your insured spouse die as a result of a covered accident, and you have a surviving child under 13 who is enrolled in a licensed child care center at the time of your death or within one year afterward, we will pay a Child Care Center Benefit. This benefit will be an annual sum for each covered child of up to 3% of your benefit amount but not more than $3,000 a year until the child turns 13.

We will make the payment to the child’s surviving custodial parent or legal guardian. Each payment will be made at the end of a 12-month period in which there were documented child care center expenses.

### Additional Benefits

#### For Children Requiring Special Care

Personal Accident Insurance helps parents with children who survive severe accidents. If an insured child suffers a covered accidental injury, we will double the benefit amount up to $50,000. If your child subsequently dies within 90 days of the covered accident, then we will pay only the death benefit payable under the plan. The chart shown reflects this additional benefit.

This increased benefit can help parents cope with the ongoing financial obligations associated with caring for children who require continued medical attention, rehabilitation services and a specialized educational environment.

#### For College Education and Spouse Training

The education benefit provides training or education as follows:

- **For your children:** If you or your insured spouse die in a covered accident, we will pay an extra benefit for each insured child who enrolls in college before he or she is 25. To help pay college expenses, we will increase your benefit amount by 2% or $5,000, whichever is less, for each qualifying child. This benefit is payable each year for four consecutive years as long as your child continues his/her college education.

- **For your spouse:** If, within one year of your death in a covered accident, your spouse enrolls in an accredited school to gain skills needed for employment, we will pay the actual cost of this education or training program for not more than one year after enrollment begins, up to 3% of your benefit amount, but not more than $3,000.

#### For Child Care Expenses

Personal Accident Insurance pays an additional benefit to help pay for your insured children’s child care expenses. If you have elected to cover your family members and you or your insured spouse die as a result of a covered accident, and you have a surviving child under 13 who is enrolled in a licensed child care center at the time of your death or within one year afterward, we will pay a Child Care Center Benefit. This benefit will be an annual sum for each covered child of up to 3% of your benefit amount but not more than $3,000 a year until the child turns 13.

We will make the payment to the child’s surviving custodial parent or legal guardian. Each payment will be made at the end of a 12-month period in which there were documented child care center expenses.

#### Loss of Life

We will pay 100% of the benefit amount.

#### Total Paralysis of Both Upper and Lower Limbs

We will pay 100% of the benefit amount.

#### Loss of Any Two: Hand, Foot or Eyesight

We will pay 100% of the benefit amount.

#### Loss of Speech and Hearing in Both Ears

We will pay 200% of the benefit amount.

#### Loss of One Hand or Foot, or Sight in One Eye

We will pay 50% of the benefit amount.

#### Total Paralysis of Both Legs

We will pay 100% of the benefit amount.

#### Total Paralysis of Arm and Leg on One Side of the Body

We will pay 100% of the benefit amount.

#### Loss of Thumb and Index Finger of the Same Hand

We will pay 25% of the benefit amount.

**If the same accident causes more than one of these losses, we will pay only one amount, but it will be the largest amount that applies.**

- **Loss of a hand or foot means complete severance through or above the wrist or ankle joint.**
- **Loss of sight means the total, permanent loss of all vision in the eye.**
- **Loss of speech means total, permanent and irrecoverable loss of audible communication.**
- **Loss of hearing means total and permanent loss of the ability to hear any sound in both ears which cannot be corrected by natural, surgical or artificial means.**
- **Loss of a thumb and index finger means complete severance through or above the metacarpophalangeal joints (the joints between the fingers and the hand).**
- **Paralysis means loss of use, without severance, of a limb.**
- **Severance means complete and permanent separation and dismemberment of the limb from the body.**
Additional Benefits

For Wearing a Seatbelt and Protection by an Airbag

This benefit is payable if an insured person dies as a direct result of injuries sustained in a covered accident while driving or riding in a Private Passenger Automobile*, while wearing a properly fastened, original, factory-installed seatbelt. That person’s death benefit will be increased by 15%, but not by more than $15,000.

If the seatbelt benefit is payable, and the covered person was positioned in a seat protected by a properly functioning airbag that inflates on impact, we will increase the death benefit by an additional 10%, but not by more than $10,000.

Verification of the actual use of the seatbelt, and that the supplemental restraint system inflated properly on impact at the time of the accident, must be part of an official report of the accident, or be certified, in writing, by the investigating officer(s), and submitted with the claim. If it is unclear whether the insured had been wearing the required protection or that the airbag properly inflated upon impact, the plan will pay a benefit of $1,000.

*Automobile means a self-propelled, private passenger motor vehicle with four or more wheels which is of a type both designed and required to be licensed for use on the highways of any state or country. Automobile includes, but is not limited to, a sedan, station wagon, sport utility vehicle, or a motor vehicle of the pickup, van, camper or motor-home type. Automobile does not include a mobile home or any motor vehicle which is used in mass or public transit.

For Exposure and Disappearance

We will increase your benefit by 10%, to a maximum of $10,000, if you suffer a covered loss due to unavoidable exposure to the elements as a result of a covered accident.

If your body is not found within one year of the disappearance, wrecking or sinking of the conveyance in which you were riding, on a trip otherwise covered, it will be presumed that you sustained loss of life as a result of a covered accident.

For Group Medical Insurance Continuation (Employee Only)

This benefit can give your covered spouse or dependent child extra peace of mind if you die in a covered accident and he or she decides to continue coverage under your employer-sponsored group medical insurance plan. We will pay a benefit amount for up to 3 years, at the end of each year medical insurance is continued. We will pay 3% of your benefit amount, to a maximum of $3,000 per year.

Your covered spouse or child must notify the insurance company of their intent to continue insurance coverage within 60 days of your death, and they must provide the insurance company with proof of premium payment during the year. Payments will continue until the surviving spouse or child is no longer eligible to continue medical insurance, or until the maximum benefit period or maximum benefit amount is reached.

What Is Not Covered

Plan benefits are not payable if an injury or a loss results, directly or indirectly, from or is caused by, self-inflicted injuries or suicide, while sane or insane; any felony or assault committed by the insured, any act of war, declared or undeclared; any active participation in a riot, insurrection or terrorist act; a covered accident that occurs while on active duty service in the military, naval or air force of any country or international organization; sickness, disease, physical or mental impairment or medical or surgical treatment thereof, or bacterial or viral infection, regardless of how contracted. (This does not include bacterial infection that is the natural and foreseeable result of an accidental external cut or wound, or accidental food poisoning).

Benefits are also not payable if the loss occurs while you are traveling in an aircraft designed to be used in outer space, traveling in an aircraft that is being operated by or for a military authority other than Military Airlift command, or similar foreign service, traveling in an aircraft that is being used as an ultra-light or glider; or for crop dusting, spraying or seeding, giving and receiving flying instructions, fire fighting, skywriting, sky diving or hang gliding, pipeline or power line inspection, aerial photography or exploration, racing, endurance tests, stunt or acrobatic flying; parachuting, except for self-preservation; any operation that requires a special permit from the FAA, even if it is granted (this does not apply if the permit is required only because of the territory flown over or landed on).
**When Your Coverage Begins and Ends**

Current employees can sign up during this enrollment period. New employees have 31 days from the date they become eligible to enroll. Coverage becomes effective on the first of the month after receipt of your application. Provided the application has been received and the appropriate premium paid, dependent coverage will start when your coverage begins.

If you are not actively at work, the effective date of your insurance will be deferred until you are actively at work. If your spouse is not regularly performing the duties of his/her occupation, or if your spouse or children are unable to engage in all the usual duties of a person of like age and sex, the effective date of their insurance will be deferred until they return to work or resume their usual duties.

Your coverage will continue as long as you remain an eligible employee, pay your premium when due, do not serve more than 30 days’ full-time active duty in any Armed Forces, and we agree with your employer to continue this group policy. For your spouse and dependent children, coverage ends when your coverage terminates, when their premiums are not paid, or when he or she is no longer eligible, whichever occurs first.

**Changing from the Group Plan to Individual Coverage**

If, before you reach age 70, this group coverage ends for any reason except non-payment of premium, you can convert to an individual policy. No medical certification is needed. To continue coverage, you must apply for the conversion policy and pay the first premium in effect for your age and occupation within 31 days after your group coverage ends. Family members may convert their coverage as long as they have not reached the maximum age limitation. Converted policies are subject to certain benefits and limits as outlined in your certificate, should you become insured under the plan.

**Signing Up Is Easy**

No medical examination is required to apply!

Just follow these steps.

1. Choose the benefit amount and coverage option that are right for you.
2. Fill out the enrollment form and return it to your Human Resources Department.

**Don’t forget to…**

Use the full name of your beneficiary. For example, use “Mary Jones Smith” not “Mrs. John A. Smith.”

If you have any questions about the plan, please contact your Human Resources Department.

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*This portion of the plan provides ACCIDENT insurance only. It pays benefits for bodily injury. It does not provide coverage for sickness.*
This information is a brief description of the important features of the plan. It is not a contract. Terms and conditions of life insurance coverage are set forth in Group Policy No. FLX-XXXXX, on Policy Form TL-XXXXXX, issued in Delaware to the Trustee of the National Consumer Insurance Trust. Terms and conditions of voluntary accident insurance coverage are set forth in Group Policy No. OK-XXXXXX, on Policy Form No. XXXXXXX, issued in Delaware to the Trustee of the Group Insurance Trust for Employers in the Manufacturing Industry. The group policy is subject to the laws of the jurisdiction in which it is issued. The availability of this offer may change. Please keep this material as a reference.