

Long Term Disability Basic & Voluntary Term Life Basic & Voluntary AD&D PROPOSAL

Prepared For:

City of Margate

Requested By:

GEHRING GROUP

Proposed Effective Date:
This Proposal Valid Until:

January 1, 2016
November 8, 2015

Underwritten By:

Life Insurance Company of North America

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Together, all the way.SM



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City of Margate
Long Term Disability Proposal
Schedule of Benefits Summary

Eligibility	Class 1: All active, full-time Employees of the Employer classified as Elected Officials, regularly working a minimum of 30 hours per week. Class 2: All active, full-time Employees of the Employer classified as Police and non-bargaining Employees, regularly working a minimum of 30 hours per week, excluding Employees classified as Elected Officials.
Monthly Benefit	60% to \$6,000
Benefit Waiting Period	180 days
Definition of Disability	24 Months Own Occupation
Definition of Covered Earnings	Employee's annual wages or salary, including commission, and excluding extra compensation, bonus, and overtime. Commission will be averaged over a 24 month period.
Eligibility Waiting Period	Class 1: First of the month following 30 days of Active Service Class 2: First of the month following 30 days of Active Service
Earnings Test	80/80 AND
Taxation of Benefits	Taxable Benefit

Benefits below apply to the following classes: 1, 2	
Accumulated Sick Leave	Not Included in Benefit Waiting Period
Minimum Benefit	\$50
Maximum Benefit Duration	SSNRA
Benefit Reduction Schedule	Traditional graded scale to SSNRA
Integration Type	Full Family
Employer Contribution	100%
Survivors Benefits	3 months lump sum
Continuation of Insurance	Family Medical Leave (12 weeks) Family Medical Military Leave (12 weeks)
Pre-Existing Condition Limitation	3 months Prior/3 months Symptom-Free/12 months Insured
Mental Illness Limitation	24 Month Lifetime Limitation
Substance Abuse Limitation	24 Month Lifetime Limitation
Chemical Sensitivity	No Limitation
Subjective Symptom Limitation	No Limitation
Conversion Privilege	Included
Return to Work Incentive	Included
Trial Work Days	Unlimited
Rehabilitation Benefits	Included
Health and Welfare Deductions Service	Excluded
Life Assistance Program	Excluded
Number of Eligible Employees	175

For additional descriptions, see Key Definitions and Provisions section below.

LONG TERM DISABILITY RATE SUMMARY

Coverage	Monthly Covered Payroll	Monthly Rate per \$100 of Monthly Covered Payroll	Monthly Premium
LTD	1,051,729	\$0.19	\$1,998

Rates are guaranteed for 3 years

Rates are only valid if the product is sold as part of this package

LONG TERM DISABILITY COMMISSION SUMMARY

Rates include a Flat 10% Commission

City of Margate
Basic Term Life Proposal
Schedule of Benefits Summary

Employee Eligibility	Class 1: All active, full-time Employees of the Employer regularly working a minimum of 30 hours per week. Class 2: All Retirees of the Employer who retired prior to April 1, 2002 and were insured under the Prior Plan. (closed class) Class 3: All Retirees of the Employer who retired on or after April 1, 2002.
Employee Eligibility Waiting Period	Class 1: First of the month following 30 days of Active Service Class 2: No waiting period Class 3: No waiting period
Employee Annual Compensation Definition	Employee's annual wages or salary, including commission, and excluding extra compensation, bonus, and overtime. Commission will be averaged over a 24 month period.
Employee Basic Life Benefit	Class 1: \$35,000 Class 2: \$8,000 Class 3: \$18,000
Employee Guaranteed Issue Amount	All coverage amounts are guaranteed issue
Domestic Partner / Civil Union Coverage	State-registered civil unions/domestic partnerships included (state mandate). Employer-recognized Domestic Partners may optionally be included (definition to be agreed upon).
Spouse Life Benefit	Class 1: \$5,000 Coverage ends at when employee turns age 70 Class 2: \$2,500 Coverage ends at when employee turns age 70 Class 3: \$2,500 Coverage ends at when employee turns age 70
Infant/Child Life Benefit	Class 1: <ul style="list-style-type: none"> • Birth to 6 months: \$500 • 6 months to 26 years: \$5,000 Class 2: None Class 3: None
Dependent Guaranteed Issue Amount	Class 1: <ul style="list-style-type: none"> • Spouse: \$5,000 • Child: All Guaranteed Issue Class 2: <ul style="list-style-type: none"> • Spouse: \$2,500 Class 3: <ul style="list-style-type: none"> • Spouse: \$2,500

Benefits below apply to the following classes: Class 1	
Employee Benefit Reduction Schedule Benefits Reduce to:	65% @ age 70, 65% @ age 75, 65% @ age 80, 65% @ age 85, 65% @ age 90, 65% @ age 95
Waiver of Premium	Must be totally disabled before age 60 6 month waiting period Benefit provided to age 70
Continuation for Disability (Age 60+)	Life coverage continued for a disabled employee over the age of 60 on a continuing premium paying basis for up to 12 months, while policy is in force
Continuation of Insurance	Family Medical Leave (12 weeks) Family Military Convalescence Support (26 weeks)

	Leave of Absence (13 months)
Portability	None
Life Assistance Program	Included
Terminal Illness	The lesser of 80% up to \$500,000 for Basic benefits Coverage available for employees and spouses if applicable
Employer Contribution	Employee Coverage: 100% Spouse/Child Coverage: 0%
Number of Eligible Employees	462
Beneficiary Services	- Comprehensive package of financial, bereavement and legal counseling - Available for benefit payments >= \$5,000

Benefits below apply to the following classes: Class 2, Class 3	
Employee Benefit Reduction Schedule	50% @ age 70
Benefits Reduce to:	
Continuation of Insurance	Family Medical Leave (12 weeks) Family Military Convalescence Support (26 weeks)
Portability	None
Life Assistance Program	Not Included
Employer Contribution	0%
Number of Eligible Employees	79
Beneficiary Services	- Comprehensive package of financial, bereavement and legal counseling - Available for benefit payments >= \$5,000

BASIC TERM LIFE RATE SUMMARY

Coverage	Estimated Volume	Rate	Estimated Monthly Cost
Basic Employee Life			
<i>Classes 1-3</i>	\$16,899,000	\$0.2200 per \$1,000	\$3,717
Basic Dependent Life			
<i>Basic Family</i>		\$2.0000 per family	

Rates are guaranteed for 3 years

Rates are only valid if the product is sold as part of this package

BASIC TERM LIFE COMMISSION SUMMARY

Rates include a Flat 10% Commission

**City of Margate
Voluntary Term Life Proposal
Schedule of Benefits Summary**

Employee Eligibility	Class 1: All active, full-time Employees of the Employer regularly working a minimum of 30 hours per week.
Employee Eligibility Waiting Period	Class 1: First of the month following 30 days of Active Service
Employee Annual Compensation Definition	Class 1: Employee's annual wages or salary, including commission, and excluding extra compensation, bonus, and overtime. Commission will be averaged over a 24 month period.
Employee Voluntary Life Benefit	Class 1: Units of \$10,000 to the lesser of 5 times salary or \$300,000
Employee Guaranteed Issue Amount	Class 1: \$100,000
Employee Minimum Benefit	Class 1: \$10,000
Spouse Eligibility	Class 1: Employees must participate in voluntary plan for dependents to participate
Domestic Partner / Civil Union Coverage	State-registered civil unions/domestic partnerships included (state mandate). Employer-recognized Domestic Partners may optionally be included (definition to be agreed upon).
Spouse Life Benefit	Class 1: Units of \$5,000 to the lesser of \$150,000 or 50% of Employee's Voluntary Life Insurance Amount Spouse coverage ends when employee turns age 70
Infant/Child Life Benefit	Class 1: <ul style="list-style-type: none"> • Birth to 6 months: \$250 • 6 months to 26 years: Units of \$1,000 to \$10,000
Dependent Guaranteed Issue Amount	Class 1: <ul style="list-style-type: none"> • Spouse: \$30,000 • Child: All Guaranteed Issue

Benefits below apply to the following classes: Class 1	
Initial Enrollment Event	Offered for an effective date of 1/1/2016 Applies to all eligible employees (including dependents) Enrollment Guaranteed Issue: <ul style="list-style-type: none"> • Employee: Up to case level Guaranteed Issue* • Spouse: Up to case level Guaranteed Issue* <i>*Any benefit amounts above the case level Guaranteed Issue are subject to full medical underwriting</i>
Ongoing Enrollment Event	Offered on an annual basis Applies to all employees participating in the plan (including dependents) Enrollment Guaranteed Issue: <ul style="list-style-type: none"> • Employee: Increase of 1 unit of \$10,000* • Spouse: Increase of 1 unit of \$5,000* <i>*Any benefit amounts above the case level Guaranteed Issue are subject to full medical underwriting</i>
Employee Benefit Reduction Schedule Benefits Reduce to:	65% @ age 65, 40% @ age 70, 25% @ age 75, 25% @ age 80, 25% @ age 85, 25% @ age 90, 25% @ age 95
Waiver of Premium	Must be totally disabled before age 60 6 month waiting period Benefit provided to age 65
Continuation for Disability	Life coverage continued for a disabled employee over the age of 60 on a

(Age 60+)	continuing premium paying basis for up to 12 months, while policy is in force
Continuation of Insurance	Family Medical Leave (12 weeks) Family Military Convalescence Support (26 weeks) Leave of Absence (13 months) Temporary Layoff (13 months)
Portability	Employee and covered dependents Coverage ends at age 70 Inforce amounts do not require medical underwriting. Increases in coverage are allowed up to plan max with medical underwriting
Terminal Illness	The lesser of 80% up to \$500,000 for Voluntary benefits Coverage available for employees and spouses
Participation Requirement	30% of eligible employees
Suicide Exclusion	We do not pay death benefits if insured commits suicide during first two years of coverage This two year suicide exclusion also applies to all later increases in coverage
Employee Contribution	100%
Number of Eligible Employees	462
Beneficiary Services	- Comprehensive package of financial, bereavement and legal counseling - Available for benefit payments >= \$5,000
Enrollment Communications & Support	- Client-specific brochures & applications

VOLUNTARY TERM LIFE RATE SUMMARY

Coverage	Premium Rate
Voluntary Employee Term Life	
Class 1	See Step Rates Table below
Voluntary Dependent Life	
Class 1	
<i>Spouse</i>	See Step Rates Table below
<i>Child</i>	\$0.2800 per \$1,000

VOLUNTARY LIFE INSURANCE STEP RATES FOR EMPLOYEE AND SPOUSE

Class 1

Age	Employee and Spouse Rate per \$1,000
<20-24	\$0.1300
25-29	\$0.1300
30-34	\$0.1550
35-39	\$0.1950
40-44	\$0.2450
45-49	\$0.3350
50-54	\$0.5650
55-59	\$1.0250
60-64	\$1.4450
65-69	\$2.5550
70-74	\$4.0250
75-99	\$4.0250

* Spouse coverage ends at age 70

We have separate rates for ported individuals.

Rates are guaranteed for 3 years

Rates are only valid if the product is sold as part of this package

VOLUNTARY TERM LIFE COMMISSION SUMMARY

Rates include a Flat 10% Commission

City of Margate
Voluntary Accident Proposal
Schedule of Benefits Summary

Eligibility	All active, full-time Employees of the Employer regularly working a minimum of 30 hours per week.
Benefits:	
Covered Earnings Definition	Employee's annual wage or salary as reported by the Employer including commissions, and excluding bonuses, overtime pay, and extra compensation. Commissions will be averaged over a 24 month period.
Eligibility Waiting Period	First of the month following 30 days of Active Service
Employee Benefit	Units of \$10,000 to the lesser of 5 times salary or \$300,000
Coverage	Voluntary, Employee paid, 24 Hour Accidental Death & Dismemberment Benefits. Other enhancements will be defined in the policy.
Domestic Partner / Civil Union Coverage	State-registered civil unions/domestic partnerships included (state mandate). Employer-recognized Domestic Partners may optionally be included (definition to be agreed upon).
Loss of Life	100% of the Principal Sum
Dismemberment	
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia (Total paralysis of upper and lower limbs)	100% of the Principal Sum
Paraplegia (Total paralysis of both lower or both upper limbs)	75% of the Principal Sum
Hemiplegia (Total paralysis of upper and lower limbs on one side of the body)	50% of the Principal Sum
Uniplegia (Total paralysis of one upper or one lower limb)	25% of the Principal Sum
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Severance and Reattachment of One Hand or Foot	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	20% of the Principal Sum
Accidental Death & Dismemberment Schedule of Benefits: We will pay the benefit for any one of the Covered Losses listed in the Schedule of Benefits, if the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident within the applicable time period specified in the Schedule of Benefits. If the Covered Person sustains more than one Covered Loss as a result of the same Covered Accident, benefits will be paid for the Covered Loss for which the largest available benefit is payable. If the loss results in death, benefits will only be paid under the Loss of Life benefit provision. Any Loss of Life benefit will be reduced by any paid or payable Accidental Dismemberment benefit. However, if such Accidental Dismemberment benefit equals or exceeds the Loss of Life benefit, no additional benefit will be paid.	
Extension of Coverage:	
Coverage expanded to cover the following circumstances:	
<ul style="list-style-type: none"> Exposure & Disappearance - loss occurs due to exposure; disappearance if not found within one year 	

Spouse Benefit	Units of \$5,000 to \$150,000 Spouse coverage terminates when employee turns age 70
Spouse Maximum Principal Sum	\$150,000
Child Benefit	Units of \$1,000 to \$10,000
Child Maximum Principal Sum	\$10,000
Benefit Reductions	<p>We can help you meet your Age Discrimination in Employment Act (ADEA) responsibilities by extending coverage to all active employees, regardless of age.</p> <p>Benefits reduced for employees based on ages at time of accident according to the following schedule:</p> <p>100% @age 60-64 65% @age 65-69 40% @age 70-74 25% @age 75-79 25% @age 80-84 25% @age 85-89 25% @age 90-94 25% @age 95-99</p>
Continuation of Insurance	Family Medical Military Leave (12 weeks) Leave of Absence (13 months) Temporary Layoff (13 months)
Additional Benefits:	
Seatbelt and Airbag Benefit	<p>Covered Person dies directly and independently of all other causes from a Covered Accident while wearing a seatbelt and riding in a private passenger automobile.</p> <p>If seatbelt benefit is payable, an additional benefit is provided if Covered Person was also positioned in a seat protected by a properly – functioning and properly deployed Supplemental Restraint System Airbag.</p> <p>Seatbelt: Additional 10% of the principal sum to a maximum of \$10,000</p> <p>Child Restraint: Additional 10% of the principal sum to a maximum of \$10,000</p> <p>Airbag: Additional 5% of the principal sum to a maximum of \$5,000</p>
Beneficiary Designation	Recognize Prior Beneficiary Designations or Pay According to Succession Schedule (if no beneficiary has been designated)

VOLUNTARY ACCIDENT RATE SUMMARY

Number of Eligible Lives: 462

Coverage		Rate/\$1,000
Class 1	Employee Only	\$0.0300
	Spouse Only	\$0.0300
	Children Only	\$0.0300

Rates are subject to change.

Premium rates are guaranteed for 36 months provided that the first year premium exceeds \$1,200.

Rate guarantee is subject to all provisions of the policy including the policy's termination provisions.

Rates are only valid if the product is sold as part of this package

VOLUNTARY ACCIDENT COMMISSION SUMMARY

Rate includes a Flat 10% Commission

City of Margate
Basic Accident Proposal
Schedule of Benefits Summary

Eligibility	All active, full-time Employees of the Employer regularly working a minimum of 30 hours per week.
Benefits:	
Covered Earnings Definition	Employee's annual wage or salary as reported by the Employer including commissions, and excluding bonuses, overtime pay, and extra compensation. Commissions will be averaged over a 24 month period.
Eligibility Waiting Period	First of the month following 30 days of Active Service
Employee Benefit	Flat \$35,000
Coverage	Basic, Employer paid, 24 Hour Accidental Death & Dismemberment Benefits. Other enhancements will be defined in the policy.
Loss of Life	100% of the Principal Sum
Dismemberment	
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia (Total paralysis of upper and lower limbs)	100% of the Principal Sum
Paraplegia (Total paralysis of both lower or both upper limbs)	75% of the Principal Sum
Hemiplegia (Total paralysis of upper and lower limbs on one side of the body)	50% of the Principal Sum
Uniplegia (Total paralysis of one upper or one lower limb)	25% of the Principal Sum
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Severance and Reattachment of One Hand or Foot	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	20% of the Principal Sum
<p>Accidental Death & Dismemberment Schedule of Benefits: We will pay the benefit for any one of the Covered Losses listed in the Schedule of Benefits, if the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident within the applicable time period specified in the Schedule of Benefits.</p> <p>If the Covered Person sustains more than one Covered Loss as a result of the same Covered Accident, benefits will be paid for the Covered Loss for which the largest available benefit is payable.</p> <p>If the loss results in death, benefits will only be paid under the Loss of Life benefit provision.</p> <p>Any Loss of Life benefit will be reduced by any paid or payable Accidental Dismemberment benefit. However, if such Accidental Dismemberment benefit equals or exceeds the Loss of Life benefit, no additional benefit will be paid.</p>	
Extension of Coverage:	
Coverage expanded to cover the following circumstances:	
<ul style="list-style-type: none"> Exposure & Disappearance - loss occurs due to exposure; disappearance if not found within one year 	

Benefit Reductions	<p>We can help you meet your Age Discrimination in Employment Act (ADEA) responsibilities by extending coverage to all active employees, regardless of age.</p> <p>Benefits reduced for employees based on ages at time of accident according to the following schedule:</p> <p>100% @age 60-64 100% @age 65-69 65% @age 70-74 65% @age 75-79 65% @age 80-84 65% @age 85-89 65% @age 90-94 65% @age 95-99</p>
Continuation of Insurance	<p>Family Medical Military Leave (12 weeks)</p> <p>Leave of Absence (13 months)</p>
Additional Benefits:	
Seatbelt and Airbag Benefit	<p>Covered Person dies directly and independently of all other causes from a Covered Accident while wearing a seatbelt and riding in a private passenger automobile.</p> <p>If seatbelt benefit is payable, an additional benefit is provided if Covered Person was also positioned in a seat protected by a properly – functioning and properly deployed Supplemental Restraint System Airbag.</p> <p>Seatbelt: Additional 10% of the principal sum to a maximum of \$10,000</p> <p>Child Restraint: Additional 10% of the principal sum to a maximum of \$10,000</p> <p>Airbag: Additional 5% of the principal sum to a maximum of \$5,000</p>
Beneficiary Designation	<p>Recognize Prior Beneficiary Designations or Pay According to Succession Schedule (if no beneficiary has been designated)</p>

BASIC ACCIDENT RATE SUMMARY

Number of Eligible Lives: 462

Coverage		Estimated Volume	Rate/\$1,000	Estimated Monthly Cost
Class 1	Employee Only	\$16,072,000	\$0.0250	\$402

**Premium rates are guaranteed for 36 months provided that the first year premium exceeds \$1,200.
Rate guarantee is subject to all provisions of the policy including the policy's termination provisions.
Rates are only valid if the product is sold as part of this package**

BASIC ACCIDENT COMMISSION SUMMARY

Rate includes a Flat 10% Commission

Cigna Programs and Services Provided at No Additional Cost

- **Identity Theft** - provides specialized Personal Case Managers who assist consumers who have experienced an identity theft event.
- **Will Preparation and Funeral Planning Services** - provides online access state-specific legal documentation for Wills and Power of Attorney and include valuable resources for estate and funeral planning.
- **Healthy Rewards®** - provides discounts on a variety of health and wellness products and services.
- **Cigna's Life Assistance & Work/Life Support Program** - provides 5 face to face visits to counselors to address emotional issues, as well as online resources and interactive tools.
- **Cignasurance®** - provides assistance from expert resources in financial, legal, and behavioral health services for beneficiaries with claim payments of \$5,000 or more.
- **Cigna Secure Travel** - provides comprehensive protection when traveling 100 miles or more from home, including unlimited medical evacuation and repatriation benefits
- **AD&D Conversion** - available up to age 70; to a maximum of \$250,000.
- **My Secure Advantage™** - offers customers with approved long-term disability claims (and their household members) access to expert "money coaching" for all types of financial planning and challenges.

Superior Service and Simplified Administration

- **Dedicated Account Managers** to oversee plan design effectiveness; provide ongoing consultative analysis and make recommendations to optimize productivity/minimize costs.
- **Dedicated Implementation Coordinators** to help ensure easy plan setup, answer questions, resolve issues and drive employee awareness and education through marketing and communications.
- **Dedicated Clinical and Expert Resources** which includes over 800 disability claim managers in four offices, 80 medical professionals, 9 medical directors, 35 vocational professionals, 65+ intake specialists and access to over 1,100 nurses and 500 doctors representing over 40 clinical specialties.
- **Comprehensive Reporting and Online Tools** to help make informed decisions and manage costs.
- **Verbal Authorization and Telephonic Intake** - Employees calling to report a disability claim can provide authorization to access medical information using a secure, confidential interactive voice response system, which allows for faster disability claim processing.
- **Stay-at-Work Services** - help employees with physical/psychological limitations that are at increased risk of a disability get the support they need to stay productive and on the job.
- **Social Security Advocacy** - program offers expert resources to help qualified employees apply and be approved for Social Security Disability Insurance.
- **Cigna's "Work Wellness" Website** <http://www.cigna.com/workwellness> is an online resource for customers which includes useful information on disability and return to work, general information on family medical leave, managing their particular health condition at work and more.

Disability Contract Features

- **Return to Work Incentive Benefit**
For the first 24 months of the benefits payable - allows an individual through a combination of work earnings and disability benefit, the potential to obtain 100% of pre-disability income.
- **Use of Trial Work Days**
Cigna offers an unlimited Number of days an employee can attempt to return to work without extending the elimination period.
- **Rehabilitation Program**
Rehabilitation expenses (which can include expenses for medical, education, moving, family care or other) are paid for at Cigna's discretion. No rehabilitation expense cap exists in our contract.
- **FICA Services**
Cigna offers three level of service for Employer Paid business - Self-report and pay, FICA reimbursement and FICA match - to accommodate the specific needs of our disability clients.

Maximum Benefit Period

This is the maximum length of time for which we will pay Disability Benefits to a disabled employee. Benefit payments may end earlier if the employee no longer qualifies under the terms or conditions of this policy.

Age at Start of Disability

age 62 or younger
age 63

Maximum Benefit Duration

the employee's 65th birthday or the 42nd monthly disability benefit
the 36th monthly disability benefit

age 64	the 30th monthly disability benefit
age 65	the 24th monthly disability benefit
age 66	the 21st monthly disability benefit
age 67	the 18th monthly disability benefit
age 68	the 15th monthly disability benefit
age 69 or older	the 12th monthly disability benefit

Life Contract Features

- **"Linked waiver"**
Automatically starts the claim process to see if the customer qualifies for Term Life premiums to be waived while they're out on disability (requires Cigna Disability coverage)
- **Portability**
Employees have the option to port their Voluntary Group Term Life coverage at pooled port rates listed below.

Age	Rate
<20	\$0.153
20-24	\$0.144
25-29	\$0.153
30-34	\$0.177
35-39	\$0.190
40-44	\$0.243
45-49	\$0.384
50-54	\$0.726
55-59	\$1.347
60-64	\$2.461
65-69	\$4.065

Rates for ported insureds are based on the company's pooled experience for ported certificates and are higher than active employee rates. Rates for ported insureds are renewed annually and are not subject to any rate guarantee proposed for active employees. Ported coverage ends at age 70.

AD&D Contract Features

Accident Exclusions

In addition to any benefit-specific exclusions, benefits will not be paid for any Covered Injury or Covered Loss which, directly or indirectly, in whole or in part, is caused by or results from any of the following unless coverage is specifically provided for by name in the Description of Benefits Section:

1. intentionally self-inflicted Injury, suicide or any attempt thereat while sane or insane;
2. commission or attempt to commit a felony or an assault;
3. commission of or active participation in a riot, insurrection or Terrorist Act;
4. declared or undeclared war or act of war;
5. flight in, boarding or alighting from an Aircraft or any craft designed to fly above the Earth's surface:
 - a. except as a fare-paying passenger on a regularly scheduled commercial airline;
 - b. being flown by the Covered Person or in which the Covered Person is a member of the crew;
 - c. being used for:
 - i. crop dusting, spraying, seeding, giving flying instruction, receiving flying instruction, firefighting, sky writing, sky diving, hang gliding, pipeline inspection, power line inspection, aerial photography, aerial exploration, racing, endurance tests, stunt, acrobatic flying or
 - ii. 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)
 - d. designed for flight above or beyond the earth's atmosphere;
 - e. an ultra-light or glider;
 - f. being used for the purpose of parachuting or skydiving;
 - g. being used by any military authority, except an Aircraft used by the Air Mobility Command or its foreign equivalent;
6. Travel in any Aircraft owned, leased or controlled by the Policyholder, Subscriber, or any of its subsidiaries or affiliates. An Aircraft will be deemed to be "controlled" by the Policyholder, Subscriber if the Aircraft may be used as the Policyholder, Subscriber wishes for more than 10 straight days, or more than 15 days in any year;
7. A Covered Accident that occurs while on active duty service in the military, naval or air force of any country or international organization. Upon Our receipt of proof of service, We will refund any premium paid for this time. Reserve or National Guard active duty training is not excluded unless it extends beyond 31 days;
8. the Covered Person's intoxication as determined according to the laws of the jurisdiction in which the Covered Accident occurred;
9. Voluntary ingestion of any narcotic, drug, poison, gas or fumes, unless prescribed or taken under the direction of a Physician and taken in accordance with the prescribed dosage;
10. Sickness, disease, bodily or mental infirmity, bacterial or viral infection or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food.

PROPOSAL PROVISIONS

- **This is not a contract...**

This proposal outlines some of the important features of the proposed group insurance program. The controlling provisions will be in the group insurance policy, and this proposal is not intended in any way to modify the provisions or their meanings.

If you decide to purchase the plan proposed here, we will send you a policy that fully describes all of the provisions of the group disability, term life or AD&D insurance coverage to which you and Life Insurance Company of North America (Cigna) have agreed.

To accept the terms of this proposal, you must notify Cigna of your acceptance by that date, and pay premium equal to the Total Basic Estimated Monthly Cost on the Schedule of Benefits Summary. This proposal may be withdrawn by Cigna at any time before acceptance.

- **Eligibility**
Cigna's eligibility requirements assume that employees are working on a full-time basis, and citizens of the United States, and working in the United States. Part-time, seasonal, temporary, contracted, leased or severed employees are not eligible, unless otherwise noted.
- **Policy on Rate Changes**
The rates and fees quoted within the proposal are based on information furnished to Cigna for the purpose of developing a proposal of group insurance. Cigna has assumed that the demographic and plan design information provided will be an accurate representation of your company at the time of implementation. Premium rates are guaranteed as noted in the product schedule of benefits. These rates and the guarantee assume that the number of eligible or insured employees does not change by more than 15% from the date of the census provided.
- **Policy on Contractual Language**
Cigna's contract language will be used without modification. Cigna will attempt to match the intent of disclosed policy provisions at the time of quote, but will not duplicate the existing policy language.
- **Medical Underwriting Status**
Medical Underwriting Activity Status Reports are sent to the location(s) designated by the employer and are typically distributed on a monthly basis. If online Medical Evidence of Insurability is quoted, Medical Underwriting Activity Reports (reporting status of medically underwritten coverage) are sent electronically to the employer and are typically distributed on a weekly basis.
- **Producer Compensation**
Cigna may have entered into, or may enter into, agreements with brokers, under which the insurance company compensates brokers for providing marketplace intelligence and other services intended to enhance the effectiveness of the insurance company's business. Cigna may also invite brokers to participate in events sponsored by the insurance company for the same purposes.

Any compensation paid may be based on meeting targets for new business production and persistency, and, if paid, is funded from the insurance company's overhead and is based on the broker's overall book of business with the insurance company. Any such payments are separate from commissions and, if applicable, will be included in ERISA Form 5500, Schedule A information provided by the insurance company.