

CERTIFICATE SCHEDULE

FOR

EMPLOYER: **GRANITE FALLS SCHOOL  
DISTRICT #332**

GROUP POLICY NUMBER: **WBT 000088**  
CLASS: **01 - ELIGIBILITY BELOW**  
POLICY EFFECTIVE DATE: **10/01/2002**

**BENEFIT PROVISIONS**

**LIFE**  
\$50,000

**AD&D**  
\$50,000

**LIFE AND AD&D REDUCTION:**  
Benefits reduce to 65% at age 65,  
to 45% at age 70, to 30% at age 75,  
to 20% at age 80, to 15% at age 85  
and to 10% at age 90.

**ELIGIBILITY - CLASS 01:** All full-time Employees working a minimum of 17.5 hours per week on a regular basis. Insurance is provided on a noncontributory basis.

**WAITING PERIOD:** Initial Employees: None

New Employees: The first of the month following or coinciding with the date of hire.

**Certificate:** This is your certificate, which:

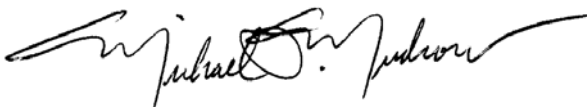
1. is a summary of your insurance under the group policy;
2. is not a contract of insurance;
3. is subject to the terms of the group policy; and
4. voids and replaces any prior certificates issued under the group policy number shown above.

**Policy:** We have issued the group policy to the policyholder. This policy is a contract of insurance:

1. between your policyholder and us; and
2. through which you are insured.

Signed for Regence Life and Health Insurance Company on the insured's effective date.

SECRETARY



PRESIDENT



**CERTIFICATE FOR GROUP LIFE AND DISABILITY INSURANCE**

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## DEFINITIONS

**"Actively at work"** or **"active work"** - you are working for your employer:

1. in the usual course of your employer's business;
2. full time at the principal place of employment; and
3. for at least the number of hours per week that your employer stated on his application as the normal work week.

**"Age"** - the age at your last birthday.

**"Amount"** - the amount of insurance.

**"Beneficiary"** - the person(s) to whom we will pay the proceeds.

**"Certificate"** - a document given to you as proof of your coverage under the policy. It is not part of the entire contract of insurance. It contains all statements required by law.

**"Children"** - this term includes your:

1. natural child; or
2. legally adopted child; or
3. stepchild or foster child.

Each child must depend on you for support and either:

1. live with you; or
2. be a full time student.

Each child must also be:

1. unmarried; and
2. under the age(s) shown in the policy schedule.

**"Class"** - a grouping of insureds:

1. based on their job positions; and
2. determined by the policyholder.

**"Contributory insurance"** - you must pay a part of the premiums. All such payments are:

1. made directly to the policyholder; and
2. forwarded to us.

**"Conversion"** - you may exchange your rights under this policy for an individual policy. This only applies to: 1) term life insurance; or 2) dependent's life insurance.

**"Coverage"** - all the terms and provisions appearing under one of the following captions of this policy, if provided: 1) Term Life Insurance; or 2) Accidental Death and Dismemberment; or 3) Dependents' Life Insurance; or 4) Short Term Disability Insurance; or 5) other benefit riders.

**"Covered"** - you are insured under this policy.

**"Date of death"** - the date of the insured's death.

**"Dependent"** - your spouse and children who are not:

1. insured employees themselves under this policy; or
2. in full time military service.

A dependent can only be insured:

1. under one insured employee; and
2. **for contributory insurance** -- if the eligible employee has made a written request for dependent's insurance.

**"Earnings"** - wages. This term does not include:

1. overtime pay; or
2. bonuses; or
3. any other form of extra compensation.

Except for commissioned salespeople, the rate of earnings is that in effect before the disability starts.

For commissioned salespeople:

1. **during the first 12 months of coverage** - earnings exclude commissions; or
2. **after the first 12 months of coverage** - earnings include the average weekly or monthly commissions earned during the 12 months prior to date the disability began.

**"Effective date"** - the date this policy is put in force. It is shown on the first page of this policy.

**"Eligible employee"** - a person who:

1. is a member of the eligible classes shown in the policy schedule;
2. is within the age requirements shown in the policy schedule;
3. has satisfied any waiting period shown in your employer's application; and
4. is actively at work on the insured's effective date. If the employee is not actively at work on the date he would otherwise be eligible, see "deferred effective date" on Page 7.

**"Evidence of insurability"** - evidence of good health acceptable to us.

**"He," "his," and "him"** - refer to both genders.

**"Illness"** - a disease process that:

1. causes the abnormal function of: a) an organ; or b) a system of the body; or c) the whole body; and
2. is caused by: a) pathogenic change; or b) a psychological disturbance.

**"In force"** - this policy is in effect. Premiums are paid and all insuring conditions are met.

**"Injury"** - bodily injury which:

1. results directly and independently of all other causes from an accident;
2. occurs after the effective date of coverage for such injury; and
3. results in: a) disability; b) death; or c) dismemberment.

**"Insured"** - a person who:

1. is an eligible employee;
2. has fulfilled all conditions under this policy to become insured; and
3. has insurance in force under the policy.

**"Insured's application"** - includes:

1. his enrollment card; and
2. any evidence of insurability.

**"Insured's effective date"** - the date you become insured under this policy.

**"Noncontributory insurance"** - you are not required to pay any part of the premiums.

**"Notice"** - written notice in a form satisfactory to us for that purpose.

**"Person"** - is used in the singular. There may be more than one person - natural or legal.

**"Physician"** - a licensed physician practicing within the scope of his license.

**"Pregnancy"** - includes: a) childbirth; b) normal miscarriage; c) elective abortion; d) cesarean section; and e) complications from these.

**"Proceeds"** - the amount of insurance we will pay as a benefit. This amount is:

1. shown in the certificate schedule; and
2. subject to the amount that you are eligible for as shown in the policy schedule for your class.

**"Proof"** - a properly completed claim form, plus:

1. **for life insurance** - a) a certified copy of the death certificate; or b) death decreed by a court order;  
or
2. **for disability or accidental death and dismemberment insurance** - written proof acceptable to us.

**"Spouse"** - your legal husband or wife.

**"We", "us", and "our"** - Regence Life and Health Insurance Company.

**"You" and "your"** - insured employee.

## BENEFIT AND BENEFICIARY PROVISIONS

**Benefit:** We will pay the proceeds to the beneficiary:

1. when we receive proof of your: a) disability; and/or b) death;
2. if coverage insuring the type of loss has been selected:
  - a. in the policy; and
  - b. for your class;
3. if the premiums have been paid for that coverage; and
4. subject to all policy provisions.

**Beneficiary:** Your enrollment card lists your choice of beneficiary.

Proceeds will be paid:

1. to you -- for proceeds paid during your lifetime; or
2. to the beneficiary (as defined); or
3. to your estate -- if no beneficiaries survive you; or
4. according to the "Facility of Payment" provision for term life insurance.

**Change of beneficiary:** During your lifetime, you may change the beneficiary. Notice of the change:

1. must be signed and dated by you; and
2. should be given to the policyholder. He will send it to us.

The change takes effect on the date it is signed. We are not liable for any action we take before we receive the notice at our home office.

## INSURING PROVISIONS

**Eligibility:** See definition of "Eligible employee."

**Evidence of insurability:**

1. may be required by us if the amount of insurance exceeds our underwriting limitation; and
2. must be sent to us if:
  - a. your enrollment is made more than 31 days after you or your dependent were first eligible; or
  - b. you or your dependent have converted insurance under the policy:
    - 1) from prior employment; and
    - 2) to an individual policy which is in force. You must submit evidence before you and your dependent are eligible after the re-employment.

Evidence of insurability, if required:

1. will be at your expense; and
2. delays the effective date until we approve the evidence.

**Insured's effective date:** Subject to the "Deferred effective date," you become insured:

1. **for noncontributory insurance** -- when you become an eligible employee; or
2. **for contributory insurance:**
  - a. **if you enroll on or prior to being an eligible employee** -- when you become an eligible employee; or
  - b. **if you enroll within 31 days after you become an eligible employee** -- when you enroll; or
  - c. **if you enroll more than 31 days after you become an eligible employee** -- when we accept evidence of insurability.

The date you enroll is deemed to be the date:

1. you completed the enrollment card to our satisfaction and signed it; and
2. you gave the card to the policyholder.

If you do not give evidence of insurability as required:

1. your eligibility ends; and
2. you will be subject to the same requirements if you become eligible at a later date.

**Deferred effective date:** Your effective date will be deferred:

1. if on the date you would otherwise become insured:
  - a. you are absent from active work; and
  - b. your absence is caused by an injury or illness; and
2. until the date you return to active work.

**Termination of employee's insurance:** Your coverage ends when:

1. this policy terminates; or
2. you stop paying the required premiums; or
3. you cease to be in an eligible class; or
4. you cease to be an employee; or
5. you enter military service -- except temporary duty of less than 30 days.

**Changes to this policy:** No agent can:

1. change this policy; or
2. waive any of its terms.

Changes can be made only:

1. if your employer and we agree; and
2. by a written endorsement executed by us.

In performing any duties in connection with this policy, your employer is:

1. your agent; and
2. not our agent.

**Incontestability:** No statement made by you about your or your dependents' insurability will be used to contest the validity of your insurance, unless:

1. the coverage has been in force prior to the contest for less than two years during:
  - a. **for the insured's coverage** -- your lifetime; or
  - b. **for the dependents' coverage** -- your dependent's lifetime.
2. it is in the insured's application signed by you; and
3. a copy of the insured's application is or has been given to:
  - a. you; or
  - b. the beneficiary.

**Misstatement of age or class:** We will pay based on the amount of insurance:

1. **if your age or class is misstated** -- that you are entitled to at your true age or class; or
2. **if your dependent's age is misstated** -- that your dependent is entitled to at his true age.

**Physical exams and autopsy:** We will have the right and opportunity to examine you:

1. by a physician of our choice;
2. at our own expense;
3. while a claim is pending or being paid; and
4. as often as we may reasonably require.

We also have the right to make an autopsy:

1. in case of death;
2. where it is allowed by law; and
3. at our expense.

This provision also applies to dependents -- if dependent's life insurance is included.

**Time of payment of claims:** We will pay the proceeds for insured losses as soon as we receive proof.

**Other insurance:** This insurance is not in lieu of worker's compensation; it does not affect any requirement for worker's compensation coverage.

**Assignment:** You may assign any of your rights. We are not liable for the assignment's: 1) validity; or 2) sufficiency. We are not bound by an assignment until we receive it.

### **GENERAL PROVISIONS ACCIDENT AND HEALTH ONLY**

**Legal proceedings:** A claimant may not file suit unless:

1. proofs of loss are filed within 3 years of the time required by this policy; and
2. at least 60 days have passed since the required proofs of loss were filed.

**Notice of claims:** Written notice of claim must be given to us:

1. within 60 days after the date of a loss covered by this policy; or
2. as soon thereafter as reasonably possible.

**Claim forms:** We will furnish the claimant with forms for filing proofs of loss within 15 days after we receive notice of claim. If we do not do so, the claimant can comply with the requirements for filing proof of loss by giving us this proof:

1. within the term fixed in the "Proof of loss" provisions; and
2. covering the losses: a) occurrence; b) character, and c) extent.

**Proof of loss:** Written proof of loss:

1. must be furnished to us at our home office; and
2. should be furnished within 90 days after the period for which we are liable.

In case of a claim for any other loss, the proof must be provided within 90 days after the date of loss. Failure to furnish the proof within these times will not invalidate or reduce the claim if proof is furnished as soon as is reasonably possible.



**COVERAGE 1 - Term Life Insurance**  
(only available to employees)

**Term life benefit:** We will pay the proceeds to the beneficiary:

1. if this coverage has been selected:
  - a. in the policy;
  - b. for your class; and
  - c. as shown in the policy schedule;
2. if the premiums have been paid for this coverage;
3. subject to all policy provisions; and
4. when we receive proof of your death.

**Term life proceeds:** The amount we will pay is that amount for which your life is insured at the date of death.

**Facility of payment:** We have the option to pay the proceeds to any one or more of your surviving relatives:

1. instead of paying your estate; and
2. these relatives include your: a) spouse; or b) parent; or c) brother; or d) sister.

We have the option to pay up to \$500 of the proceeds:

1. if allowed by law; and
2. to any person who appears to us to have incurred costs from your: a) last illness; or b) death; or c) funeral.

If the beneficiary is a minor or not competent, we have the option:

1. to pay up to \$2,000 to the person or institution who appears to us to have assumed the beneficiary's:
  - a) custody; and b) principal support; and
2. unless or until a formal claim is made by a legal representative of the beneficiary.

Our liability for the payment ends if we make it in good faith.

**Optional modes of settlement:** The proceeds may be paid on a monthly basis for a fixed term of years:

1. if you send us your written request;
2. if we agree; and
3. if each payment will be at least \$25.00.

The amount of the payments is figured from this table:

**TABLE OF MONTHLY PAYMENTS PER \$1,000 OF PROCEEDS**

<b>Years Payable</b>	<b>Monthly Payments</b>	<b>Years Payable</b>	<b>Monthly Payments</b>
1	\$84.28	5	\$17.00
2	\$42.66	10	\$ 9.39
3	\$28.79	15	\$ 6.64
4	\$21.86	20	\$ 5.27

These payments are based on an interest rate:

1. of 2 1/2% per year, and
2. compounded yearly.

We will also pay an excess interest that we may declare from year to year.

The first payment will be paid:

1. on the date the proceeds would have been paid in one sum; or
2. on the date you request.

If all beneficiaries under this mode die, we will:

1. pay the unpaid proceeds plus the earned interest in one sum; and
2. pay this one sum to:
  - a. the beneficiary's estate; or (at our option)
  - b. to one or more of the beneficiary's surviving relatives.

**Other modes of settlement:** Other modes of settlement may be arranged if you and we agree. We will furnish data on these other modes upon request.

#### **Extension of employee life insurance during total disability**

(Accidental death and dismemberment, short term disability and dependent's life benefits are not included.)

Definition (for this provision only)

**"Totally disabled" or "total disability"** - you are unable to work at any employment or occupation for which you are or become qualified by reason of education, training or experience and are not in fact engaged in any employment or occupation for wage or profit because of disability:

1. caused by injury or illness;
2. that started while your life is insured under this coverage; and
3. that has existed for a continuous term of at least 6 months.

Your life insurance will extend beyond the date it would otherwise end:

1. if you become totally disabled prior to age 60 while you are insured under the policy;
2. if the required life premiums have been paid for the first 6 months of total disability;
3. while your total disability is continuous;
4. if you give us written notice of your total disability within one year from the date the total disability began; and
5. if you give us proof of your continuous total disability:
  - a. **first proof** -- between the 6th and 12th month after the date the total disability began; and
  - b. **subsequent proof** -- during the last 3 months of each subsequent 12 month term after the first.

If notice of proof of your continuous total disability can't be given within these times:

1. it must be given as soon as is reasonably possible; and
2. it must be given within 3 months after the time it is otherwise required.

When we are satisfied with the proof, life insurance will be extended:

1. without further premiums after the first 6 months is paid; and
2. while your total disability continues.

We will still pay the life proceeds even though you did not give us the first proof:

1. if you die within one year of the start of your total disability; and
2. if we are given proof of:
  - a. your continuous total disability from the day it began; and
  - b. your death.

The amount of life insurance extended will be the lesser of:

1. the amount shown in the schedule; or
2. the amount in force on the last day of active work.

These provisions apply if they are in effect on the last day of active work:

1. reduction provisions;
2. termination provisions; and
3. retirement provisions.

Extended life insurance will end at the sooner of the date you:

1. are no longer totally disabled; or
2. fail to give us the required proof of your continuous total disability; or
3. refuse to be examined as required; or
4. attain age 65.

If extended life insurance ends because you retire, you become entitled to the rights under "Conversion," unless:

1. you return to work; and
2. you are insured again under the policy.

We are not liable for a death claim under this coverage unless we receive proof of your death.

## CONVERSION

You may convert all or part of the insurance under this coverage without evidence of insurability to an individual life policy :

1. if insurance ends because:
  - a. of termination of your: 1) employment; or 2) membership in an eligible class; or
  - b. of your retirement; or
  - c. you reach a specified age; or
  - d. of a policy change affecting your class; or
  - e. this policy or the employer's participation ends or is amended; and
2. if within 31 days after termination you:
  - a. give us a written request to convert; and
  - b. pay the first premium on the new policy.

The new policy may be on any plan of life insurance, except term, issued by us:

1. at the age and for the amount applied for; and
2. without disability or other supplemental benefits.

The new policy:

1. face amount may not exceed:
  - a. the amount of insurance in force on the conversion date; or
  - b. **for "1.e." above** -- the lesser of:
    - 1) the amount which terminated -- less the amount of any life insurance for which you are or become eligible under any group policy issued or reinstated:
      - a) by us or any company; and
      - b) within 31 days after the termination of your coverage; or
    - 2) \$10,000.00;
2. premium rate will be based on:
  - a. your age on its effective date;
  - b. the rates then in use; and
3. effective date will begin at the end of the 31 day conversion period after termination.

If you die during the 31 day conversion period, the amount we will pay:

1. will be paid under the group policy; and
2. will be the maximum amount which could have been converted, whether or not:
  - a. the application to convert was made; or
  - b. the first premium was paid.

Any life conversion policy must be surrendered without claim. We will refund any premium paid for it.

**COVERAGE 2 - Accidental Death, Dismemberment and Loss of Sight**  
(only available to employees)

**Definition** (for this coverage only)

**"Loss"** - means with regard to:

1. **life** -- death; or
2. **hands and feet** -- complete severance through or above the wrist or ankle joint; or
3. **sight** -- loss of sight which is: a) entire and b) irrecoverable.

**Benefit:** We will pay the proceeds to the beneficiary:

1. if this coverage has been selected:
  - a. in the policy;
  - b. for your class; and
  - c. as shown in the policy schedule;
2. if the premiums have been paid for this coverage;
3. subject to all policy provisions;
4. when we receive proof of your loss shown below:
  - a. that was caused by injury while you were insured under this coverage; and
  - b. that occurs within 365 days from the date of the injury; and
5. if the loss is not excluded below.

The principal sum that applies to the insured is shown in the policy schedule for loss of:

Life.....	Principal Sum
Both hands or both feet or sight of both eyes.....	Principal Sum
One hand and one foot.....	Principal Sum
One hand and sight of one eye .....	Principal Sum
One foot and sight of one eye.....	Principal Sum
Sight of one eye.....	One-half of the Principal Sum
One hand or one foot.....	One-half of the Principal Sum

**Exclusions:** We will not pay the proceeds for any loss resulting from:

1. intentionally self-inflicted injury -- or any attempt to injure oneself while sane; or
2. taking part in a riot; or
3. any war or act of war -- declared or undeclared; or
4. military service; or
5. taking part in an assault or a felony; or
6. the voluntary use or consumption of any poison, chemical compound or drug except as prescribed by a physician; or
7. bodily infirmity or disease from bacterial infections (except accidental ingestion of contaminated foods) -- other than infection caused from an injury covered under this coverage.

## STATE OF WASHINGTON ENDORSEMENT

This endorsement is attached to and made a part of the Policy or Certificate as of the effective date of the Policy or Certificate.

- I. The "**Termination of employee's insurance**" section is amended by the addition of the following provision:

**Continuation of coverage during labor dispute:**

If an employee's compensation is suspended or terminated directly or indirectly as the result of a strike, lockout or other labor dispute, such employee may continue coverage, other than Short Term Disability Insurance, for a period not exceeding six months by payment of premiums as they become due directly to the Policyholder at the rate and for the coverage provided. The amount of coverage shall not be increased nor decreased during the period of continued coverage. At the end of the period for which coverage may be continued, if coverage through the Policyholder is no longer available, the employee may purchase an individual policy from the Company.

When an employee is eligible for continued coverage under this provision, the employee shall be notified immediately by the Policyholder in writing, by mail addressed to the address last on record with the Policyholder, that the employee may pay the premiums to the Policyholder as they become due. Payment of the premiums when due is a condition required for continuation of coverage.

- II. The "**Misstatement of age or class**" section is deleted in its entirety and replaced by the following:

**Misstatement of age, sex or class:** We will pay based on the amount of insurance:

1. **if the insured's age, sex or class is misstated** -- that the insured is entitled to at his true age, sex or class; or
2. **if the dependent's age is misstated** -- that the dependent is entitled to at his true age.

The correct premium for his true age or class must be paid to us.

- III. The "**Facility of payment**" section under Coverage 1 - Term Life Insurance is deleted in its entirety and replaced by the following:

**FACILITY OF PAYMENT:** The following paragraphs describe to whom we will pay the proceeds when an insured dies. Our liability for the payment ends if we make it in good faith.

**A. PAYMENT TO BENEFICIARIES**

We will pay proceeds to the designated beneficiary or beneficiaries as listed on the insured's enrollment application in the highest category, with the categories ranking in the following order: primary, first contingent, second contingent, etc.

If one or more beneficiaries in the same category dies before the insured, the deceased beneficiaries and their estates have no right to the proceeds except as provided in the next paragraph. Two or more surviving beneficiaries in the same category will share equally unless otherwise specified.

In the event a child of the insured who is designated as a beneficiary dies before the insured, the child's proceeds will be divided into equal portions and made available to the child's children (the insured's grandchildren), if any.

**B. WHEN THERE IS NO SURVIVING BENEFICIARY**

If there is no designated beneficiary, or if the designated beneficiary does not survive the insured, we will pay the proceeds in equal shares to the insured's surviving relatives of the highest rank of the following

- spouse;
- children;
- grandchildren;
- parents;
- siblings;
- the insured's estate.

**C. IF THE BENEFICIARY IS A MINOR OR INCOMPETENT**

If a beneficiary is a minor or not competent, we have the right to pay up to \$2,000 to the person or institution who appears to us to have assumed the beneficiary's custody and principal support. We will take this action until or unless a formal complaint is made by a legal representative of the beneficiary.

Our liability for the above payment ends if we make it in good faith. We will pay remaining benefits, upon proof acceptable to us of guardianship or conservatorship, to the legal estate of the minor child or incompetent beneficiary.

**D. ADDITIONAL PAYMENT OF PROCEEDS**

We may pay up to 10% of the proceeds or \$1,000, whichever is greater, to any person who appears to us to have incurred costs from the insured's last illness, death or funeral.

**REGENCE LIFE AND HEALTH INSURANCE COMPANY**

## **WASHINGTON ACCELERATED BENEFIT FOR TERMINAL ILLNESS RIDER**

This Rider does not apply to Accidental Death and Dismemberment Insurance.

**This Accelerated Benefit is intended to qualify under Section 101(g) (26 U.S.C. 101 (g)) of the Internal Revenue Code of 1986 as amended by Public Law 104-191.**

**Receipt of Accelerated Benefits from a life insurance policy may cause an individual to lose his or her right to receive certain public funds, such as Medicare, Medicaid, Social Security, Supplemental Security Income (SSI), and possibly others.**

**Also, receiving Accelerated Benefits from a life insurance policy may have tax consequences for the individual. We cannot give advice about this. The individual may wish to obtain advice from a tax professional or an attorney before deciding to receive Accelerated Benefits from a life insurance policy.**

The Group Policy or Certificate to which this Rider is attached is amended to provide the following Accelerated Benefit for Terminal Illness.

### **BENEFIT**

If the Insured is diagnosed by a Physician as Terminally Ill while insured for Life Insurance under this policy, the Insured may request payment of an Accelerated Benefit.

**"Accelerated Benefit"** means the amount of life insurance that may be paid in advance of an Insured's death if the Insured is certified as Terminally Ill by a Physician. The amount of the Accelerated Benefit will be determined as shown in the *Benefit Amount and Benefit Cost* section below.

**"Terminally Ill"** or **"Terminal Illness"** means Physician certification that the Insured has been diagnosed with a medical condition which is reasonably expected to result in death within 24 months or less after the date of the certification. The certification must be made while the Insured is covered under this Accelerated Benefit Rider.

**"Physician"** means a person who:

1. is licensed to practice medicine and prescribe and administer drugs or to perform surgery; or
2. is legally qualified as a medical practitioner and is required to be recognized under this policy for insurance purposes according to the insurance statutes/regulations of the governing jurisdiction; and
3. is not the Insured or a relative of the Insured.

### **BENEFIT AMOUNT AND BENEFIT COST**

If the Terminally Ill Insured voluntarily requests payment of an Accelerated Benefit and provides Physician certification satisfactory to us, we will pay the benefit to the Insured. The Insured may select

the Accelerated Benefit amount, except that the benefit may not exceed the **lesser** of:

1. 50% of the life insurance in force on the Insured's life; or
2. \$100,000.

There is no cost for the Accelerated Benefit unless it is exercised. If exercised, the cost will be:

1. an administrative fee of \$200; **plus**
2. the interest, in advance, on the Accelerated Benefit for 24 months.

In no event will the interest rate be higher than the **greater** of:

1. the current yield on 90-day Treasury bills; or
2. the current maximum statutory adjustable policy loan interest rate.

The following formula will be used to calculate the interest charged:

Let           A = amount of Accelerated Benefit the Insured requested  
              i = annual interest rate charged  
              I = amount of interest charged

$$I = A - \frac{A}{1 + 2i}$$

The cost of the benefit as defined above will be deducted from the Accelerated Benefit proceeds.

The Accelerated Benefit will be paid in one lump sum. Only one Accelerated Benefit may be paid during the Insured's lifetime.

#### **Benefit Cost Illustration**

The following illustration shows how the cost of the Accelerated Benefit is calculated if the life insurance amount is \$50,000 and the Accelerated Benefit requested is 50%.

Amount requested = \$25,000 (50% of the life insurance amount)

Annual interest rate charged = 90-day Treasury Bill Rate (assume 5%)

$$\$25,000 - \frac{\$25,000}{1 + 2(.05)} = \$2,272.73 + \$200.00 \text{ Administrative Fee} = \$2,472.73 \text{ Benefit Cost}$$

\$25,000.00 Benefit Requested  
- 2,472.73 Benefit Cost  
\$22,527.27 Accelerated Benefit Payable to the Insured

The remaining group life insurance amount is \$25,000. Premium on the remaining life insurance will be waived when an Accelerated Benefit is paid.

***The amounts shown in this section are for illustration purposes only and do not reflect the amounts available under the policy.***



## **CONDITIONS**

Payment of an Accelerated Benefit is subject to the following conditions:

1. The written consent of any assignee or irrevocable beneficiary must be given to us.
2. The Accelerated Benefit is available on a voluntary basis only, therefore:
  - a. if an Insured is required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise; or
  - b. if an Insured is required by a government agency to use this option in order to apply for, obtain or keep a government benefit or entitlement, the Insured is not eligible for this benefit.
3. In the event the Insured dies after a request is made, but before the Accelerated Benefit is paid:
  - a. the Accelerated Benefit is not payable; and
  - b. the life insurance proceeds of the Group Policy will be paid to the beneficiary as if no request had been made.
4. The Accelerated Benefit is not available to retirees.

## **INDEPENDENT MEDICAL OPINION**

If the Insured and we do not agree on the diagnosis of Terminal Illness, either may request, in writing, the opinion of an independent Physician as follows:

1. Each party will select a Physician.
2. Both Physicians will:
  - a. examine the Insured and all medical records; and
  - b. submit an opinion.
3. If the two physicians do not agree, they will choose a third disinterested Physician acceptable to both.
4. The third Physician will:
  - a. examine the Insured and the medical records; and
  - b. provide an independent third opinion.
5. If the opinion of the third Physician is in favor of the Insured, we will:
  - a. accept the decision as binding; and
  - b. pay the expenses of the Physicians involved.
6. If the opinion is in our favor:
  - a. we will pay the expenses of our Physician and the third Physician; and
  - b. the insured will pay the expenses of his or her Physician.
7. A decision by the third Physician in our favor is not binding on the Insured, who has the right to mediation or binding arbitration conducted by a disinterested third party who has no ongoing relationship with either party. Any such arbitration shall be conducted in accordance with Chapter 7.04 RCW. As part of the final decision, the arbitrator or mediator shall award the costs of arbitration to one party or the other or may divide the costs equally or otherwise.

## **EFFECT ON LIFE AMOUNT**

Within 20 days of receipt of the request for Accelerated Benefits, we will send to the Insured and to the irrevocable beneficiary, if any, a statement showing how the Accelerated Benefit is calculated and what effect payment of the Accelerated Benefit will have on the life insurance amount. The amount of the

Insured's life insurance after payment of an Accelerated Benefit will be the amount of life insurance in force as if no Accelerated Benefit had been paid; **less:**

1. the cost of this benefit (as figured in the *Benefit Amount and Benefit Cost* section above); and
2. the Accelerated Benefit paid to the Insured.

The amount of any Accidental Death and Dismemberment Insurance which may be in force for the Insured will not be affected by the payment of the Accelerated Benefit.

#### **WAIVER OF PREMIUM**

At the time the Accelerated Benefit is paid, we will waive the life insurance premium for the amount of life insurance which remains in force.

#### **SUPPLEMENTAL OR VOLUNTARY LIFE INSURANCE**

If Supplemental or Voluntary Life Insurance is provided, this Rider will apply separately to such insurance.

#### **POLICY PROVISIONS**

This Rider is subject to the terms and conditions of the Group Policy which are not in conflict with the terms of this Rider.

#### **TERMINATION**

This Rider will terminate as to all Insureds on the earlier of:

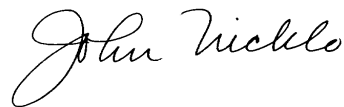
1. termination of the Group Policy; or
2. cancellation of this Rider by the Policyholder.

This Rider will terminate as to any Insured on the earlier of:

1. lapse or termination of the Insured's coverage under the Group Policy; or
2. the Insured's death.

This Rider does not change, waive or extend any part of the Group Policy other than as specifically set forth in this Rider.

**REGENCE LIFE AND HEALTH INSURANCE COMPANY**



President

This Endorsement is effective on the effective date of the Policy or Certificate to which it is attached or on April 1, 1994, whichever is later.

## SEAT BELT BENEFIT ENDORSEMENT

We will pay an extra benefit, called the Seat Belt Benefit, if ALL of these conditions are met:

1. An Accidental Death Benefit is payable by Regence Life and Health Insurance Company as part of the death proceeds of this policy; and
2. We receive proof that the insured died as a result of an accident involving an automobile; and
3. We receive proof that, at the time of the accident, the insured was:
  - (a) riding in an automobile involved in the accident; and
  - (b) wearing a seat belt.

DEFINED TERMS -- For purposes of this endorsement, these definitions apply:

- (a) "Seat belt" means a seat belt, lap and shoulder restraint or air bag, properly installed in the automobile.
- (b) "Automobile" means a motor powered land vehicle licensed for use on public highways, with four or more wheels and with seats designed for two or more persons.

AMOUNT PAYABLE -- The amount of Seat Belt Benefit payable equals the lesser of:

- (a) \$10,000; or
- (b) The amount of the Accidental Death Benefit paid under this policy, excluding any amount paid under this Seat Belt Benefit.

PAYMENT OF BENEFIT -- Any amount paid as a Seat Belt Benefit will be paid as part of the Accidental Death Benefit payable under this policy.

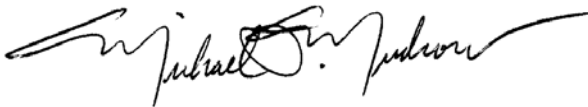
POLICE REPORT -- a true copy of any police accident report concerning the automobile accident must be submitted with the claim.

INSURED ONLY COVERED -- There is no coverage under this endorsement for any person other than the person named as the insured for the policy.

PART OF ACCIDENTAL DEATH BENEFIT-- This endorsement is part of the Accidental Death Benefit for this policy. Any terms of the Accidental Death Benefit which do not conflict with this Seat Belt Benefit will apply to it.

### REGENCE LIFE AND HEALTH INSURANCE COMPANY

SECRETARY



PRESIDENT



This Endorsement is effective on the effective date of the Policy of Certificate to which it is attached or on January 1, 1995, whichever is later.

**PARALYSIS BENEFIT ENDORSEMENT**

The Accidental Death, Dismemberment and Loss of Sight provisions of the Policy and Certificate are amended to provide benefits for paralysis as follows:

**Definitions:**

"Loss" -- means with regard to:

- 1. **Quadriplegia** -- complete and irreversible loss of the use (paralysis) of both upper and both lower limbs;
- 2. **Paraplegia** -- complete and irreversible loss of the use (paralysis) of both lower limbs; or
- 3. **Hemiplegia** -- complete and irreversible loss of the use (paralysis) of the upper and lower limbs on one side of the body.

**Benefit:** Proceeds are payable when we receive proof of the insured's loss shown in the Table of Covered Losses below. Such loss must:

- 1. be caused by injury while the insured was covered by the Accidental Death, Dismemberment and Loss of Sight coverage of the Policy;
- 2. occur within 365 days from the date of the injury; and
- 3. not be excluded in the Accidental Death, Dismemberment and Loss of Sight provision of the Policy.

**Table of Covered Losses**

Quadriplegia.....	Principal Sum
Paraplegia.....	One-half of the Principal Sum
Hemiplegia.....	One-half of the Principal Sum

The "Principal Sum" is shown in the Schedule of Benefits.

NOTE: Cerebrovascular accident (CVA), commonly called "stroke," is not an injury as defined in the Policy.

All of the definitions, terms and conditions of the Policy apply except as specifically stated in this endorsement.

**REGENCE LIFE AND HEALTH INSURANCE COMPANY**

SECRETARY

PRESIDENT

