ONEAMERICA®

AMERICAN UNITED LIFE INSURANCE COMPANY®
INDIANAPOLIS, INDIANA 46206-0368

Certifies that it has issued and delivered a policy to:

Kannapolis City Schools
(Hereinafter called the Policyholder)

Policy Number: G 00617741-0004-000 Change Effective Date: 04/01/2023
Class: 001

This certificate replaces any and all certificates previously issued to the insured Person under the policy indicated above.

American United Life Insurance Company® (AUL) certifies that the Person whose enrollment form is on file with the Policyholder or AUL as being eligible for insurance and for whom the required premium has been paid, is insured under the above numbered policy for group insurance benefits as designated in the Schedule of Benefits. Benefits as described in this certificate are subject to change.

This certificate describes the coverage provided in the policy. The policy determines all rights and benefits in this certificate and may be amended, canceled or discontinued at any time by agreement between AUL and the Policyholder without notice to the Person.

The policy may be examined at the main office of AUL during regular office hours.

Richard M. Ellery
Secretary and General Counsel

J. Scott Davison
Chairman, President and Chief Executive Officer

PRE-EXISTING CONDITIONS MAY NOT BE COVERED. THE POLICY MAY BE AMENDED, CANCELLED, OR DISCONTINUED AT ANY TIME BY AGREEMENT BETWEEN AUL AND THE GROUP POLICYHOLDER.

IMPORTANT CANCELLATION INFORMATION: PLEASE READ THE PROVISIONS ENTITLED "TERMINATIONS" FOUND IN SECTION 5.

THIS CERTIFICATE IS NOT A MEDICARE SUPPLEMENT CERTIFICATE. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare which is available from the company.

THE POLICY IS A LEGAL CONTRACT BETWEEN THE GROUP POLICYHOLDER AND AUL

READ YOUR CERTIFICATE CAREFULLY

CERTIFICATE OF INSURANCE
GROUP WORKSITE DISABILITY INSURANCE - SHORT TERM

TABLE OF CONTENTS

SECTION 1 - SCHEDULE OF BENEFITS

ELIGIBLE CLASS	All Eligible Full-Time Teachers except Returning Retirees electing 0/7/13
CLASS NUMBER	001
OPTION NUMBER	01
REQUIREMENT FOR FULL-TIME EMPLOYEES	20.00 hours or more per week. See Section 3.
ANNUAL INCREASE IN BENEFIT (AIB)	This benefit is included for this class. See Section 4.
AIB AMOUNT	$500 Monthly
BASIC MONTHLY EARNINGS DESCRIPTION	For Sub-Chapter S-Corporation Shareholders: See Section 2. For Principals of a Partnership: See Section 2. For Sole Proprietors: See Section 2. For all other Employees: BME Without Plan Contributions and No Commissions or Bonuses. See Section 2.
CHANGES IN INSURANCE	First of the Month. See Section 4.
CONTINUATION OF PERSONAL INSURANCE UNDER THE FAMILY AND MEDICAL LEAVE ACT (FMLA)	This benefit is included for this class. See Section 5B.
CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE AND TEMPORARY LAYOFF	This benefit is included for this class. See Section 5C.
CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE FOR ACTIVE MILITARY SERVICE	This benefit is included for this class. See Section 5D.
CONTINUITY OF COVERAGE	This benefit is included for this class. See Section 13.
COVERED MONTHLY EARNINGS	The amount of the Person's income in U.S. dollars, received from the Policyholder that is insured by the policy. This amount will be the LESSER of: 1) the Basic Monthly Earnings; or 2) the Maximum Monthly Benefit divided by the benefit percentage shown on the Schedule of Benefits.

ELIMINATION PERIOD	
INJURY	0 days. See Section 2.
SICKNESS	7 days. See Section 2.
GUARANTEED ISSUE AMOUNT	$3,000. See Section 2.
LATE ENROLLEE	The Lesser of: 1) 70% of Pre-Disability Earnings; or 2) $1,000. See Section 3.
INDIVIDUAL EFFECTIVE DATE	
INITIAL EMPLOYEES	Policyholder's Effective Date if the Employee has satisfied his Waiting Period on or before said date, otherwise the first day of the Coverage Month following the Initial Enrollment Period. See Section 3.
NEW EMPLOYEES	First day of the Coverage Month following the Initial Enrollment Period. See Section 3.
INDIVIDUAL REINSTATEMENT	This provision is included for this class. Application must be made within 90 days from termination date. Effective first day of the Coverage Month. See Section 5A.
INDIVIDUAL TERMINATIONS	Immediate. See Section 5.
INITIAL ENROLLMENT PERIOD	
INITIAL EMPLOYEES	Between 11/05/2018 and 12/31/2018.
NEW EMPLOYEES	31 days following the Employee's Eligibility Date. See Section 3.
MAXIMUM BENEFIT DURATION	13 Weeks. See Section 2.
MAXIMUM MONTHLY BENEFIT	$3,000. See Section 2.
MINIMUM MONTHLY BENEFIT	$0. See Section 8.
MONTHLY BENEFIT	The Maximum Monthly Benefit of $3,000, as elected in increments of $100, not to exceed 70% of the Person's Basic Monthly Earnings. A Person who is currently enrolled and Actively at Work may increase his Monthly Benefit annually during an AUL approved enrollment period. See Section 8.
OCCUPATIONAL INJURY OR SICKNESS	24 Hour Coverage. See Section 2.
ORGAN DONOR TRANSPLANT BENEFIT	This benefit is included for this class. See Section 8.
OTHER INCOME BENEFITS	Does not apply to this class.

POLICY MONTH	A period that begins on the first day of the month and ends on the last day of the month. Each succeeding Policy Month runs for a similar period thereafter.
PORTABILITY PRIVILEGE	This benefit is included for this class. See Section 14.
PRE-EXISTING CONDITION DURATION	3/12. See Section 9.
RECURRENT DISABILITY	30 days. See Section 8.
SCHEDULED ENROLLMENT PERIOD	Period of time chosen by the Policyholder and approved by AUL. See Section 3.
SOCIAL SECURITY INTEGRATION	None. See Section 8.
TOTAL DISABILITY DEFINITION	Regular Job. See Section 2.
VOCATIONAL REHABILITATION PROGRAM (VOLUNTARY)	This benefit is included for this class. See Section 16A.
WAITING PERIOD	0 days. See Section 2.

SECTION 2 - DEFINITIONS

ACTIVE PAY STATUS means the Person is receiving pay from the Policyholder and pay includes, but is not limited to, vacation leave, sick leave, bereavement leave, administrative leave, Compensatory Time, holidays, and personal leave. Active Pay Status would not apply to a Person who is terminated as a result of performing a wrongful act.

ACTIVE WORK and ACTIVELY AT WORK means the use of time and energy in the services of the Policyholder at the regular place of employment, or an alternative worksite as approved by the Policyholder and AUL, by a Person who is physically and mentally capable of performing each of the Material and Substantial duties of his Regular Job and who is a Full-Time Employee. If the alternative worksite is located outside of the United States or Canada, the Person will be considered to be Actively at Work unless the Person is outside of the United States or Canada for more than 6 months in any 12 month period. A Person in Active Pay Status will be considered Actively at Work. Active Work does not include periods of time when an Employee is not Actively at Work following an Injury, accidental bodily injury, Sickness, strike, lock-out, or Temporary Layoff, unless the Person is in Active Pay Status.

This includes time off for vacation, jury duty, paid holidays, and funeral leave, where the Person could have been Actively at Work on that day.

ANNUAL INCREASE IN BENEFIT (AIB) means an additional amount of coverage that may be available to a Person annually if certain specified conditions are met.

ANY OCCUPATION means a Person’s occupation for which he receives remuneration.

For sub-chapter S corporation shareholders: BASIC MONTHLY EARNINGS means the Person's gross monthly income in U.S. dollars before taxes, received from the Policyholder. Gross income is based on the amount as last reported to AUL in writing by the Policyholder and approved in writing by AUL, for which premiums were paid and the coverage amount was approved in writing by AUL before the Date of Disability and is further based on:

1) the monthly average of the Person's gross income on his last reported Federal IRS W-2 Form shown as wages, tips, and other compensation. Earnings include pre-tax contributions to an employer-sponsored defined contribution plan and a cafeteria plan, if any. If the Person has not worked long enough to receive a Federal IRS W-2 Form from the Policyholder, gross monthly income will be the monthly average of the last amount of gross income reported to AUL in writing by the Policyholder for which premiums were paid and the coverage amount was approved in writing by AUL; and
2) shareholder earnings reported as ordinary income (loss) for trade or business activities on the Sub S **c**orporation's Federal IRS Tax Form Schedule K-1 1120S, or similar form acceptable to AUL, averaged for the LESSER of:
   a) the most recent 3 years; or
   b) the period that the Person has been a shareholder.

The last reported earnings should be adjusted annually upon completion of the tax form, a copy of which should be submitted to AUL. AUL will use the earnings amount last reported in writing, for which premiums were paid, and the coverage amount was approved by AUL in writing before the Person's Date of Disability.

For principals of a partnership: BASIC MONTHLY EARNINGS means the Person's gross monthly income in U.S. dollars before taxes, received from the Policyholder, not to exceed a maximum workweek of 40 hours including Partnership Earnings. Gross income is based on the amount as last reported to AUL in writing by the Policyholder and approved in writing by AUL, for which premiums were paid and the coverage amount was approved in writing by AUL before the Date of Disability. Earnings do not include income received from commissions, bonuses, overtime, or expense accounts.

Partnership Earnings will be the monthly average of the amount shown as "net earnings (loss) from self-employment" from Schedule K-1 of the partnership federal income tax return for the LESSER of:

1) the 3 most recent years; or
2) the total number of months the Person was a partner, if the Person was not a partner for the entire 3 years.

The reported earnings should be adjusted annually upon completion of the tax form, a copy of which should be submitted to AUL. AUL will use the earnings amount last reported and approved in writing by AUL before the Person's Date of Disability.

SECTION 2 - DEFINITIONS

For sole proprietors: BASIC MONTHLY EARNINGS means the Person's annual net profit in U.S. dollars averaged for the LESSER of:

1) the 3 most recent years; or
2) the period that the Person has been a sole proprietor.

Gross income is based on the amount as last reported to AUL in writing by the Policyholder and approved in writing by AUL, for which premiums were paid and the coverage amount was approved in writing by AUL before the Date of Disability. Earnings are based upon the number taken from Schedule C of Federal IRS Form 1040 for the monthly average of 3 business years immediately prior to reporting. The reported earnings should be adjusted annually following completion of the appropriate tax form, a copy of which should be submitted to AUL. AUL will use the net profit amount last reported in writing, for which premiums were paid and the coverage amount was approved in writing by AUL before the Person's Date of Disability.

For all other Employees: BASIC MONTHLY EARNINGS means the Person's gross monthly income in U.S. dollars, before taxes, received from the Policyholder not to exceed a maximum workweek of 40 hours. Gross monthly income does not include pre-tax contributions to an employer sponsored defined contribution plan and a cafeteria plan, if any. These earnings are based on the amount as last reported to AUL in writing by the Policyholder, for which premiums were paid and the coverage amount was approved in writing by AUL before the Date of Disability. Earnings do not include income received from commissions, bonuses, overtime, or expense accounts.

If the Person is paid his annual gross income in less than 12 months, the Basic Monthly Earnings shall equal 1/12 of the annual gross income.

CHILD(REN) means a minor related by blood, marriage or court order that can be claimed as a dependent for federal income tax purposes, such as:

1) natural born child(ren) of the Person;
2) legally adopted child(ren) or foster children of the Person from the time of placement in the Person's home and the filing of documents with the court to adopt;
3) stepchild(ren) who lives with the Person; and
4) child(ren) for whom the Person has legal guardianship.

COMPENSATORY TIME means time off with pay in lieu of overtime pay for regularly scheduled or irregular or occasional overtime work.

CONSUMER PRICE INDEX (CPI) means the statistical measure of the average change in prices figured by the United States Dept. of Labor, Bureau of Labor Statistics. The percent change in the Consumer Price Index for all Urban Consumers (CPI-U); U.S. City Average for All Items, for the prior calendar year will be used in calculations. If the CPI is discontinued or if its method of computation is significantly changed, AUL may use another comparable index.

COSMETIC SURGERY means surgery that is performed to change the texture, shape or structure of any part of the human body for the purpose of creating a different visual appearance.

COVERAGE MONTH means that period of time beginning on the Person's Individual Effective Date, and continuing from the first day and ending on the last day of each succeeding Policy Month.

CURRENT MONTHLY INCOME means the income a Person receives while Disabled, plus the income the Person could receive if he were working to his Maximum Capacity. Current Monthly Income does not include income from Salary Continuance.

If a Person is employed in a second job, at the same time he is Actively at Work as a Full-Time Employee for the Policyholder, and becomes Disabled under the policy, the following will apply during the Elimination Period and while receiving Disability benefits under the policy:

1) any income received from the second job will be considered Current Monthly Income only to the extent that it exceeds the average monthly income received from that job during the 6 month period immediately prior to becoming Disabled; and
2) if the Person has worked for the second employer less than 6 months, the income will be averaged for the total number of months he was employed.

If a Person receives Current Monthly Income in a Lump Sum, the Lump Sum Payment provision will apply.

DATE OF DISABILITY means the first date the Person is Disabled.

DATE OF HIRE means the first day the Employee is Actively at Work in an eligible class for the Policyholder.

DISABILITY and DISABLED mean both Total Disability and Totally Disabled.

DUE DATE means the first day of the Policy Month for which the premium is payable.

ELIGIBILITY DATE means the date that an Employee in an eligible class has satisfied his Waiting Period and AUL determines he is eligible for Personal Insurance under the policy.

ELIGIBLE SURVIVOR means:
1) the Person's legal Spouse; or
2) the Person's unmarried Child(ren) under the age of 26, if the Child(ren) can be claimed as a dependent on the Person's federal income tax return.

ELIMINATION PERIOD means a period of consecutive days of Total Disability for which no benefit is payable. The Elimination Period is set forth on the Schedule of Benefits and begins on the first day of Total Disability.

EMPLOYEE means any individual who is a full-time employee (including owners, proprietors, partners, members or corporate officers) of the Policyholder:

1) whose employment with the Policyholder constitutes his principal occupation;
2) who works at that occupation a minimum number of hours as stated by the Policyholder in the Application;
3) who is working at the Policyholder's regular place of business which may include an alternative worksite if approved by the Policyholder and AUL;
4) who is not a part-time, temporary or seasonal Employee; and
5) who is authorized to work in the United States under applicable state and federal laws; or
6) if approved by AUL:
    a) who legally works and resides in Canada;
    b) who legally works in the United States and resides in Canada; or
    c) who legally works in Canada and resides in the United States.

EMPLOYER means the entity or organization for which the Person performs services and which has the right to control what will be done. The Employer is the entity or organization for which the Person performs his occupation, and is required to withhold and pay income, Social Security, and Medicare taxes on wages.

EMPLOYER'S RETIREMENT PLAN means any defined benefit or defined contribution plan that provides retirement benefits to Employees and that is not funded wholly by Employee contributions. It includes any retirement plan that:

1) is part of any federal, state, county, municipal or association retirement system; and
2) that a Person is eligible for as a result of his employment with the Policyholder.

It does not include:

1) profit sharing plans;
2) thrift or savings plans;
3) Individual Retirement Accounts (IRAs) or Roth IRAs funded wholly by a Person’s contributions;
4) Tax Sheltered Annuities (TSA);
5) Stock Ownership Plans (ESOP);
6) nonqualified deferred compensation plans, including 457 plans;
7) Keogh, 401(k) or 403(b) plans; or
8) Veteran Administration Benefits except benefits that are a result of the same Disability for which a Monthly Benefit is payable under the policy.

EVIDENCE OF INSURABILITY means a statement or proof of an Employee's medical history upon which eligibility for insurance will be determined by AUL.

FAMILY SOCIAL SECURITY BENEFITS means benefits that a Person, his Spouse or Child(ren) are entitled to receive as a result of the Person's eligibility for disability insurance benefits or old age insurance benefits through the Federal Social Security Administration.

FAMILY STATUS CHANGE means an increase or decrease in coverage resulting from specific events occurring in a Person's life.

FRANCHISE COVERAGE means disability insurance coverage which allows Employees to be insured as part of their relationship with the Policyholder but such coverage is not part of an employee welfare benefit plan and the Employees are insured under individual policies.

GROSS MONTHLY BENEFIT means a Person's Monthly Benefit.

GUARANTEED ISSUE AMOUNT means the amount of coverage that does not require Evidence of Insurability. This amount is shown on the Schedule of Benefits page.

INDEXED PRE-DISABILITY EARNINGS means the Person's Pre-Disability Earnings increased annually by the Consumer Price Index, up to a maximum increase of 10%. The increase will be effective on the July 1st following the first 12 consecutive calendar months of receiving Disability benefits and on each subsequent July 1st.

INDIVIDUAL REINSTATEMENT means that Personal Insurance that has been terminated due to cessation of Active Work may be reinstated in accordance with Section 5A.

INJURY means a sudden, unforeseen and unexpected event that occurs independently of all other causes and causes physical harm to the Person. This includes all other conditions related to the same Injury.

MALE PRONOUN whenever used includes the female.

MATERIAL AND SUBSTANTIAL DUTIES means duties that:
1) are normally required for the performance of an occupation; and
2) cannot be reasonably omitted or modified.

MAXIMUM BENEFIT DURATION means the maximum amount of time that benefits will be payable for Disability. This amount of time is stated on the Schedule of Benefits.

MAXIMUM CAPACITY means, based on the Person's restrictions and limitations, the greatest extent of work the Person is able to do in his Regular Job.

MAXIMUM MONTHLY BENEFIT means the maximum amount of benefit payable to a Person on a monthly basis as stated on the Schedule of Benefits.

MEDICALLY NECESSARY means health care services that a Physician, exercising clinical judgment, would provide to a Person for the purpose of evaluating, diagnosing or treating a Sickness or Injury, or its symptoms, and that are:

1) in accordance with the generally accepted standards of medical practice;
2) clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the Person's Sickness or Injury; and
3) not primarily for the convenience of the Person or Physician, or other Physician, and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that Person's Sickness or Injury.

MENTAL ILLNESS means a psychiatric or psychological condition classified in the *Diagnostic and Statistical Manual of Mental Health Disorders (DSM)*, published by the American Psychiatric Association, most current as of the start of a Disability. Such disorders include, but are not limited to, psychotic, emotional or behavioral disorders, or disorders related to stress or to substance abuse or dependency. If the *DSM* is discontinued or replaced, these disorders will be those classified in the diagnostic manual then used by the American Psychiatric Association as of the start of a Disability.

MONTHLY BENEFIT means the amount payable monthly by AUL to the Disabled Person. This is the amount stated on the Schedule of Benefits.

OPTION means the benefits and provisions chosen on the Application by the Policyholder.

OPTION YEAR means a one-year period beginning on the Policyholder's Anniversary Date or on each subsequent anniversary of the Policyholder's Anniversary Date.

PERSON means an Employee who has met the requirements of the Eligibility, Enrollment and Individual Effective Date of Insurance Sections of the policy.

PERSONAL INSURANCE means the insurance provided under the policy for an insured Person.

PHYSICIAN means a qualified, state licensed doctor of medicine or osteopathy, and any other licensed health care provider that state law requires to be recognized as a Physician, practicing within the scope of his license and applicable law, including an optometrist, podiatrist, licensed clinical social worker, certified substance abuse professional, licensed professional counselor, dentist, chiropractor, psychologist, pharmacist, certified fee-based practicing pastoral counselor, advanced practice nurse, licensed marriage and family therapist or physician assistant. Physician does not include a Physician employed by the Policyholder, a Person or anyone related to a Person by blood, marriage, civil union, or domestic partnership.

POLICYHOLDER means any sole proprietorship, partnership, member, corporation, limited liability company, limited liability partnership, firm, school district, individual school, union, association, organization or other instrumentality of a state or political subdivision thereof, that has been approved by AUL and to whom this policy is issued. An entity that is subsidiary to or affiliated with the Policyholder, as defined below is eligible for coverage under this policy if it is shown on the Application or later added by amendment to this policy.

A subsidiary may be included in this definition when the Policyholder owns more than 50% of the voting stock of the subsidiary corporation.

An affiliate may be included in this definition when the entity is under common control with the Policyholder through 51% or more ownership and control.

The Policyholder is liable for all premiums due for subsidiaries and affiliates during any period of time a subsidiary and/or affiliate is insured under this policy. Any notice given to the Policyholder by AUL shall be considered notice given to the subsidiary and/or affiliate.

POLICYHOLDER'S EFFECTIVE DATE means the date that coverage is actually effective for the Policyholder under this policy, as determined by AUL.

POLICYHOLDER'S ANNIVERSARY DATE means January 1st of each year.

PRE-DISABILITY EARNINGS means the Person's Basic Monthly Earnings in effect immediately prior to his Date of Disability, as last reported to AUL in writing by the Policyholder.

PRE-EXISTING CONDITION means a condition for which medical advice, diagnosis, care or treatment was received or recommended to a Person within the 3 months immediately prior to a Person's Individual Effective Date of Insurance.

PRIMARY SOCIAL SECURITY BENEFITS means benefits that the Person is entitled to receive for himself as a result of his eligibility for benefits through the Social Security Administration.

PRIOR PLAN means the Policyholder's plan of long or short term disability insurance, which terminated on the day immediately before the Policyholder's Effective Date of coverage under the policy.

REGULAR ATTENDANCE means that a Person:
1) personally visits a Physician as medically required according to standard medical practice, to effectively manage and treat the Person's Disability;
2) is receiving the most appropriate treatment and care that will maximize his medical improvement and aid in his return to work; and
3) is receiving care by a Physician whose specialty or clinical experience is appropriate for the Disability.

REGULAR JOB means the job a Person was performing for the Policyholder immediately prior to the Date of Disability.

SALARY CONTINUANCE means vacation pay, sick leave pay and/or paid time off pay, holiday pay and a documented formal salary continuation plan for Sickness or Injury received by a Person after his Date of Disability.

SICKNESS means illness, bodily disorder or disease, Mental Illness, normal pregnancy and Complications of Pregnancy. Complications of Pregnancy is defined as a concurrent disease or abnormal conditions significantly affecting the usual medical management of pregnancy, including non-elective cesarean sections.

SOCIAL SECURITY means the United States Social Security Act or any similar law, plan or act including the initial enactment and all amendments.

SPOUSE means:
1) an individual to whom the Person is legally married; or
2) the Person's civil union partner or domestic partner, as defined by applicable law.

Spouse does not include an individual from whom the Person is divorced or from whom the Person has dissolved a civil union or a domestic partnership.

TERMINAL ILLNESS means a diagnosed illness that, according to generally accepted medical standards, is expected to result in death within 12 months.

THIRD PARTY means an individual, entity or an insurance company other than AUL.

TOTAL DISABILITY and TOTALLY DISABLED mean that because of Injury or Sickness:
1) a Person cannot perform the Material and Substantial Duties of his his Regular Job;
2) a Person is not working in any occupation; and
3) a Person is under the Regular Attendance of a Physician for that Injury or Sickness (unless the Person has reached their maximum point of recovery).

Loss of occupational license for any reason does not in itself constitute Total Disability.

WAITING PERIOD means the period of days, starting on the Date of Hire, that an Employee must be continuously Actively at Work while in an eligible class. The Waiting Period is stated in the Schedule of Benefits.

INITIAL EMPLOYEE means an Employee who is employed by the Policyholder before the Policyholder's Effective Date.

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

LATE ENROLLEE: A Late Enrollee is an Initial or New Employee who is Actively at Work, but does not request coverage during his Initial Enrollment Period. Enrollment after the Initial Enrollment Period can only be done during a Scheduled Enrollment Period and will not require satisfactory Evidence of Insurability.

ELIGIBILITY DATE: An Employee who is in an eligible class as stated in the Schedule of Benefits and has satisfied his Waiting Period, becomes eligible for Personal Insurance under the policy on:

1) *Initial Employee*: the later of:
   a) the Policyholder's original Effective Date of coverage under the policy; or
   b) the day immediately following completion of the Waiting Period.
2) *New Employee:* the first day of the Coverage Month immediately following completion of the Waiting Period.
3) *Late Enrollee:* the Policyholder's Anniversary Date following the next Scheduled Enrollment Period.

ENROLLMENT: To be considered for coverage, an eligible Employee must apply correctly and truthfully for Personal Insurance under the policy. Eligible Employees applying for Personal Insurance must complete and sign a request for coverage via an enrollment method approved by AUL within 31 days of their Eligibility Date and pay the required premiums before coverage will become effective. This form will be given to and maintained by the Policyholder. Coverage may only be requested as follows:

1) INITIAL ENROLLMENT PERIOD: The Initial Enrollment Period is the time during which an eligible Employee who is Actively at Work may first enroll for coverage following completion of the Waiting Period without providing Evidence of Insurability. An eligible Employee may waive coverage or request coverage under any Option offered by the Policyholder for his class. The Initial Enrollment Period includes the following periods, during which an Employee may make his initial application for coverage under the policy:
   a) *Initial Employee*: the Initial Enrollment Period is the period of time agreed to by AUL and the Policyholder and is stated on the Schedule of Benefits; or
   b) *New Employee*: the Initial Enrollment Period is the period that begins on the Eligibility Date and continues through the number of days as stated in the Schedule of Benefits; or
   c) *Initial or New Employee not Actively at Work during his Initial Enrollment Period:* an Initial or New Employee not Actively at Work during his Initial Enrollment Period may enroll, without Evidence of Insurability, within 31 days from the date he returns to Active Work if:
      i) he is in an eligible class as stated in the Schedule of Benefits; and
      ii) his Waiting Period was completed prior to his cessation of Active Work.

2) SCHEDULED ENROLLMENT PERIOD: This is a recurrent period of time starting after the Policyholder's original Effective Date, chosen by the Policyholder and approved by AUL, during which:
   a) an eligible Late Enrollee may apply for coverage under the policy via an enrollment method approved by AUL; or
   b) an eligible Person may increase his Monthly Benefit by the Annual Increase In Benefit amount as stated in the Schedule of Benefits without Evidence of Insurability. See Section 4; or
   c) an eligible Person may increase his Monthly Benefit to an amount in excess of the Annual Increase In Benefit Amount as stated in the Schedule of Benefits with satisfactory Evidence of Insurability. See Section 4; or
   d) an eligible Late Enrollee may apply, via an enrollment method approved by AUL, for a Monthly Benefit amount in excess of the Guaranteed Issue Amount for Late Enrollees as stated in the Schedule of Benefits with satisfactory Evidence of Insurability. See Section 4.

The Scheduled Enrollment Period is chosen by the Policyholder and must be approved by AUL.

INDIVIDUAL EFFECTIVE DATE OF INSURANCE

Initial Employees:

1) The Individual Effective Date of Insurance for an eligible Initial Employee who has satisfied the Waiting Period prior to the Policyholder's original Effective Date is the Policyholder's original Effective Date under the policy as long as the Initial Employee:
   a) requested coverage during the Initial Enrollment Period; and
   b) is Actively at Work for the Policyholder on that date.
2) The Individual Effective Date of Insurance for an eligible Initial Employee who has not satisfied the Waiting Period prior to the Policyholder's original Effective Date is stated on the Schedule of Benefits and applies as long as the Initial Employee:
   a) requested coverage during the Initial Enrollment Period; and
   b) is Actively at Work for the Policyholder on that date.

New Employees: The Individual Effective Date of Insurance for an eligible New Employee is the date of the request if that date is the first day of a Coverage Month; otherwise it is the first day of the next Coverage Month as long as the New Employee:

1) requested coverage during the Initial Enrollment Period;
2) has completed the Waiting Period for New Employees; and
3) is Actively at Work on the Individual Effective Date of Insurance.

Initial or New Employee not Actively at Work during his Initial Enrollment Period: The date an Initial or New Employee returns to full-time Active Work will be his Individual Effective Date of Insurance, if he was enrolled during an Initial Enrollment Period, has completed the Waiting Period for Initial Employees, but was not Actively at Work on the date Personal Insurance would otherwise have become effective.

If enrolling after returning to Active Work, the Individual Effective Date of Insurance for an Initial or New Employee not Actively at Work is the first day of the Coverage Month following the Intial Enrollment Period.

Late Enrollee: The Individual Effective Date of Insurance for an eligible Late Enrollee is the Policyholder's Anniversary Date following the Scheduled Enrollment Period as long as the Late Enrollee:

1) requested coverage during the Scheduled Enrollment Period;
2) has completed the Waiting Period for New Employees; and
3) is Actively at Work on the Individual Effective Date of Insurance.

COVERAGE IN EXCESS OF GUARANTEED ISSUE AMOUNT: The Individual Effective Date of Insurance as previously explained applies to any portion of the Maximum Monthly Benefit that does not exceed the Guaranteed Issue Amount. However, any portion of the Maximum Monthly Benefit that exceeds the Guaranteed Issue Amount will require Evidence of Insurability, satisfactory and without expense to AUL. If the excess portion is approved, the Effective Date of Insurance for that portion will be named by AUL. If the excess portion is not approved by AUL, the Maximum Monthly Benefit will be an amount equal to the Guaranteed Issue Amount.

Evidence of Insurability: Documentation and records are required to be forwarded to AUL, at no cost to AUL, if the request for coverage is made:

1) after an Employee's Initial Period;
2) after a Person's requested termination date; or
3) for coverage in excess of the Guaranteed Issue Amount.

If satisfactory Evidence of Insurability is provided, and coverage is approved in writing by AUL, the Individual Effective Date of Insurance will be named by AUL.

EFFECTIVE DATE OF CHANGE (First of the Coverage Month & AIB)

A change in coverage that does not increase the amount of coverage becomes effective the earlier of:
1) the first day of the Coverage Month following AUL's approval of the change, if the date is the first day of the Coverage Month; or
2) the first day of the next Coverage Month following AUL's approval of the change, if the date is after the first day of the Coverage Month.

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

A change increasing the amount of coverage equal to or less than the AIB offer takes effect on:
1) the first day of the Coverage Month; if the Person requests the change on the first day of the Coverage Month; or
2) the first day of the next Coverage Month following the date the Person requests the change in coverage, if the date is after the first day of the Coverage Month.

A change in coverage increasing the amount of coverage above the Person's AIB offer is subject to:
1) satisfactory Evidence of Insurability, at no expense to AUL; and
2) AUL's written approval.

If the Person is not Actively at Work on the approved change date, any change in the amount of coverage takes effect on the date the Person returns to Active Work.

If the change is an increase in coverage, see Pre-Existing Condition Exclusions in Section 9.

CHANGING OPTION: After the Initial Enrollment Period, a Person may increase his coverage to another Option available to his class during a Scheduled Enrollment Period as agreed to by the Policyholder and approved by AUL. The request for a change in Option and agreement to pay the required premium must be made via a method approved by AUL, subject to the following:

1) an increase in coverage to the next higher Option available to a Person's class will require Evidence of Insurability;
2) requests to increase coverage to an Option other than the next higher Option will not be allowed with satisfactory Evidence of Insurability; and
3) if a Person fails to apply for an increase in coverage in a manner agreed to by the Policyholder and approved by AUL, he will continue to be covered under his current Option until the next Scheduled Enrollment Period.

If the Person is not Actively at Work on the Effective Date of Change, the Person becomes eligible for the change on the first day that the Person returns to Active Work.

The provision entitled Pre-Existing Condition Exclusion For A Change In Option, shown in Section 9 - Exclusions, will apply to a change in Option resulting in an increase in coverage.

DECREASING THE MONTHLY BENEFIT AMOUNT: A Person may decrease the amount of his coverage at any time. Any decrease in coverage will become effective the first day of the Coverage Month following the date of the request.

Any change in insurance, other than a decrease in the amount of coverage or an increase in coverage to the next higher Option as stated above, will require satisfactory Evidence of Insurability.

If the change is an increase in coverage, see Pre-Existing Condition Exclusions in Section 9.

ANNUAL INCREASE IN BENEFIT (AIB)

The Person may apply annually for the AIB, which is an additional amount of coverage, during an AUL approved enrollment period without satisfactory Evidence of Insurability, if all the following conditions are met:

1) the Person must be Actively at Work on the effective date of the increase;
2) the amount of each increase will be limited to the AIB Amount stated in the Schedule of Benefits;
3) the amount of coverage after the increase is not greater than the Monthly Benefit amount stated in the Schedule of Benefits; and
4) the Person has not previously been declined for the AIB.

If coverage is declined following unsatisfactory Evidence of Insurability, no AIB will be available until satisfactory Evidence of Insurability and information is received. Approval will be based on Evidence of Insurability and information satisfactory to AUL. If the AIB request is approved, coverage will begin on the date identified and approved in writing by AUL.

For an increase in coverage resulting from an AIB, the provision entitled Pre-Existing Condition Exclusion For an Increased Monthly Benefit on Annual Increase in Benefit, shown in Section 9 - EXCLUSIONS, will apply.

COVERAGE AMOUNTS REQUESTED IN EXCESS OF THE ANNUAL INCREASE IN BENEFIT

During an AUL approved enrollment period, a Person may apply to increase an amount greater than the AIB, however, receipt of any amount above the AIB will first require approval based on Evidence of Insurability and information satisfactory to AUL. If coverage is approved, coverage will begin on the date identified and approved in writing by AUL.

If coverage for an Employee is declined following unsatisfactory Evidence of Insurability, no AIB will be available until Evidence of Insurability and information satisfactory to AUL is received. Until the AIB is approved, only the amount of coverage previously approved by AUL will be available.

FAMILY STATUS CHANGE

A Person may request an additional amount of coverage or a Late Enrollee may request coverage, without Evidence of Insurability, up to the Guaranteed Issue Amount as stated in the Schedule of Benefits if all the following conditions are met:

1) The Person or Late Enrollee experienced one of the following changes in family status:
   a) legal marriage;
   b) domestic partnership or civil union, as defined under applicable laws in the state of residence of the Person;
   c) divorce or dissolution of a domestic partnership or civil union;
   d) birth of a child;
   e) adoption of a child or stepchild; or
   f) placement of a foster child in the home of the Person or Late Enrollee; or
   g) permanent legal custody or guardianship of a child lasting more than 90 days;
2) AUL was notified within 31 days of the change in family status;
3) the Person or Late Enrollee was Actively at Work on the effective date of the change;
4) the amount of coverage after the increase is not greater than the Monthly Benefit amount stated in the Schedule of Benefits; and
5) the Person or Late Enrollee has not previously been declined.

This change will become effective the first day of the Coverage Month following the date of the request.

If coverage for a Person or Late Enrollee was previously declined due to unsatisfactory Evidence of Insurability, no Family Status Change will be approved until Evidence of Insurability satisfactory to AUL is received. If the Person's or Late Enrollee's Family Status Change request is approved, coverage will begin on the date identified in writing by AUL.

SECTION 5 - TERMINATIONS

INDIVIDUAL TERMINATIONS: A Person will cease to be insured on the EARLIEST of the following dates:

1) the date the policy terminates;
2) the date the Person is no longer in an eligible class;
3) the date the Person's class, as stated on the Schedule of Benefits, is no longer insured under the policy;
4) the last day of the period for which premiums were paid, if the premium is not paid when due;
5) the date the Person requests termination, but not prior to the date of the request;
6) the date employment with the Policyholder terminates. However, insurance will be continued for a Person:
   a) during the Elimination Period, if the Person is Disabled, as described in the policy;
   b) during any period that Weekly Benefits are paid;
   c) during any temporary Leave of Absence according to the appropriate Continuation of Personal Insurance benefit if premiums continue to be paid during the Leave of Absence, and the benefit was elected by the Policyholder, shown on the Schedule of Benefits and approved by AUL;
   d) to the end of a 365-day period following the month that a Person is temporarily laid off as long as premiums continue to be paid, if coverage during a temporary layoff was elected by the Policyholder, shown on the Schedule of Benefits and approved by AUL; and
7) the date the Person ceases Active Work. However, insurance will be continued for a Person:
   a) during the Elimination Period, if the Person is Disabled, as described in the policy;
   b) during any period that Weekly Benefits are paid;
   c) during any temporary Leave of Absence according to the appropriate Continuation of Personal Insurance benefit if premiums continue to be paid during the Leave of Absence, and the benefit was elected by the Policyholder, shown on the Schedule of Benefits and approved by AUL; and
   d) to the end of a 365-day period following the month that a Person is temporarily laid off as long as premiums continue to be paid, if coverage during a temporary layoff was elected by the Policyholder, shown on the Schedule of Benefits and approved by AUL.

SECTION 5 - TERMINATIONS

TERMINATION OF THE POLICY: Insurance coverage under the policy will cease on the EARLIEST of the following dates:

1) the date the Policyholder no longer meets the definition of a Policyholder;
2) the date the Policyholder ceases active business operations or is placed in bankruptcy or receivership;
3) the date the Policyholder loses its entity by means of dissolution, merger, or otherwise;
4) the date ending the Policy Month for which the last premium payment is made for the Policyholder's insurance;
5) at the end of a Policy Month, provided AUL has given at least 45 days prior written notice to the Policyholder;
6) at the end of the Policy Month, if the Policyholder has given AUL at least 31 days prior written notice;
7) the date, as determined by AUL, that the Policyholder fails to promptly furnish any information which AUL may reasonably require; or
8) the date the Policyholder, without good and sufficient cause, fails to perform in good faith its duties pertaining to the policy.

If a Person's insurance is terminated due to the termination of the policy, the Person's rights under the policy are terminated on the date that the policy terminated.

Termination of the policy under any conditions will be without prejudice to any claim incurred prior to termination.

If the policy terminates, the Policyholder will be liable to AUL for all unpaid premiums for the period during which the coverage was in force.

EXTENDED BENEFIT: If the Person is Disabled on the date insurance terminates, AUL will pay benefits for Disability:

1) after the Elimination Period has been met, if the Person is not already receiving a Monthly Benefit;
2) during the uninterrupted continuance of the same period of Disability; and
3) subject to the provisions and benefits of the policy.

Benefits will be extended to the EARLIEST of the following:

1) the date that the Person ceases to be Disabled;
2) the date the Person dies;
3) the date the Maximum Benefit Duration, shown on the Schedule of Benefits, is completed;
4) the date the Person fails to give AUL required proof of Disability or information required by AUL to determine if any benefits are owed under the policy;
5) the date the Person refuses to allow an examination requested by AUL;
6) the date the Person is no longer under the Regular Attendance and care of a Physician (unless the Person has reached their maximum point of recovery);
7) the date the Person refuses to provide information to AUL to verify the Person's Current Monthly Income; or
8) the date the Person leaves the United States or Canada and establishes his residence in any other country. A Person will be considered to reside outside these countries when the Person has been outside the United States or Canada for a total period of 6 months or more during any 12 consecutive months of benefits.

FIDUCIARY NOTICE

UNDER NORTH CAROLINA GENERAL STATUTE SECTION 58-50-40, NO PERSON, EMPLOYER, PRINCIPAL, AGENT, TRUSTEE, OR THIRD PARTY ADMINISTRATOR, WHO IS RESPONSIBLE FOR THE PAYMENT OF GROUP HEALTH OR LIFE INSURANCE OR GROUP HEALTH PLAN PREMIUMS, SHALL: (1) CAUSE THE CANCELLATION OR NONRENEWAL OF GROUP HEALTH OR LIFE INSURANCE, HOSPITAL, MEDICAL, OR DENTAL SERVICE CORPORATION PLAN, MULTIPLE EMPLOYER WELFARE ARRANGEMENT, OR GROUP HEALTH PLAN COVERAGES AND THE CONSEQUENTIAL LOSS OF THE COVERAGES OF THE PERSONS INSURED, BY WILLFULLY FAILING TO PAY THOSE PREMIUMS IN ACCORDANCE WITH THE TERMS OF THE INSURANCE OR PLAN CONTRACT, AND (2) WILLFULLY FAIL TO DELIVER, AT LEAST 45 DAYS BEFORE THE TERMINATION OF THOSE COVERAGES, TO ALL PERSONS COVERED BY THE GROUP POLICY A WRITTEN NOTICE OF THE PERSON'S INTENTION TO STOP PAYMENT OF PREMIUMS. THIS WRITTEN NOTICE MUST ALSO CONTAIN A NOTICE TO ALL PERSONS COVERED BY THE GROUP POLICY OF THEIR RIGHTS TO HEALTH INSURANCE CONVERSION POLICIES UNDER ARTICLE 53 OF CHAPTER 58 OF THE GENERAL STATUTES AND THEIR RIGHTS TO PURCHASE INDIVIDUAL POLICIES UNDER THE FEDERAL HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT AND UNDER ARTICLE 68 OF CHAPTER 58 OF THE GENERAL STATUTES. VIOLATION OF THIS LAW IS A FELONY. ANY PERSON VIOLATING THIS LAW IS ALSO SUBJECT TO A COURT ORDER REQUIRING THE PERSON TO COMPENSATE PERSONS INSURED FOR EXPENSES OR LOSSES INCURRED AS A RESULT OF THE TERMINATION OF THE INSURANCE.

SECTION 5A - INDIVIDUAL REINSTATEMENT

INDIVIDUAL REINSTATEMENT: If Personal Insurance terminates under the policy due to cessation of Active Work for the Policyholder, it may be reinstated subject to the terms of this provision. Individual Reinstatement must be requested during the 31-day period immediately following return to Active Work for the Policyholder in accordance with the terms stated in this provision. Individual Reinstatement will be for the same coverage amount and eligible class that the Employee belonged to immediately prior to his termination. AUL may require Evidence of Insurability if reinstatement is requested for an amount or eligible class that differs from the coverage the Employee had with the Policyholder immediately prior to his cessation of Active Work. Reinstatement is subject to payment of required premiums and that the Policyholder is insured by AUL under the policy. In addition to the above requirements, the following also applies, as applicable:

1) If an Employee returns to Active Work within the period of consecutive calendar days as stated in the Schedule of Benefits under Individual Reinstatement from his individual termination date and requests Individual Reinstatement:
   a) Personal Insurance will become effective the first day of the Coverage Month immediately following the date of request for Individual Reinstatement.
   b) Evidence of Insurability will not be required for Individual Reinstatement to the same coverage amount and eligible class held by the Employee under the policy immediately prior to cessation of Active Work.
   c) *If the Schedule of Benefits states that the Employee must return to Active Work within 30 days of termination:* Credit will be given towards satisfaction of the eligibility Waiting Period and of the Pre-Existing Condition exclusion or limitation period he previously served under the policy. However, any days accumulated during his period of lapse in coverage will not be credited. The original Individual Effective Date of Insurance will be used when applying the eligibility Waiting Period and the Pre-Existing Condition exclusion or limitation period.
   d) *If the Schedule of Benefits states that the Employee can return to Active Work for a period greater than 30 days from the Employee's date of termination:* Credit will be given towards satisfaction of the eligibility Waiting Period he previously served under the policy. However, any days accumulated during his period of lapse in coverage will not be credited. The Employee will be considered a New Employee and subject to the terms of the policy, except as stated herein.
2) If an Employee returns to Active Work after more than the number of consecutive calendar days, shown in 1) above, after his Individual Termination date and requests Individual Reinstatement:
   a) The Employee will be considered a New Employee and subject to the terms of the policy.
   b) Eligibility for Personal Insurance, enrollment and his Individual Effective Date of Insurance will be determined as stated in the policy.
   c) The Waiting Period and Pre-Existing Condition exclusion or limitation period will start anew. The Individual Reinstatement date will be used when applying the Pre-Existing Condition exclusion or limitation period.
3) If the Employee is insured under the policy's Portability Privilege and returns to Active Work with the Policyholder and requests Individual Reinstatement to the policy.
   a) Personal Insurance will become effective the first day of the Coverage Month immediately following the date of request for Individual Reinstatement.
   b) Evidence of Insurability will not be required for Individual Reinstatement to the same coverage amount and eligible class held by the Employee under the policy immediately prior to cessation of Active Work.
   c) Credit will be given towards satisfaction of the Pre-Existing Condition exclusion or limitation period already served under the policy and the Portability Privilege. The Employee's original Individual Effective Date of Insurance will be used when applying the Pre-Existing Condition exclusion or limitation period.
   d) Coverage under the Portability Privilege must terminate immediately prior to the date of Individual Reinstatement under the policy.

4) If Personal Insurance terminates because of a leave approved by the Policyholder under the Federal Family and Medical Leave Act (FMLA), or similar applicable state law, and the Employee returns to full-time Active Work immediately following the end of the leave:
   a) Personal Insurance will become effective immediately upon the date of request for Individual Reinstatement.
   b) Credit will be given towards satisfaction of the Pre-Existing Condition exclusion or limitation period previously served under the policy. However, the days accumulated during the period of lapse in coverage will not be credited. The original Individual Effective Date of Insurance will be used when applying the Pre-Existing Condition exclusion or limitation period.
   c) Evidence of Insurability will not be required for Individual Reinstatement to the same coverage amount and eligible class that the Employee would have been entitled to prior to the FMLA leave.
5) If Personal Insurance terminates because an Employee became a full-time member of the armed forces of the United States and he returns to full-time Active Work, the Person's coverage may be reinstated in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and applicable state law.

SECTION 5B - CONTINUATION OF PERSONAL INSURANCE UNDER THE FAMILY AND MEDICAL LEAVE ACT

CONTINUATION OF PERSONAL INSURANCE UNDER THE FAMILY AND MEDICAL LEAVE ACT. If the Policyholder correctly approves a leave of absence under the Federal Family and Medical Leave Act (FMLA), a Person's coverage under the policy will be continued as stated in this Section. Personal Insurance will continue while a Person's leave is covered under FMLA, until the end of the later of:

1) the leave period permitted under FMLA or
2) the leave period permitted by applicable state law.

Coverage continued under this Section is subject to the following requirements:

1) the Policyholder has approved a Person's leave in writing as a leave taken under FMLA;
2) applicable premiums must continue to be paid to AUL in accordance with the policy (see Section 6 - PREMIUM PAYMENT); and
3) Basic Monthly Earnings will be the amount as last reported to AUL in writing and in effect prior to the date the Person's family or medical leave began.

Continuation of Personal Insurance under this provision will cease on the earliest of the following:

1) the date a Person dies;
2) the date a Person's coverage terminates for nonpayment of premiums;
3) the date a Person begins full or part-time employment with another employer;
4) the date the policy terminates;
5) the date a Person notifies the Policyholder that he will not be returning to Active Work;
6) the date a Person's class is no longer offered under the policy;
7) the date a Person no longer qualifies for a Leave of Absence or participation in an eligible class, as stated in the Schedule of Benefits; or
8) the date a Person requests termination of coverage under the policy, but not prior to the date of request.

All terms and conditions of the policy will apply during the approved continuation period provided under this Section, unless otherwise stated. While Personal Insurance is being continued under this Section, the Person will be considered exempt from the requirements listed below:

1) the Actively at Work definition; and
2) the applicable number of hours needed to meet the requirement for Full-Time Employee, as stated in the Schedule of Benefits.

If the Policyholder has approved more than one type of Leave of Absence for the Person during any one period, AUL will consider such leaves to be concurrent for the purpose of determining how long the Person's coverage may continue under the policy.

SECTION 5C - CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE AND TEMPORARY LAYOFF

LEAVE OF ABSENCE references in this Section means the Person is absent from Active Work for a temporary period of time that has been agreed to in advance and in writing by the Policyholder and includes temporary layoffs unless otherwise stated.

CONTINUATION OF PERSONAL INSURANCE WHILE TEMPORARILY LAID OFF. If the Policyholder approves a temporary layoff, a Person's coverage under the policy will be continued to the end of the 365-day period from the date the Person's layoff began, as long as premiums continue to be paid to and received by AUL, subject to same requirement as a Leave Of Absence.

CONTINUATION OF PERSONAL INSURANCE UNDER A LEAVE OF ABSENCE: If the Policyholder approves a Leave of Absence, a Person's coverage under the policy will be continued to the end of the 365-day period from the date the Person begins a Leave of Absence as long as premiums continue to be paid to and received by AUL, subject to the following requirements:

1) the Policyholder has approved a Person's Leave of Absence in writing;
2) applicable premiums must continue to be paid to AUL in accordance with the policy (see Section 6 – PREMIUM PAYMENT); and
3) Basic Monthly Earnings will be the amount last reported to AUL in writing and in effect prior to the date the Person's Leave of Absence began.

Continuation of Personal Insurance under this provision will cease on the EARLIEST of the following:

1) the date a Person dies;
2) the date a Person's coverage terminates for nonpayment of premiums;
3) the date a Person begins full or part-time employment with another employer;
4) the date the policy terminates;
5) the date a Person notifies the Policyholder that he will not be returning to Active Work;
6) the date a Person's class is no longer offered under the policy;
7) the date a Person no longer qualifies for a Leave of Absence or participation in an eligible class, as stated in the Schedule of Benefits; or
8) the date a Person requests termination of coverage under the policy, but not prior to the date of request.

SECTION 5C - CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE AND TEMPORARY LAYOFF

All terms and conditions of the policy will apply during the approved continuation period provided under this Section, unless otherwise stated. While Personal Insurance is being continued under this Section, the Person will be considered exempt from the requirements listed below:

1) the Actively at Work definition; and
2) the applicable number of hours needed to meet the requirement for Full-Time Employee, as stated in the Schedule of Benefits.

If the Policyholder has approved more than one type of Leave of Absence for the Person during any one period, AUL will consider such leaves to be concurrent for the purpose of determining how long the Person's coverage may continue under the policy.

SECTION 5D - CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE FOR ACTIVE MILITARY SERVICE

LEAVE OF ABSENCE means the Person is absent from Active Work for a temporary period of time that has been agreed to in advance in writing by the Policyholder.

CONTINUATION OF PERSONAL INSURANCE DURING A LEAVE OF ABSENCE FOR ACTIVE MILITARY SERVICE: If the Person is on a Leave of Absence for Active Military Service as described under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and applicable state law, the Person's coverage may be continued until the LATER of:

1) the length of time the coverage may be continued under the policy for an FMLA leave of absence; or
2) the length of time the coverage may be continued under the policy for a Leave of Absence other than an FMLA leave of absence.

Coverage continued under this Section is subject to the following requirements:

1) applicable premiums must continue to be paid to AUL in accordance with the policy (see Section 6 - Premium Payment); and
2) Basic Monthly Earnings will be the amount last reported to AUL in writing and in effect prior to the date the Person's Leave of Absence for Active Military Service began.

Continuation of Personal Insurance under this provision will cease on the earliest of the following:

1) the date a Person dies;
2) the date a Person's coverage terminates for nonpayment of premiums;
3) the date a Person begins full or part-time employment with another employer;
4) the date the policy terminates;
5) the date a Person notifies the Policyholder that he will not be returning to Active Work;
6) the date a Person's class is no longer offered under the policy;
7) the date a Person no longer qualifies for a Leave of Absence or participation in an eligible class, as stated in the Schedule of Benefits; or
8) the date a Person requests termination of coverage under the policy, but not prior to the date of request.

All terms and conditions of the policy will apply during the approved continuation period provided under this Section, unless otherwise stated. While Personal Insurance is being continued under this Section, the Person will be considered exempt from the requirements listed below:

1) the Actively at Work definition; and
2) the applicable number of hours needed to meet the requirement for Full-Time Employee, as stated in the Schedule of Benefits.

If the Policyholder has approved more than one type of Leave of Absence for the Person during any one period, AUL will consider such leaves to be concurrent for the purpose of determining how long the Person's coverage may continue under the policy.

SECTION 6 - PREMIUM PAYMENT

PREMIUM PAYMENTS: As provided in the Application, the Policyholder is responsible for properly and accurately paying premiums to AUL on or before the Due Date. All premiums will be calculated and paid in U.S. dollars. At the request of the Policyholder and AUL's written approval, the interval of premium payments may be changed.

Overpayment of premium will not result in increases in any coverage amounts or additional benefits for the Policyholder or Person. If a Person has contributory insurance, premiums paid by the Person may be paid by means of payroll deduction administered by the Policyholder.

Premiums for a Person's coverage under the policy shall be owed beginning on the Person's Individual Effective Date of Insurance. Premiums will cease to be owed on the Person's individual termination date. However, premiums will continue to be owed for a Disabled Person who ceases work.

Monthly premiums for each Person will change automatically following attainment of each new age bracket. Each premium payment will include adjustments in past premiums for changes that have not previously been taken into account. Payment of any premium does not maintain the insurance in force beyond the end of the period for which it has been paid. Each premium payment is owed to AUL on or before its Due Date.

PREMIUM RATES: AUL reserves the right to change premium rates on any date:

1) after the Policyholder's coverage has been in effect for one year (and adjusted no more often than once every 6 months thereafter, based on at least 12 months of experience), by giving prior written notice to the Policyholder at least 45 days before the effective date of the change;
2) the eligibility or benefit provisions are changed;
3) the number of Persons insured through the Policyholder changes by 25% or more;
4) a division, unit, subsidiary or affiliate is added to, or deleted from, the Policyholder's coverage under the policy;
5) if the age or any other fact that affects the benefits for a Person or Policyholder has been misstated; or
6) there is a change in existing laws which affects the coverage offered under the policy.

SECTION 7 - GENERAL POLICY PROVISIONS

AGENCY: For all purposes of the policy, the Policyholder acts on behalf of itself or as agent for the Person. Under no circumstances will the Policyholder be deemed the agent of AUL.

AMENDMENT AND CHANGES: The policy may be amended in writing by mutual agreement between the Policyholder and AUL, but without prejudice to any loss incurred prior to the effective date of the amendment. No change in the policy is valid until approved by the Chief Executive Officer, President or Secretary of AUL. No agent has the authority to approve coverage, change the policy or waive any of its provisions.

ASSIGNMENT: No assignment of any present or future right or benefit under the policy will bind AUL without its prior written consent and when permitted under applicable laws.

CERTIFICATES: AUL will issue a certificate for delivery by the Policyholder to the insured Persons. The certificate will summarize the Person's coverage under the policy and will state:
1) the benefits provided; and
2) to whom the benefits are payable.

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

CLERICAL ERROR: If a clerical error is made in keeping records on the coverage under the policy, it will not affect otherwise valid insurance. A clerical error does not continue insurance which is otherwise terminated, make insurance effective when it should not have been or change the amount of insurance provided by the provisions of the policy.

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

DATA AND RECORDS: The Policyholder must promptly furnish all information/documentation that AUL reasonably requires. The Policyholder must furnish all relevant information to AUL about Persons:
1) who qualify to become insured or are eligible for benefits; and/or
2) whose amounts of insurance change; and/or
3) whose insurance terminates.

At any reasonable time, AUL or its representatives shall have the right to inspect the records of the Policyholder that, in the opinion of AUL, may have a bearing on the insurance coverage provided under the policy.

SECTION 7 - GENERAL POLICY PROVISIONS

DISCRETIONARY AUTHORITY: Benefits under the policy will be paid only if AUL (or its third party administrator) decides in its discretion that the Person is entitled to them. Except for the functions the policy explicitly reserves to the Policyholder, AUL (or its third party administrator) reserves the right to:

1) manage the policy and administer claims under it; and
2) interpret the provisions and resolve any questions arising under it.

AUL's (or its third party administrator's) authority includes, but is not limited to, the right to:

1) establish and enforce procedures for administering the policy and claims under it;
2) determine Employees' eligibility for coverage and entitlement to benefits;
3) determine what information it reasonably requires to make such decisions; and
4) resolve all matters when a claim review is requested.

Any decision that AUL (or its third party administrator) makes, in the exercise of its authority, will be conclusive and final subject to any rights under applicable laws such as the Employee Retirement Income Security Act (ERISA). This provision applies only where the interpretation of the policy is governed by ERISA. AUL may delegate some or all of its rights under this Discretionary Authority provision to another person or entity, and AUL hereby desires to share with and delegate rights under this provision to its third party administrator.

ENTIRE CONTRACT: The policy, the application/enrollment forms of the Persons, the Application of the Policyholder, and any amendments made from time to time constitute the entire contract.

GRACE PERIOD: If the Policyholder or AUL does not give notice in writing that coverage under the policy is to be terminated due to unpaid premium, a Grace Period of 31 days will be granted for the payment of any premium owed after the first premium Due Date. During the Grace Period, the policy will continue in force but will automatically terminate on the last day of the Grace Period. The Policyholder is liable to AUL for payment of premiums for the days of grace during which the policy remains in force. AUL is not obligated to pay claims incurred during the Grace Period until the premium owed is received.

INSURANCE FRAUD: AUL wants to ensure that its customers do not incur additional insurance costs as a result of the act of insurance fraud. Applicable state laws require AUL to undertake measures to detect, investigate and pursue prosecution for fraud.

Anyone that knowingly completes an application for insurance or statement of claim containing any materially false information or facts, with the intent to deceive, conceal or mislead is committing a fraudulent insurance act. This is a crime and may subject such Persons to criminal and civil penalties.

MISSTATEMENT OF FACTS: If the age or any other fact that affects the benefits for a Person or Policyholder has been misstated, the benefits will be payable based on the true facts. Premium adjustment will be made so that AUL will receive the actual premium required based on the true facts.

REHABILITATION: The goal of a rehabilitation program is to enable the Person to return to work. The Person may choose to join a vocational rehabilitative program while receiving Disability benefits, if prior approval is given in writing by AUL. If the program is approved in advance by AUL, such participation will not alone be deemed recovery from Disability. By mutual written agreement, AUL may help pay the Person's expenses for taking part in the rehabilitation program. Rehabilitation is strictly voluntary and there is no penalty for refusal.

RELATIONSHIP: AUL and the Policyholder are, and will remain, independent contractors. Nothing in the policy or the Application shall be construed as making the parties joint venturers or as creating a relationship of employer and employee, master and servant or principal and agent. Neither party has any power, right or authority to bind the other or to assume or create any obligation or responsibility on behalf of the other. AUL and the Policyholders each retain exclusive control of their time and methods to perform their respective duties. AUL and the Policyholder will employ, pay and supervise their own employees and pay their own expenses. The Policyholder is required to familiarize itself with all relevant state and federal laws including applicable banking, MEWA, plan sponsor, plan administrator, and fiduciary laws. Any violation of federal or state law will require Policyholder to reimburse AUL for any and all damages or fines imposed on AUL as well as AUL's reasonable attorney's fees incurred due to Policyholder's violations and/or any violations incurred by any representative of Policyholder, in which AUL is made party thereof.

STATEMENTS MADE IN AN APPLICATION: all statements in an application or Group Statement of Insurability made by the Policyholder or insured Persons shall be deemed representations and not warranties. No such statements will be used to reduce or deny any claim or to cancel the Person's coverage unless:

1) the statement is in writing; and
2) a copy of that statement is given to the Person or to his personal representative.

TIME LIMIT ON CERTAIN DEFENSES: The validity of any coverage under the policy may not be contested, except for nonpayment of premiums, after the Personal Insurance has been in force for two years from the Person's Individual Effective Date of Insurance. Additionally, if the validity of any coverage under the policy is contested due to a misrepresentation of a material fact during the first two years after the Person's Individual Effective Date of Insurance, no statement made by a Policyholder or a Person relating to his insurability may be used in contesting the validity of the insurance unless the statement is contained in a written instrument signed by the Person.

All statements made by a Policyholder or a Person are to be deemed representations and not warranties, and that other than a misrepresentation of a material fact no statement made by any Person may be used in any contest unless a copy of the instrument containing the statement is or has been furnished to the Person or, in the event of death or incapacity of the Person, to the Person's personal representative.

Notwithstanding the foregoing, AUL is not precluded from asserting at any time any defenses based upon provisions in the policy relating to eligibility for coverage.

WORKERS' COMPENSATION AND WORKMEN'S COMPENSATION NOT AFFECTED: The policy is not in lieu of, and does not affect any requirement for coverage by Workers' or Workmen's Compensation Insurance.

SECTION 7A - CLAIM PROCEDURES

INITIAL NOTICE OF DISABILITY: Written notice of Disability must be given to AUL within 20 days of the Date of Disability. If written notice cannot be made during such time period without the fault of the claimant, AUL must be notified as soon as it is reasonably possible to do so. Written notice should contain sufficient information to identify the Person. Notices are not considered given until received by AUL, or any authorized agent of AUL, at its Home Office in Indianapolis, Indiana, at one of its Claims offices, or by its third party administrator.

CLAIM FORMS: Upon receipt of the Initial Notice of Disability, AUL will furnish the Policyholder with any necessary claim forms to be given to the Person. These forms must be properly, accurately and truthfully completed and returned to AUL or its third party administrator. If, for any reason, the Person does not receive a claim form within 15 days of request, the Person shall be deemed to have complied with the requirements of the policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claims is made.

AUL will also periodically send the Person additional claim forms or requests for information necessary to determine eligibility for benefits under the policy. These subsequent completed claim forms and requests for information must be returned to AUL within 30 days after the Person receives them. If requested forms and/or information are not received from the Person, AUL reserves the right to deny continued benefits for failure to provide proof of continuous disability as required by the policy.

PROOF OF LOSS: The initial claim form or proof of Disability must be signed by a Physician and sent to AUL within 180 calendar days of the end of the Elimination Period. Proof of Disability must show:

1) the claimant's name;
2) the Employer's name and address;
3) the policy number;
4) the date Disability started;
5) the cause of Disability;
6) the nature and extent of the Disability
7) that the claimant is under the appropriate care of a doctor;
8) the appropriate documentation of the claimant’s earnings and activities; and
9) the name and address of any hospital, health provider, health facility or institution where the claimant has received treatment, including the names of all attending and treating doctors.

If it is not possible to give proof within these limits, it must be given as soon as reasonably possible. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible. Proof of claim may not be given later than one year after the time proof is otherwise required, except in the absence of legal capacity.

PHYSICAL EXAMINATION: AUL, at its own expense, has the right to have a Person examined, hospitalized and/or tested to determine the existence of any Disability that is the basis for a claim. This right may be exercised as often as is reasonably necessary, as determined by AUL, and must be performed by a Physician of AUL's choice. If the Person fails to comply with AUL’s requests for Physical Examination, AUL reserves the right to deny benefits.

SECTION 7A - CLAIM PROCEDURES

LEGAL ACTION: No legal action may be brought to obtain benefits or a refund of premium paid under the policy:

1) for at least 60 days after proof of loss or entitlement to a premium refund has been furnished;
2) before any denial or reduction of benefits by AUL has been appealed properly in writing; or
3) beyond the expiration of the applicable statute of limitations from the time proof of loss or entitlement to a premium refund is required to be given. If no statute of limitations is given, then after 3 years following the expiration of the time within which proof of loss or entitlement to a premium refund is required by the Policyholder.

TIME OF PAYMENT OF CLAIMS: When AUL receives a claim form or proof of Disability, benefits payable under the policy will be paid immediately upon receipt of due written proof of such loss.

PAYMENT OF CLAIMS: All benefits, other than any survivor benefits, are payable to a Person. If a Person dies before a benefit to which he was entitled is paid, AUL has the right to pay up to $3,000 to any of the Person's relatives to whom AUL considers entitled to such benefits. If AUL pays benefits in good faith to a person who it considers entitled to such benefits, then AUL will have no obligation to pay such benefits again. The Monthly Benefit will be calculated and paid in United States dollars, and when necessary, it will be based on the exchange rate effective on the first day of the Elimination Period.

SECTION 7A - CLAIM PROCEDURES

RIGHT TO APPEAL: When the policy is governed by ERISA, if a Person wishes to appeal the decision made by AUL or its third party administrator, claimants are allowed 180 days following receipt of a notification of an adverse benefit determination within which to appeal the determination. Claimants are allowed the opportunity to submit written comments, documents, records and other information relating to the claim for benefits. The claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits. Whether a document, record or other information is relevant to a claim for benefits shall be determined by reference to paragraph (m)(8) of 29 C.F.R. § 2560.503-1. AUL's review will take into account all written comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. A claimant has a right to obtain the information about any voluntary appeal procedures offered by the plan described in paragraph (c)(3)(iv) of 29 C.F.R. § 2560.503-1 and has a right to bring an action under section 502(a) of ERISA. A final determination will be provided pursuant to 29 C.F.R. § 2560.503-1.

RIGHT OF RECOVERY: If benefits have been received for which the Person was not entitled to receive under the policy, then full reimbursement to AUL is required. Such reimbursement is required whether the overpayment is due to intentional or innocent misrepresentations by the Person, intentional or innocent misrepresentations by an entity supplying AUL with information, a claims processing error or miscalculation by AUL or for any other reason. If reimbursement is not made, then AUL has the right, as allowed under law to:

1) reduce future benefits or any amounts payable under all other AUL insurance contracts insuring the Person until full reimbursement is made, and
2) recover such overpayments from the Person or his estate.

If AUL chooses not to use benefit payments towards the reimbursement, this will not constitute a waiver of AUL's rights to reimbursement. This provision will be in addition to, and not in lieu of, any other compensation available to AUL by law.

MONTHLY BENEFIT PAYMENTS: AUL will pay Disability benefits, according to the policy, if a Person becomes Disabled while insured by the policy. AUL must receive proof that a Person is Disabled due to Sickness or Injury and requires the Regular Attendance of a legally qualified Physician (unless the Person has reached their maximum point of recovery). AUL will pay the Person a Monthly Benefit after the Person satisfies the Elimination Period. The Elimination Period may be satisfied by Total Disability.

The Monthly Benefit will be paid as long as Disability continues; provided that proof of continued Disability is submitted to AUL upon request and the Person is under the Regular Attendance and care of a Physician (unless the Person has reached their maximum point of recovery). The proof must be submitted at the Person's expense. Monthly Benefits will not be paid during any period that a Person is incarcerated in a penal or correctional institution.

The Monthly Benefit will not exceed the Maximum Monthly Benefit, nor will it be payable for longer than the Maximum Benefit Duration. The Maximum Monthly Benefit and the Maximum Benefit Duration are stated in the Schedule of Benefits.

PRORATING OF MONTHLY BENEFIT: The eligible Monthly Benefit will be paid on a weekly basis. To determine the weekly payment, the Monthly Benefit will be multiplied by 12, then divided by 52. For any period of Disability less than one week, the weekly benefit payment will be paid on a pro-rata basis at the rate of 1/7 per day.

TERMINATION OF THE MONTHLY BENEFIT: The Monthly Benefit will cease on the EARLIEST of the following:

1) the date that the Person ceases to be Disabled;
2) the date the Person dies;
3) the date the Maximum Benefit Duration stated in the Schedule of Benefits is completed;
4) the date the Person fails to give AUL required proof of Disability or information required by AUL to determine if any benefits are owed under the policy;
5) the date the Person refuses to allow an examination requested by AUL;
6) the date the Person is no longer under the Regular Attendance and care of a Physician, unless the Physician certifies that the Person has reached his maximum point of recovery and is still disabled according to the provisions of the policy;
7) the date the Person refuses to provide any evidence required by AUL to verify the Person's Current Monthly Income; or
8) the date the Person leaves the United States or Canada and establishes his residence in any other country. A Person will be considered to reside outside these countries when the Person has been outside the United States or Canada for a total period of 6 months or more during any 12 consecutive Monthly Benefit payments.

RECURRENT DISABILITY: If, after a period of Disability for which benefits are payable, the Person resumes his Regular Job as a Full-Time Employee and performs each Material and Substantial Duty of that Job for a continuous period of 30 days or more of full-time work, any Recurrent Disability will be part of a new period of Disability and a new Elimination Period must be completed before any further Monthly Benefits are payable.

If the Person resumes his Regular Job as a Full-Time Employee and performs each Material and Substantial Duty of that Job for less than 30 consecutive days of full-time work, a Recurrent Disability will be part of the same period of Disability. The Recurrent Disability must be the direct result of the Injury or Sickness that caused the prior Disability. The Person will not have to complete a new Elimination Period. Benefit payments will be subject to the terms of the policy for the prior Disability. The benefit will be based on the amount of Monthly Benefit in effect immediately prior to the original Elimination Period.

In order to prevent over-insurance because of duplication of benefits, benefits payable under the Recurrent Disability provision will cease if benefits are payable to the Person under any other group short term disability policy.

The Recurrent Disability provision in this Section is only applicable as long as the Policyholder’s coverage remains in force with AUL.

ORGAN TRANSPLANT PROCEDURE means the surgical removal of any one or more of a Person's organs for the purpose of transplanting to another individual.

ORGAN DONOR TRANSPLANT BENEFIT: AUL will pay a Monthly Benefit if a Person becomes Disabled as a result of an Organ Transplant Procedure while insured under the policy. Proof of the Disability must be received by AUL for review. Payment of this benefit will not be subject to satisfaction of the Pre-Existing Condition exclusion or limitation period.

TERMINATION: The Organ Donor Transplant Benefit will terminate the EARLIER of:

1) the date that the Person ceases to be Disabled;
2) the date the Person dies;
3) the date the Maximum Benefit Duration stated in the Schedule of Benefits is completed;
4) the date the Person fails to give AUL required proof of Disability or information required by AUL to determine if any benefits are owed under the policy;
5) the date the Person refuses to allow an examination requested by AUL;
6) the date the Person is no longer under the Regular Attendance and care of a Physician, unless the Physician certifies that the Person has reached his maximum point of recovery and is still disabled according to the provisions of the policy;
7) the date the Person refuses to provide any evidence required by AUL to verify the Person's Current Monthly Income; or
8) the date the Person leaves the United States or Canada and establishes his residence in any other country. A Person will be considered to reside outside these countries when the Person has been outside the United States or Canada for a total period of 6 months or more during any 12 consecutive Monthly Benefit payments.

SECTION 9 - EXCLUSIONS

GENERAL EXCLUSIONS: The policy does not cover any Disability caused by, contributed to by, or resulting from:

1) participation in war or any act of war, declared or undeclared;
2) active participation in a riot;
3) attempted suicide, regardless of mental capacity;
4) attempted or actual self-inflicted bodily injury or self destruction, including but not limited to the voluntary inhaling or taking of:
   a) a prescription drug in a manner other than as prescribed by a Physician;
   b) any federal or state regulated substance in an unlawful manner;
   c) non-prescription medicine in a manner other than as indicated in the printed instructions;
   d) poison; and
   e) toxic fumes;
5) commission of or attempt to commit a criminal act under relevant state law;
6) Cosmetic Surgery. However, Cosmetic Surgery will be covered when it is due to:
   a) reconstructive surgery incidental to, or follows surgery resulting from, trauma, infection or other diseases of the involved part; or
   b) congenital disease or anomaly that has resulted in a functional defect;
7) a Person being legally intoxicated as defined by the law of the jurisdiction in which the incident occurs;
8) any event that occurs while a Person is incarcerated in a penal or correctional institution;
9) participation in any self asphyxiation method;
10) Surgery that is not Medically Necessary to treat a Sickness or Injury;
11) traveling or flying on any aircraft operated by or under authority of military or any aircraft being used for experimental purposes; or
12) engaging in any illegal or fraudulent occupation, work, or employment.

SECTION 9 - EXCLUSIONS

PRE-EXISTING CONDITION LIMITATION:

A limited benefit will be paid if the Person's Disability begins in the first 12 months following the Person's Individual Effective Date of Insurance; and the Person's Disability is caused by, contributed to by, or the result of a condition for which medical advice, diagnosis, care, or treatment was received or recommended within the 3 months just prior to the Person's Individual Effective Date of Insurance.

The monthly amount payable under this provision will be the lesser of:
1) the Person's Monthly Benefit payable if the Person did not have a Pre-Existing Condition; or
2) the Person's Gross Monthly Benefit multiplied by 25%.

Benefits under this provision are payable for no more than 1 month during any one period of Disability. In no event will benefits be paid beyond the Maximum Benefit Duration.

When the policy is replacing a Prior Plan of Franchise Coverage, the preceding Pre-Existing Condition Limitation provision will not apply to a Person:

1) who is listed on the prior carrier's Franchise Coverage billing statement within 90 days before the Policyholder's original Effective Date;
2) who requests coverage under the policy when he first becomes eligible for coverage; and
3) whose coverage under the Prior Plan terminated.

SECTION 9 - EXCLUSIONS

PRE-EXISTING CONDITION EXCLUSION ON AN INCREASED MONTHLY BENEFIT OR ANNUAL INCREASE IN BENEFIT: This provision applies to an increase in the Monthly Benefit that occurs after the Policyholder's Effective Date.

The policy will not cover the amount of the increase in the Monthly Benefit if the Person's Disability begins in the first 12 months following the effective date of the increase in coverage; and the Person's Disability is caused by, contributed to by, or the result of a condition for which medical advice, diagnosis, care, or treatment was received or recommended within the 3 months just prior to his effective date of increase in amount of insurance.

PRE-EXISTING CONDITION EXCLUSION ON AN INCREASED BENEFIT WHEN CHANGING CARRIERS: This provision applies to an increase in the Maximum Monthly Benefit when:

1) coverage under the policy replaces a Prior Plan; and
2) coverage under the policy has a Maximum Monthly Benefit that is in excess of the Prior Plan.

The policy will not cover the amount of the increase in Maximum Monthly Benefit if the Person's Disability begins in the first 12 months following the Policyholder's Effective Date; and the Person's Disability is caused by, contributed to by, or the result of a condition for which medical advice, diagnosis, care, or treatment was received or recommended within the 3 months just prior to his effective date of increase in amount of insurance.

PRE-EXISTING CONDITION EXCLUSION FOR A CHANGE IN OPTIONS: This provision applies when a Person changes Options resulting in an increase in coverage after the Policyholder's Effective Date.

The policy will not cover the Person under the new Option if the Person's Disability begins in the first 12 months following the Effective Date of Change in Options; and the Person's Disability is caused by, contributed to by, or the result of a condition for which medical advice, diagnosis, care, or treatment was received or recommended within the 3 months just prior to the Effective Date of Change in Options.

A Person will receive benefits based on the Option he was previously insured under if eligible for such benefits according to the provisions applicable to that Option.

SECTION 13 - CONTINUITY OF COVERAGE

WHEN REPLACING FRANCHISE COVERAGE: This provision applies when coverage under the policy replaces a Prior Plan of Franchise Coverage that the Policyholder sponsored. This Section will apply only to Persons who were insured under the Prior Plan of Franchise Coverage within the 90 days before the Policyholder's original Effective Date.

Unless replacing a Prior Plan of AUL coverage with short or long term coverage, a Prior Plan must be replaced with:
1) a plan of long term coverage for long term coverage;
2) a plan of short term coverage for short term coverage; or
3) a plan that contains a short Elimination Period and a long term Maximum Benefit Duration.

Continuity of Coverage will apply to a Person who would not get coverage under the policy because of the failure of a Person to be Actively at Work due to Disability, an approved Leave of Absence or temporary layoff on the Policyholder's Effective Date.

BENEFITS FOR A PERSON WHO FAILS TO BE ACTIVELY AT WORK DUE TO DISABILITY: The policy will insure, subject to proper premium payments, a Person who:
1) was insured under the Prior Plan on its termination date; and
2) is not Actively at Work due to Disability, an approved Leave of Absence or temporary layoff on the Policyholder's Effective Date.

Coverage under this provision will begin on the Policyholder's Effective Date and will continue until the EARLIEST of:
1) the date the Person returns to Active Work; or
2) the date coverage would otherwise end, according to the provisions of the AUL policy.

When replacing Franchise Coverage, the benefits payable will be the same as the benefits of the Policyholder's policy with AUL

This Section of the Continuity of Coverage provision does not establish eligibility for coverage of a Person under the policy. Eligibility can only be met when the Person returns to full-time, Active Work as described in the Eligibility and Individual Effective Date of Insurance Section.

SECTION 14 - PORTABILITY PRIVILEGE

If a Person's insurance under the policy terminates for any reason other than stated below, the Person is entitled to continue his coverage for 12 months without submission of Evidence of Insurability. To be eligible for this Privilege, the Person must have been insured under the policy for at least 3 consecutive months just before insurance under the policy terminated.

This Portability Privilege provides the same coverage that the Person had immediately prior to the date of his termination. Any benefits payable are governed by the policy according to the provisions and benefits elected by the Policyholder and stated in the Schedule of Benefits. However, the Maximum Benefit Duration will be the lesser of:

1) 2 years; or
2) the Maximum Benefit Duration in effect immediately prior to the date of his termination.

This Portability Privilege is subject to the following:

1) application for Portability must be made via a method approved by AUL within 31 calendar days after termination of insurance under the policy;
2) payment of the initial correct amount of premium;
3) the premium is based on the Person's age and the premium rate in effect on the date of application for Portability; and
4) the effective date for the Person under the Portability Privilege is the date immediately following the date of his termination.

The Portability Privilege is not available to any Person:

1) whose insurance under the policy terminates for any of the following reasons:
   a) the Person enters a class of Employees that are not eligible for coverage under the policy;
   b) the Person retires (when the Person receives payment from any Employer's Retirement Plan as recognition of past services or has concluded his/her working career); or
   c) the Person failed to pay any required premium;
2) who is or becomes insured for any other group long or short term disability policy which provides coverage similar to the type of coverage provided by the policy within 31 days after termination under the policy;
3) who is Disabled under the terms of the policy; or
4) who is on leave of absence.

Insurance under the Portability Privilege will terminate on the earliest of the following dates:

1) the last day for which any required premium has been made;
2) the date the Person requests termination, but not prior to the date of the request;
3) the last day of a Coverage Month, provided that AUL has given at least 45 days prior written notice to the Person;
4) the date the Person retires;
5) the date the policy terminates;
6) the date the Person enters active military service for any country, except for temporary duty of 30 days or less;
7) the date that coverage begins under any other group long or short term disability policy that provides coverage similar to coverage provided by the policy;
8) the date following 12 months of coverage; or
9) the date the Person leaves the United States or Canada and establishes his residence in any other country. A Person will be considered to reside outside these countries when the Person has been outside the United States or Canada for more than 6 months in any 12 month period.

SECTION 16A - VOCATIONAL REHABILITATION PROGRAM

VOCATIONAL REHABILITATION PLAN means a written plan that a vocational rehabilitation professional, designated by AUL, prepares in accordance with this Vocational Rehabilitation Program section.

VOCATIONAL REHABILITATION PROGRAM: AUL's Vocational Rehabilitation Program is designed to assist a Person in returning to work. A Person's claim is reviewed and medical and vocational information is analyzed to determine if rehabilitation services might assist in this process.

AUL's Rehabilitation Program specialists, who coordinate with a Person's Physician and other specialists, complete an initial review. After this review, AUL may elect to offer and pay for a reasonable and necessary Vocational Rehabilitation Program. A Person must receive written approval from AUL, and a Vocational Rehabilitation Plan must be developed for the Person, before he is eligible for services under this provision. AUL will not reimburse unapproved or unnecessary rehabilitation expenses.

AUL's Vocational Rehabilitation Program may include coordination with other parties to:

1) assist in a Person's return to work;
2) evaluate adaptive equipment to allow a Person to work;
3) provide child care assistance during a Person's participation in a rehabilitation program;
4) provide vocational evaluation;
5) provide job placement services;
6) provide resume preparation;
7) provide job-seeking skills training;
8) provide retraining for a new occupation;
9) provide alternative treatment plans such as recommendations for:
    a) support groups;
    b) physical therapy;
    c) occupational therapy;
    d) speech therapy;
    e) exercise programs;
    f) mental health programs; or
    g) other medical rehabilitation programs.

FIDUCIARY NOTICE

Under North Carolina General Statute Section 58-50-40, no person, employer, principal, agent, trustee, or third party administrator, who is responsible for the payment of group health or life insurance or group health plan premiums, shall: (1) cause the cancellation or nonrenewal of group health or life insurance, hospital, medical, or dental service corporation plan, Multiple Employer Welfare Arrangement, or group health plan coverages and the consequential loss of the coverages of the persons insured, by willfully failing to pay those premiums in accordance with the terms of the insurance or plan contract, and (2) willfully fail to deliver, at least 45 days before the termination of those coverages, to all persons covered by the group policy a written notice of the person's intention to stop payment of premiums. This written notice must also contain a notice to all persons covered by the group contract of their rights to health insurance conversion policies under Article 53 of Chapter 58 of the General Statutes and their rights to purchase individual policies under the Federal Health Insurance Portability and Accountability Act and under Article 68 of Chapter 58 of the General Statutes. Violation of this law is a felony. Any person violating this law is also subject to a court order requiring the person to compensate persons insured for expenses or losses incurred as a result of the termination of the insurance.

NOTICE CONCERNING COVERAGE
LIMITATIONS AND EXCLUSIONS UNDER THE NORTH CAROLINA
LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of this state who purchase life insurance, annuities or health insurance should know that the insurance companies licensed and Health Maintenance Organizations (HMOs) licensed in this state to write these types of insurance are members of the North Carolina Life and Health Insurance Guaranty Association. The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer or HMO becomes financially unable to meet its obligations. If this should happen, the guaranty association will assess its other member insurance companies for the money to pay the claims of the insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the guaranty association is not unlimited, however. And, as noted *in the box* below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

The North Carolina Life and Health Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in North Carolina. You should not rely on coverage by the North Carolina Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the guaranty association to induce you to purchase any kind of insurance policy.

The North Carolina Life and Health Insurance Guaranty Association
4441 Six Forks Rd. STE 106-153
Raleigh, North Carolina 27609-5729
https://www.nclifega.org/

North Carolina Department of Insurance, Consumer Services Division
1201 Mail Service Center
Raleigh, North Carolina 27699-1201

The state law that provides for this safety-net coverage is called the North Carolina Life and Health Insurance Guaranty Association Act. *On the back of this page* is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the guaranty association.

COVERAGE

Generally, individuals will be protected by the life and health guaranty association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer or HMO. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- The insurer was not authorized to do business in this state;
- Their policy was issued by a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.
- They acquired rights to receive payments through a structured settlement factoring transaction.

The association also does not provide coverage for:

- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Interest rate yields that exceed the average rate specified in the law;
- Dividends;
- Experience or other credits given in connection with the administration of a policy by a group contractholder;
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contractholders, not individuals), unless they fund a government lottery or a benefit plan of an employer, association or union, except that unallocated annuities issued to employee benefit plans protected by the Federal Pension Benefit Guaranty Corporation are not covered.
- A policy or contract commonly known as Medicare Part C or Medicare Part D, Medicaid or any regulations issued pursuant thereto.

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the association is obligated to pay out as follows:

(1) The guaranty association cannot pay out more than the insurance company would owe under the policy or contract.
(2) Except as provided in (3) (4) and (5) below, the guaranty association will pay a maximum of $300,000 per individual, per insolvency, no matter how many policies or types of policies issued by the insolvent company
(3) The guaranty association will pay a maximum of $500,000 with respect to a health benefit plan.
(4) The guaranty association will pay a maximum of $1,000,000 with respect to the payee of a structured settlement annuity.
(5) The guaranty association will pay a maximum of $5,000,000 to any one unallocated annuity contract holder.