



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina
800.433.3036

Endorsement to Policy and Certificate of Insurance

This Endorsement alters the Policy and the Certificate to which it is attached. Unless specifically addressed by this Endorsement, all other Policy and Certificate provisions, definitions, and terms continue to apply.

Continental American Insurance Company's mailing addresses for claims and premium payments are changed as listed below.

Notice of Claim and Proof of Loss should be mailed to the Company at:

P.O. Box 84075, Columbus, Georgia, 31993-9103

Premium Payments should be mailed to the Company at:

P.O. Box 84069, Columbus, Georgia, 31908-4069

If applicable, references to 2801 Devine Street, Columbia, SC 29205 are deleted.

Signed for the Company at its Home Office,

Teresa White, President

J. Matthew Loudermilk, Secretary



CONTINENTAL AMERICAN INSURANCE COMPANY

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Based on the application for this Group Supplemental Hospital Indemnity Insurance Policy (herein called the Plan) made by

Person County Government
(herein called the Policyholder)

and based on the payment of the premium when due, Continental American agrees to pay the benefits provided on the following pages.

This Plan becomes effective at 12:01 a.m. Standard Time at the policyholder's address on the Effective Date shown below. It may be continued in effect by the payment of premiums as provided in Section II. The Plan will terminate as provided in the provision titled "Termination of the Plan" in Section I.

IMPORTANT CANCELLATION INFORMATION - PLEASE READ THE PROVISION ENTITLED "TERMINATION OF THE PLAN" FOUND ON PAGE 3.

The first anniversary of this Plan will be the Anniversary Date shown below. Subsequent anniversaries of the Plan will be the same date each year thereafter.

All matter printed or written by Continental American on the following pages forms a part of this Plan as if recited over the signatures below. This Plan is a legal contract between Continental American and the policyholder.

THIS PLAN IS NOT A SUBSTITUTE FOR MAJOR MEDICAL COVERAGE; IT IS DESIGNED TO SUPPLEMENT A MAJOR MEDICAL PROGRAM.

This Plan is delivered in and is governed by the laws of North Carolina.

In witness whereof Continental American has caused this Plan to be executed at its Home Office in Columbia, South Carolina, on the Effective Date.

READ YOUR POLICY CAREFULLY.

Signed for the Company at its Home Office,

Teresa White, President

J. Matthew Loudermilk, Secretary

THERE MAY BE NO RECOVERY FOR PRE-EXISTING CONDITIONS FOR THE FIRST YEAR

Group Policy Number - 23442
Effective Date - July 1, 2020
Anniversary Date - July 1, 2021

Jurisdiction - North Carolina
Non-Participating

GROUP POLICY PROVISIONS

- SECTION I** - Eligibility, Effective Date and Termination
- SECTION II** - Premium Provisions
- SECTION III** - Definitions
- SECTION IV** - Benefit Provisions
- SECTION V** - Limitations and Exclusions
- SECTION VI** - Claim Provisions
- SECTION VII** - General Provisions
- SECTION VIII** - Benefit Schedule
- SECTION IX** - Schedule of Operations
- SECTION X** - Incorporation of Rider Provisions
- SECTION XI** - Occupational Classifications and Schedule of Premiums

SECTION I ELIGIBILITY, EFFECTIVE DATE AND TERMINATION

ELIGIBILITY

Employee, as used in this Plan, means a person insured under this Plan who is:

1. An Employee of the policyholder, and has served 0 days of continuous employment;
2. Under age 65; **and**
3. Engaged in full-time work; **and**
4. Included in the class of employees eligible for coverage as shown on the application.

EFFECTIVE DATE

The Effective Date of this Plan is shown on Page 1.

The Effective Date for an Employee is as follows:

1. An Employee's insurance will be effective on the date shown on his or her Certificate Schedule provided the Employee is then actively at work.
2. If an Employee is not actively at work on the date coverage would otherwise become effective, the Effective Date of his or her coverage will be the date on which such Employee is first thereafter actively at work.

TERMINATION OF THE PLAN

The Plan will cease if the policyholder fails to pay the premium before the end of the grace period.

After the end of the first Plan year, Continental American has the right to cancel the Plan on the day prior to the date any premium is due by giving 45 days written notice.

The Plan will terminate when the number of participating Employees is less than the number mutually agreed upon by the policyholder and Continental American in writing.

In these events, this Plan and all certificates issued hereunder will terminate on such date at 12:01 a.m. Standard Time at the policyholder's address. This will be without prejudice to the rights of any Employee as respects any claim arising during the period the Plan is in force.

The policyholder has the sole responsibility to notify Employees of such termination.

TERMINATION OF AN EMPLOYEE'S INSURANCE

An Employee's insurance will terminate on the earliest of:

1. The date the Plan is terminated;
2. On the 31st day after the premium due date if the required premium has not been paid;
3. On the date an Employee ceases to meet the definition of an Employee as defined in the Plan;
4. On the premium due date which falls on or first follows the Employee's 70th birthday; **or**
5. On the date he or she is no longer a member of an eligible class.

Termination of the insurance on any Employee shall be without prejudice to his or her rights as regarding any claim arising prior thereto.

SECTION II

PREMIUM PROVISIONS

PREMIUM CALCULATIONS

Premiums payable on any premium due date for insurance on Employees will be calculated in accordance with the Schedule of Premiums. Continental American will give the policyholder written notice 45 days prior to the date any change in rates is to be effective.

PREMIUM PAYMENTS

The first premiums are due on the Effective Date of this Plan. After that, premiums are due on the first day of each month that the Plan remains in effect.

Aggregate premiums for this Plan are to be paid by the policyholder to Continental American at its Home Office in Columbia, South Carolina. Payment of any premium will not keep the Plan in force beyond the due date of the next premium, except as set forth in the Grace Period.

GRACE PERIOD

This Plan has a 31-day grace period. This means that if a renewal premium is not paid on or before the date it is due, it may be paid during the next 31 days. During the grace period, the Plan will stay in force, unless the policyholder has given Continental American written notice of discontinuance of the plan.

SECTION III

DEFINITIONS

When the terms below are used in this Plan, the following definitions will apply:

We, Us, or Our - means Continental American.

You and Your - refer to an employee as defined in this Plan.

Covered Person - means you if the certificate is issued as Individual coverage.

If the certificate is issued as:

1. Employee/Spouse coverage Covered Person means you and your legal spouse.
2. Single Parent Family coverage Covered Person means you and your covered dependent children as defined in the applicable rider, that have been accepted for coverage.
3. Family coverage Covered Person means you, your spouse and covered dependent children, as defined in the applicable rider, that have been accepted for coverage.

Injury or Injuries - means accidental bodily injury or injuries caused solely by or as the result of a covered accident.

Covered Accident - means an accident, which occurs on or after your Effective Date, while your certificate is in force, and which is not specifically excluded.

Sickness - means an illness, infection, disease or any other abnormal condition, which is not caused solely by or the result of an injury.

Covered Sickness - means an illness, infection, disease or any other abnormal physical condition which is not caused solely by or the result of any injury which:

1. Occurs while this Plan is in force; **and**
2. Was not treated or for which you did not receive advice within 12 months before the effective date of this Plan; **and**
3. Is not excluded by name or specific description in this Plan.

Calendar Year – means the period beginning on the Plan Effective Date and ending on December 31 of the same year. Thereafter, it is the period beginning on January 1 and ending on December 31 of each following year.

On-The-Job Benefits - means the benefits we will pay if a covered accident occurs while you are working at any job for pay or benefits. These benefits are shown in the Benefit Schedule under On-The-Job.

Off-The-Job Benefits - means the benefits we will pay if a covered accident occurs while you are not working at any job for pay or benefits. These benefits are shown in the Benefit Schedule under Off-The-Job.

Monthly Benefit - means a specified amount paid for a period of one month, with any periods of less than one month paid at the daily rate of 1/30th of the monthly amount.

Doctor or Physician - means a person, other than yourself, or a member of your immediate family, who:

1. Is licensed by the state to practice a healing art;
2. Performs services which are allowed by his or her license; **and**
3. Performs services for which benefits are provided by this Plan.

Immediate Family - means your spouse, son, daughter, mother, father, sister, or brother.

Hospital - means a place which:

1. Is legally licensed and operated as a hospital;
2. Provides overnight care of injured and sick people;
3. Is supervised by a doctor;
4. Has full-time nurses supervised by a registered nurse;
5. Has on-site or pre-arranged use of X-ray equipment, laboratory and surgical facilities (this requirement is not applicable to state tax-supported institutions); **and**
6. Maintains permanent medical history records.

A hospital is not:

1. A nursing home;
2. An extended care facility;
3. A convalescent home;
4. A rest home or a home for the aged;
5. A place for alcoholics or drug addicts; **or**
6. A mental institution.

Hospital includes any duly licensed state tax supported institution, including those community health centers and other health clinics which are certified as Medicaid providers.

Hospital Intensive Care Unit - means a place which:

1. Is a specifically designated area of the hospital called an intensive care unit that provides the highest level of medical care;
2. Is restricted to patients who are critically ill or injured and who require intensive comprehensive observation and care;
3. Is separate and apart from the surgical recovery room and from rooms, beds and wards customarily used for patient confinement;
4. Is permanently equipped with special lifesaving equipment for the care of the critically ill or injured;
5. Is under constant and continuous observation by a specially trained nursing staff assigned exclusively to the intensive care unit on a twenty four hour basis; **and**
6. Has a doctor assigned to the intensive care unit on a full-time basis.

A hospital intensive care unit is not any of the following step-down units:

1. A progressive care unit;
2. A sub-acute intensive care unit;
3. An intermediate care unit;
4. A private monitored room;
5. A surgical recovery room;
6. An observation unit; **or**
7. Any facility not meeting the definition of a hospital intensive care unit as defined in this Plan.

Your Occupation - means the job in which you are regularly engaged at the time you become insured.

Actively at Work - to be considered actively at work, you must perform for a full normal workday the regular duties of your employment. These duties may be performed at your employer's regular place of business or at a location to which you may be required to travel to perform the regular duties of your employment.

Full-Time Work - means spending at least 30 hours per week performing your occupational duties.

Elimination Period - means the number of days of hospital confinement that must elapse before benefits become payable. The number of days is shown in the Benefit Schedule. Benefits are not payable, nor do they accrue, during an Elimination Period.

Treatment - means consultation, care or services provided by a physician including diagnostic measures and taking prescribed drugs and medicines.

SECTION IV

BENEFIT PROVISIONS

The benefit amounts payable are shown in the Benefit Schedule. Coverage terminates on the premium due date which falls on or first follows your 70th birthday; at that time all benefits cease regardless of the maximum benefit.

Hospital Confinement - We will pay this benefit in the amount shown in the Benefit Schedule, subject to the elimination period if any, when a covered person is confined to a hospital as a resident bed patient as the result of an injury or because of a covered sickness. In order to receive this benefit for an injury, you must be confined to a hospital within 6 months of the date of the covered accident.

The length of time shown for hospital confinement in the Benefit Schedule is the maximum period for which a covered person can collect benefits for each hospital confinement. We will pay for only one hospital confinement at a time even if caused by more than one covered accident, more than one covered sickness or a covered accident and a covered sickness.

If a covered person is not confined to the hospital for a full month, we will pay benefits on a daily basis. Daily benefits are paid at the rate of 1/30th of the monthly amount.

Hospital Admission - We will pay this benefit when a covered person is admitted to a hospital and confined as a resident bed patient because of an injury or because of a covered sickness. In order to receive this benefit for injuries received in a covered accident, a covered person must be admitted to a hospital within 6 months of the date of the covered accident.

We will pay the Hospital Admission benefit amount shown in the Benefit Schedule. We will not pay benefits for confinement to an observation unit, or for emergency room treatment or outpatient treatment.

We will only pay this benefit once for each covered accident or covered sickness. If you are confined to the hospital because of the same or related injury or sickness, we will not pay this benefit again.

Surgical Benefit - If surgery due to an injury or because of a covered sickness is performed by a Physician, We will pay the amount for the Surgical Operation shown opposite the procedure listed in the Schedule of Operations up to the maximum shown on the Benefit Schedule per surgical procedure. The surgery can be performed in a Hospital (on an inpatient or outpatient basis), in an Ambulatory Surgical Center, or in a Physician's office.

If an operation is not listed in the Schedule of Operations, We will pay an amount comparable to that which would be payable for the operation listed in the Schedule of Operations which is most nearly similar in severity and complexity.

If two or more surgical procedures are performed at the same time through the same or different incisions, only one benefit, the largest, will be provided.

Anesthesia Benefits - When a surgical procedure is performed that is covered under the Surgical Benefit, We will pay the amount shown in the Schedule of Operations for anesthesia administered by a Physician in connection with such procedure. Benefits, however, will be 25% of the amount paid under Surgical Benefit.

ADDITIONAL BENEFITS

Wellness Benefit - We will pay the amount shown on the Benefit Schedule page per calendar year when a covered person visits a doctor and the covered person is neither injured nor sick.

SECTION V

LIMITATIONS AND EXCLUSIONS

PRE-EXISTING CONDITION LIMITATION

PRE-EXISTING CONDITION - Pre-existing Condition means within the 12-month period prior to the Effective Date of a Certificate and attached riders, as applicable, those conditions for which medical advice or treatment was received or recommended.

We will not pay benefits for any loss or injury which is caused by, contributed to by, or resulting from a pre-existing condition for 12 months after the Effective Date of a Certificate and attached riders, as applicable, or for 12 months from the date medical care, treatment, or supplies were received for the pre-existing condition, whichever is less.

A claim for benefits for loss starting after 12 months from the Effective Date of a certificate, as applicable, will not be reduced or denied on the grounds that it is caused by a pre-existing condition.

Pregnancy is a "pre-existing condition" if conception was before the effective date of a certificate.

If a certificate is issued as a replacement for a certificate previously issued under this Plan, then the pre-existing condition limitation provision of the new certificate applies only to any increase in benefits over the prior certificate. Any remaining period of pre-existing condition limitation of the prior certificate would continue to apply to the prior level of benefits.

EXCLUSIONS

We will not pay benefits for loss caused by pre-existing conditions (except as stated in the previous provision).

We will not pay benefits for loss contributed to, caused by, or resulting from:

1. War - participating in war or any act of war, declared or not, or participating in the armed forces of or contracting with any country or international authority. We will return the prorated premium for any period not covered by this certificate when you are in such service.
2. Suicide - committing or attempting to commit suicide, while sane or insane.
3. Self-Inflicted Injuries - injuring or attempting to injure yourself intentionally.
4. Traveling - traveling more than 40 miles outside the territorial limits of the United States, Canada, Mexico, Puerto Rico, the Bahamas, Virgin Islands, Bermuda, and Jamaica.
5. Racing - Riding in or driving any motor-driven vehicle in a race, stunt show or speed test.
6. Aviation - operating, learning to operate, serving as a crew member on, or jumping or falling from any aircraft, including those which are not motor-driven.
7. Intoxication - being legally intoxicated, or being under the influence of any narcotic, unless such is taken under the direction of a physician.
8. Illegal Acts - participating or attempting to participate in an illegal activity, or working at an illegal job.
9. Sports - participating in any organized sport: professional or semi-professional.
10. Routine physical exams and rest cures.
11. Custodial care. This is care meant simply to help people who cannot take care of themselves.
12. Treatment for being overweight, gastric bypass or stapling, intestinal bypass, and any related procedures, including complications.
13. Services performed by a relative.
14. Services related to sex change, sterilization, in vitro fertilization, reversal of a vasectomy or tubal ligation.
15. A service or a supply furnished by or on behalf of any government agency unless payment of the charge is required in the absence of insurance.
16. Elective abortion.
17. Treatment, services, or supplies received outside the United States and its possessions or Canada.
18. Injury or Sickness for which benefits are paid or payable by Worker's Compensation.
19. Dental services or treatment.
20. Cosmetic surgery, except when due to medically necessary reconstructive plastic surgery.

21. Mental or emotional disorders without demonstrable organic disease.
22. Alcoholism, drug addiction, or chemical dependency.

SECTION VI

CLAIM PROVISIONS

Notice of Claim - Written notice of claim must be given within 60 days after the covered accident or covered sickness, or as soon as reasonably possible. The notice may be given to us our Home Office in Columbia, South Carolina or to any of our authorized agents. The notice should include the name of the covered person and the certificate number.

Claim Forms - When we receive notice of a claim, we will send you the forms for filing proof of loss. If these forms are not sent to you within 15 days, you will meet the proof of loss requirements by giving us a written statement of the nature and extent of the loss within the time limit stated on the Proof of Loss Section.

Proof of Loss - You must give us written proof within 180 days after the loss for which you are seeking benefits. If it is not reasonably possible to give written proof in the time required, we shall not reduce or deny the claim for this reason if the proof is filed as soon as reasonably possible. In any event, the proof required must be given no later than one year from the covered accident unless you were legally incapacitated during that time.

Time Of Payment Of Claims - After we receive written proof of loss and process your claim, we will pay monthly all benefits then due for the claims providing a periodic payment. Benefits for any other loss covered by this Plan will be paid as soon as we receive proper written proof.

Payment Of Claims - Benefits will be paid to you. All of the benefits due will be paid to you unless you assign them elsewhere. Any benefits unpaid at the time of your death will be paid in the following order:

1. To any approved assignee.
2. Your beneficiary.
3. Your surviving spouse.
4. Your estate.

Changing Your Beneficiary - You can ask us to change your beneficiary at any time. The request must be in writing and we must approve the change. If approved, it will go into effect the day you sign the request. The change will not have any bearing on payments made before we approved the request.

Unpaid Premium - When a claim is paid, any premium due and unpaid may be deducted from the claim payment.

Physical Examination And Autopsy - At our expense, we can require you to have a physical examination as often as reasonably necessary while a claim is pending, or an autopsy in the case of death, where allowed by law. This will be done at our expense.

Legal Action - You cannot take legal action against us for benefits under this Plan:

1. Within 60 days after you have sent us written proof of loss; **or**
2. More than 6 years from the time written proof is required to be given.

SECTION VII

GENERAL PROVISIONS

Entire Contract - The entire contract consists of:

1. The Plan;
2. The application of the policyholder; **and**
3. Your application(s).

All statements made in such application(s) shall, in the absence of fraud, be deemed representations and not warranties. No statement will be used in defense of a claim under this Plan unless:

- a. The statement is in writing signed by the policyholder or by you; **and**
- b. A copy of that statement is given to the policyholder or to you or to your beneficiary.

Contract Changes - No change in this Plan is valid unless approved by our Home Office and unless such approval is endorsed by an officer and attached to this Plan. No agent has the authority to change this Plan or to waive any of its provisions.

Misstatements of Age - If you incorrectly stated your age or the ages of your dependents, if any, in the application, the benefits will be such as the premium paid would have purchased at the correct age. If, based on the correct ages, we would not have issued your certificate or insured certain dependents under this certificate, then our responsibility will be to refund the excess premium paid, if any.

Time Limit On Certain Defenses - After this Plan has been in force for two years as respects an Employee, no misstatements in the application of that Employee may be used to void his or her coverage or to deny any claim for loss incurred after the two year period.

Clerical Error - Clerical error by the policyholder will not end coverage or continue terminated coverage. In the event of such clerical error, a premium adjustment will be made.

Individual Certificate - Continental American will give the policyholder a certificate for each Employee. The certificate will set forth:

1. The coverage;
2. To whom benefits will be paid; **and**
3. The rights and privileges under the Plan.

Data Required - The policyholder will furnish all information and proofs that Continental American may reasonably require with regard to the Plan.

Conformity With State Statutes - Any provision of this Plan which, on the Effective Date, is in conflict with the laws of the state, in which the Plan was issued, will be amended to conform to the minimum requirements of those laws.

SECTION VIII**BENEFIT SCHEDULE
HIGH PLAN**

HOSPITAL CONFINEMENT Maximum 180 days per confinement	\$150 per year
HOSPITAL ADMISSION Payable once per admission	\$1,500 per admission
SURGICAL BENEFIT Maximum \$1,500 per surgical procedure	See Surgical Schedule
ANESTHESIA BENEFIT Maximum \$375 per surgical procedure	25% of the amount paid under Surgical Benefit
WELLNESS BENEFIT Maximum per calendar year	\$50

SECTION IX

SCHEDULE OF OPERATIONS

HIGH PLAN

INTEGUMENTARY SYSTEM	Maximum		Maximum
	Surgical		Surgical
	Benefit		Benefit
SKIN		JOINTS	
Incision and Drainage of Cyst	\$ 15.00	Shoulder or Elbow Arthrotomy	\$ 375.00
Acne Surgery	\$ 11.25	Arthroplasty	\$ 600.00
Biopsy	\$ 22.50	Wrist Arthrotomy	\$ 300.00
Excision of Benign Tumor	\$ 30.00	Arthroplasty	\$ 600.00
Excision of Malignant Tumor		Hip Arthrotomy	\$ 525.00
(Trunk, Arms or Legs)	\$ 45.00	Arthroplasty	\$ 750.00
Excision of Malignant Tumor		Knee Arthrotomy	\$ 375.00
(Face, Scalp, Ears, Neck, Hands		Arthroplasty	\$ 750.00
Feet, Genitalia)	\$ 75.00	Ankle Arthrotomy	\$ 375.00
Excision of Malignant Tumor		Arthroplasty	\$ 562.50
(Eyelids, Nose, Lips, Mucous		Hammertoe	\$ 150.00
Membrane)	\$ 112.50		
Excision of Nail	\$ 75.00	DISLOCATIONS	
Repair – Simple Wounds	\$ 15.00	Jaw	\$ 37.50
Repair – Complex Wounds (Linear Repair)	\$ 52.50	Collar Bone (requiring reduction)	\$ 75.00
Repair – Skin Grafts (Single Stage)	\$ 37.50	Shoulder (humerus with anesthesia)	
Repair – Skin Grafts (Multiple Stage)	\$ 112.50	Or Elbow	\$ 37.50
Electro – surgical destruction of		Wrist	\$ 37.50
Chemocautery	\$ 15.00	Fingers or Toes	\$ 15.00
Chemosurgery – malignancies of skin	\$ 150.00	Hip or Knee	\$ 150.00
		Ankle	\$ 75.00
BREAST			
Biopsy	\$ 112.50	TENDONS	
Excision of Cyst or Benign Tumor	\$ 112.50	Repair or Suture	\$ 90.00
Excision of Chest Wall Tumor	\$ 525.00	Lengthening or Shortening	
Mastectomy, simple	\$ 225.00	(e.g. Achilles tendon)	\$ 225.00
Mastectomy, radical	\$ 525.00		
Mammoplasty, Reconstructive	\$ 1,125.00	AMPUTATIONS	
		Arm at Shoulder Joint	\$ 562.50
MUSCULOSKELETAL SYSTEM		Arm below Shoulder Joint	\$ 262.50
		Finger	\$ 112.50
BONE OR CARTILAGE GRAFT		Leg at Hip Joint	\$ 600.00
Spinal Fusion	\$ 600.00	Leg at Knee	\$ 300.00
Spinal Fusion with removal of		Leg above or below knee	\$ 375.00
Intervertebral disc	\$ 600.00	Toe	\$ 75.00
Spinal Fusion of Scoliosis	\$ 900.00		
		RESPIRATORY SYSTEM	
FRACTURES (Requiring Reduction)			
Skull	\$ 562.50	NOSE	
Nose	\$ 37.50	Excision of Nasal Polyps	\$ 22.50
Jaw	\$ 225.00	Submucous resection, Classic Nasal Sept	\$225.00
Vertabrae, one or more	\$ 225.00		
Collar Bone	\$ 112.50	SINUSES	
Shoulder blade (Scapula)	\$ 412.50	Frontal Sinusotomy – simple	\$ 150.00
Upper Arm	\$ 187.50	Frontal Sinusotomy – radical	\$ 450.00
Lower Arm	\$ 112.50	LARYNX	
Hand	\$ 75.00	Laryngectomy	\$ 750.00
Fingers or Toes	\$ 37.50	Laryngoscopy	\$ 30.00
Upper Leg	\$ 300.00		
Lower Leg	\$ 112.50	TRACHEA AND BRONCHI	
Ankle	\$ 187.50	Tracheotomy	\$ 150.00
Foot	\$ 75.00	Bronchoscopy	\$ 112.50
		Closure of Tracheotomy	\$ 187.50

LUNGS			
Thoracotomy	\$ 375.00	Fistulotomy	\$ 75.00
Pneumonotomy	\$ 450.00	Sphincterotomy	\$ 37.50
Pneumonocentesis	\$ 37.50	Fissurectomy or Hemorrhoidectomy	\$ 150.00
Thoracentesis	\$ 22.50	Removal of External Hemorrhoids	\$ 22.50
Pneumonectomy, total	\$ 750.00	Aspiration biopsy of liver, pancreas	
Wedge Resection of Lung,		Or bile duct	\$ 37.50
Single or Multiple	\$ 600.00	Cholecystotomy	\$ 375.00
Thoracoscopy (including biopsy)	\$ 150.00	Cholecystectomy	\$ 450.00
		Pancreatectomy – partial	\$ 600.00
CARDIOVASCULAR SYSTEM		Pancreatectomy – total	\$ 1,050.00
		Laparotomy	\$ 300.00
HEART		Hemiotomy	\$ 262.50
Heart Transplant	\$ 1,500.00		
Catheterization of Heart	\$ 112.50	URINARY SYSTEM	
Suture of Heart wound or injury	\$ 750.00	Nephrolithotomy	\$ 600.00
Valvotomy, aortic and pulmonic valve	\$ 1,125.00	Renal Biopsy	\$ 37.50
Valvotomy, mitral valve	\$ 1,050.00	Nephrectomy	\$ 600.00
Valvutoplasty or Replacement		Lithotripsy	\$ 375.00
Aortic and mitral valve	\$ 1,500.00	Kidney Transplant	\$ 937.50
Coronary Bypass, single or multiple	\$ 1,500.00	Cystotomy	\$ 375.00
Repair of Myocardial Aneurysm	\$ 1,500.00	Cystectomy – partial	\$ 525.00
Repair of Septal Defect	\$ 1,350.00	Cystectomy – complete	\$ 750.00
Angioplasty, percutaneous	\$ 750.00	Urethroscopy or Cystoscopy	\$ 37.50
Pervenous or Transvenous insertion of		Cystoplasty	\$ 600.00
Pacemaker	\$ 375.00	Dilation of Urethra	\$ 15.00
ARTERIES		GENITAL SYSTEM	
Arterlotomy, extramity	\$ 450.00	MALE	
Thromboendarterectomy	\$ 900.00	Circumcision	\$ 22.50
Carotid endurterectomy	\$ 900.00	Orchlectomy	\$ 150.00
Excision and graft, Abdominal Aortic		Reduction of Torsion of Testis	\$ 225.00
Aneurysm	\$ 1,125.00	Excision of Epididymis, Hydrocele,	
Injection – Varicose Veins	\$ 7.50	Varicocale	\$ 225.00
HEMIC AND LYPHATIC SYSTEMS		Vasectomy	\$ 112.50
Splenectomy	\$ 450.00	Biopsy, Prostate	\$ 125.00
Biopsy of Lymph Node	\$ 37.50	Prostatectomy – partial	\$ 600.00
Radical Lymphadenectomy	\$ 382.50	Prostatectomy – radical	\$ 750.00
DIGESTIVE SYSTEM		FEMALE	
Gastrotomy	\$ 375.00	Hysterectomy, Vaginal or Abdominal	\$ 450.00
Gastrectomy, Total	\$ 750.00	Hysterectomy, radical for cancer	
Gastrectomy, Partial	\$ 600.00	Including lymph nodes	\$ 750.00
Gastrosocopy	\$ 112.50	Salpingo – oophorectomy	\$ 337.50
Gastro		Repair of cystocele or rectocele	\$ 262.50
Gastrorrhaphy	\$ 375.00	Repair of cystocele and rectocele	\$ 390.00
Enterectathy	\$ 450.00	Tubal Ligation	\$ 300.00
Enterectomy	\$ 525.00	Biopsy or removal of cervical lesion	
Colostomy	\$ 600.00	Or polyp	
Enterostomy	\$ 375.00	Dilation and curettage	\$ 112.50
Enterolysis	\$ 300.00	Myomectomy	\$ 375.00
Diverticulectomy	\$ 375.00	Repair of uterine suspension	\$ 300.00
Appendectomy	\$ 300.00	Cesarian Section	\$ 375.00
Proctectomy	\$ 750.00	Obstetrical Delivery	\$ 150.00
Protosigmoidoscopy	\$ 22.50	Amniocentesis	\$ 37.50
Proctoplasty	\$ 300.00		

ENDOCRINE SYSTEM			
Incision and drainage of			
Thyroid Gland	\$ 22.50		
Local excision of thyroid cyst			
Or adenoma	\$ 300.00		
Thyroidectomy or parathyroidectomy	\$ 525.00		
Adrenalectomy	\$ 600.00		
NERVOUS SYSTEM			
Burr Holes	\$ 225.00		
Cranioplasty	\$ 750.00		
Craniotomy or Craniectomy	\$ 300.00		
Laminectomy	\$ 750.00		
Spinal Puncture	\$ 15.00		
Paravertebral block, lumbar,			
Or thoracic nerve	\$ 37.50		
Median nerve decompression (Carpal Tunnel)	\$ 225.00		
EYE			
Removal of eye	\$ 300.00		
Excision of pteryglum	\$ 187.50		
Sclerotomy – anterior	\$ 375.00		
Sclerotomy – posterior	\$ 225.00		
Iridectomy	\$ 375.00		
Extraction of lens (including			
Cataract extraction)	\$ 600.00		
Reattachment of retina	\$ 750.00		
Muscle operation (one or more muscles)	\$ 450.00		
Excision of lacrimal gland or sac	\$ 375.00		
EAR			
Drainage of abscess	\$ 15.00		
Otoscopy	\$ 15.00		
Myringotomy	\$ 22.50		
Tympanotomy (diagnostic)	\$ 375.00		
Tympanotomy with insertion of			
Collar Button Tube	\$ 187.50		
Mastoidectomy – simple	\$ 375.00		
Tympanoplasty	\$ 750.00		
Labyrinthotomy or Labyrinthectomy	\$ 750.00		

SECTION X

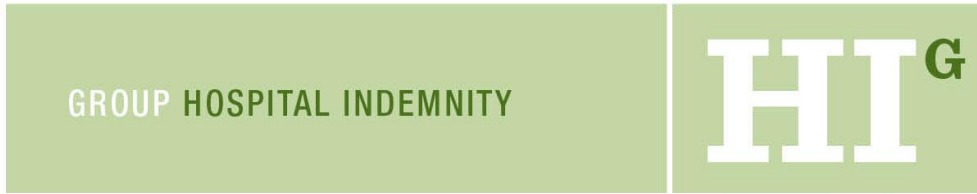
INCORPORATION OF RIDER PROVISIONS

The attached listed Certificate Riders are made a part of this policy:

Dependent Spouse Rider	CA8500-DSR (NC)
Dependent Children Rider	CA8500-DCR (NC)
Children Definition Rider	CAI0040NC
Portability Privilege Rider	CAI-PR-09
Continuation of Coverage Endorsement	C00704NC

SECTION XI OCCUPATIONAL CLASSIFICATIONS AND SCHEDULE OF PREMIUMS

Benefit-eligible employees are classified as such in the Master Application as being **Actively at Work and working full-time, a minimum of 30 hours per week.**



Mark III Accounts - Semimonthly (24pp/yr)		
Plan II	Employee	\$ 15.48
	Employee & Spouse	\$ 30.59
	Employee & Dependent Children	\$ 21.46
	Family	\$ 36.57

Benefit Summary	
Hospital Confinement (Per Day)	\$ 150
Hospital Admission (Per Confinement)	\$ 1,500
Surgical Benefit (up to amount)	\$ 1,500
Wellness	\$ 50

Residents of Massachusetts are not eligible for Hospital Admission Benefit amounts in excess of \$500.
Please note: Premiums shown are accurate as of publication. They are subject to change.



We've got you under our wing.

aflacgroupinsurance.com | 1.800.433.3036

Underwritten by:
Continental American Insurance Company
2801 Devine Street | Columbia, South Carolina 29205

Published: Jan-15

HI150126-165840 --- RB1-CU-NC-HI85-24PP-PL2-ADM1500 - ZZXX27876



CONTINENTAL AMERICAN INSURANCE COMPANY

Home Office: 2801 Devine Street, Columbia, South Carolina 29205
(herein called Continental American)

This Rider is a part of the Group Policy/Certificate to which it is attached. Unless amended by this Rider, Group Policy/Certificate Definitions, terms and other Provisions apply to this Rider.

Portability Privilege

When coverage would otherwise terminate under the Plan because you end employment with the Employer, you may elect to continue your coverage. The coverage you may continue is that which you had on the date your employment terminated, including dependent coverage then in effect.

1. Coverage may not be continued for any of the following reasons:
 - a. the insured failed to pay any required premium;
 - b. the insured having attained age 70;
 - c. the Group Policy terminates.

2. To keep your insurance in force the insured must:
 - a. make written application to the Company within 31 days after the date insurance would otherwise terminate; and
 - b. pay the required premium to the Company no later than 31 days after the date insurance would otherwise terminate.

3. Insurance will cease on the earliest of these dates:
 - a. the date the you fail to pay any required premium;
 - b. the date the Group Policy is terminated.

If you qualify for this Portability Privilege as described, then the same benefits, Plan provisions, and premium rate as shown in the Group Policy/certificate as previously issued will apply.

Signed for the Company at its Home Office.

A handwritten signature in cursive script, appearing to read "Teresa White".

Teresa White, President

A handwritten signature in cursive script, appearing to read "J. Matthew Loudermilk".

J. Matthew Loudermilk, Secretary



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina

800.433.3036

Please call the toll-free number above with any questions about this coverage.

Continuation of Coverage Endorsement

This Endorsement is part of the Policy and Certificate to which it is attached. This Endorsement is subject to all the definitions, terms, and other provisions of the Policy and Certificate to which it is attached, unless those terms are inconsistent with this Endorsement.

EFFECTIVE DATE

If issued at the same time as the Certificate, this Endorsement becomes effective when the Certificate becomes effective. If issued after the Certificate, this Endorsement will have a later Effective Date.

The following provisions are added after the Portability Privilege provision in your Certificate:

CONTINUATION OF COVERAGE

If the Group Policy is terminated by the Policyholder and is not replaced with another group policy you may apply to continue the coverage you had on the Group Policy termination date. This includes any in-force Spouse or Dependent Child coverage. The Group Policy will be continued as if the Group Policy is in force for those who have applied to continue their coverage under this provision. The members will continue to have coverage, with their Certificates remaining in force.

The Company will apply the same benefits and plan provisions as shown in your Certificate on the date you are eligible to continue coverage under this provision. Your continued coverage is subject to all of the provisions, exclusions and limitations of the Group Policy.

To keep your Certificate in force, you must:

- Apply to the Company in writing under this Continuation of Coverage provision within 31 days after the date your Certificate would terminate, **and**
- Pay the required premium no later than 31 days after the date the Certificate would terminate and on each premium due date thereafter to the Company at our Customer Service Center in Columbus, Georgia.

PREMIUMS

Initial premium rates will be based on the rates in effect at the time you apply to continue your coverage. Premium rates can be changed by the Company at any time upon 45 days written notice to you. Any such change will be applied to all Certificates in your class and will not be based on your or your Spouse and Dependent Children's health or other individual factors.

You may decrease, but not increase, the amount of your coverage, and the amount of your Spouse's coverage, if any.

TERMINATION

Your continued coverage, including any in-force Spouse or Dependent Child coverage, will end:

- 31 days after the date you fail to pay any required premium.
- When coverage is terminated by the Company. We will provide you a 45-day advance written notice of any termination.
- On the date you die (unless your Spouse elects to become the Primary Insured under the Successor Insured provision, if applicable).

Once continued coverage is cancelled it cannot be reinstated. If your coverage terminates, we will provide benefits for valid claims that arose while your coverage was active.

CONTRACT

This Endorsement is part of the Certificate. It will terminate when:

- The Certificate terminates.

Signed for the Company at its Home Office,



Teresa White, President



J. Matthew Loudermilk, Secretary



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina
800.433.3036

DEPENDENT SPOUSE BENEFIT RIDER TO CERTIFICATE OF INSURANCE FOR SUPPLEMENTAL HOSPITAL INDEMNITY COVERAGE

This rider is a part of the certificate to which it is attached. We have issued this rider to you because: (1) you paid the additional premium for this rider; and (2) we relied on the application you made. Unless amended by this rider, Certificate Definitions, other Provisions and terms apply to this rider.

Effective Date - If issued at the same time as the certificate, this rider becomes effective when the certificate becomes effective. If issued after the certificate becomes effective, this rider will have a later Effective Date, which will be shown in the Rider Schedule issued with this rider. The insurance of a spouse will become effective on the rider date if such person is active on that date. Otherwise, the Effective Date will be deferred until the day following the date he or she becomes active.

DEFINITIONS

When the terms below are used in this rider, the following definitions will apply:

YOU, YOUR	Means the insured named in the Rider Schedule.
SPOUSE	Means your legal spouse who is between the ages of 18 and 64.
ACTIVE	"Active" as used refers a dependent who is not confined in a hospital and who is able to carry on regular activities customary of a person in good health of the same age and sex.
TREATMENT	Means consultation, care or services provided by a physician including diagnostic measures and taking prescribed drugs and medicines.

BENEFITS

If your insured spouse qualifies for benefits under the certificate to which this rider is attached because of a covered accident or a covered sickness, we will provide the benefits contained in the certificate under the Benefit Provisions. The appropriate benefit amounts payable for you insured spouse are shown in the Benefit Schedule issued with this rider.

LIMITATIONS AND EXCLUSIONS

PRE-EXISTING CONDITION

A pre-existing condition means those conditions for which medical advice or treatment was received or recommended during the 12-month period prior to the effective date of your spouse's coverage.

Pre-existing conditions aren't covered unless the loss for such conditions begins more than 12 months after the effective date of your spouse's coverage. Also, those medical conditions excluded from coverage by name or specific description when the loss begins, aren't covered.

EXCLUSIONS

We will not pay benefits for loss caused by pre-existing conditions (except as stated in the previous provision).

We will not pay benefits for loss contributed to, caused by, or resulting from:

1. War - participating in war or any act of war, declared or not, or participating in the armed forces of or contracting with any country or international authority. We will return the prorated premium for any period not covered by this certificate when you are in such service.
2. Suicide - committing or attempting to commit suicide, while sane or insane.
3. Self-Inflicted Injuries - injuring or attempting to injure yourself intentionally.
4. Traveling - traveling more than 40 miles outside the territorial limits of the United States, Canada, Mexico, Puerto Rico, the Bahamas, Virgin Islands, Bermuda, and Jamaica.
5. Racing - Riding in or driving any motor-driven vehicle in a race, stunt show or speed test.
6. Aviation - operating, learning to operate, serving as a crew member on, or jumping or falling from any aircraft, including those which are not motor-driven.
7. Intoxication - being legally intoxicated, or being under the influence of any narcotic, unless such is taken under the direction of a physician.
8. Illegal Acts - participating or attempting to participate in an illegal activity, or working at an illegal job.
9. Sports - participating in any organized sport: professional or semi-professional.
10. Routine physical exams and rest cures.
11. Custodial care. This is care meant simply to help people who cannot take care of themselves.
12. Treatment for being overweight, gastric bypass or stapling, intestinal bypass, and any related procedures, including complications.

13. Services performed by a relative.
14. Services related to sex change, sterilization, in vitro fertilization, reversal of a vasectomy or tubal ligation.
15. A service or a supply furnished by or on behalf of any government agency unless payment of the charge is required in the absence of insurance.
16. Elective abortion.
17. Treatment, services, or supplies received outside the United States and its possessions or Canada.
18. Injury or Sickness for which benefits are paid or payable by Worker's Compensation.
19. Dental services or treatment.
20. Cosmetic surgery, except when due to medically necessary reconstructive plastic surgery.
21. Mental or emotional disorders without demonstrable organic disease.
22. Alcoholism, drug addiction, or chemical dependency.

GENERAL PROVISIONS

If your spouse's coverage is terminated because of attainment of the limiting age, we will still pay benefits for any covered accident or sickness which occurred while he/she was covered under this rider.

**TIME LIMIT
ON CERTAIN
DEFENSES**

After this rider has been in force for a period of two years it shall become incontestable as to the statements contained in the application.

CONTRACT

This rider is part of the certificate, and will terminate when the certificate terminates, or when premiums are no longer paid for this rider.

This rider is subject to all of the terms of the certificate to which it is attached unless any such terms are inconsistent with the terms of this rider.

Signed by the Company at its Home Office,



Teresa White, President



J. Matthew Loudermilk, Secretary

DEPENDENT SPOUSE RIDER BENEFIT SCHEDULE

PLEASE SEE THE CERTIFICATE SCHEDULE



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina
800.433.3036

DEPENDENT CHILDREN BENEFIT RIDER TO CERTIFICATE OF INSURANCE FOR SUPPLEMENTAL HOSPITAL INDEMNITY COVERAGE

This rider is a part of the certificate to which it is attached. We have issued this rider to you because: (1) you paid the additional premium for this rider; and (2) we relied on the application you made. Unless amended by this rider, Certificate Definitions, other Provisions and terms apply to this rider.

Effective Date - If issued at the same time as the certificate, this rider becomes effective when the certificate becomes effective. If issued after the certificate becomes effective, this rider will have a later Effective Date, which will be shown in the Dependent Rider Schedule issued with this rider. The insurance of a dependent will become effective on the rider date if such person is active on that date. Otherwise, the Effective Date will be deferred until the day following the date he or she becomes active.

DEFINITIONS

When the terms below are used in this rider, the following definitions will apply:

YOU, YOUR Means the insured named in the Dependent Rider Schedule.

CHILD or CHILDREN Means your natural child, step-child, foster child, legally adopted child or child placed for adoption, who are:

1. Unmarried;
2. Chiefly dependent on you or your spouse for support; **and**
3. Younger than age 19, or younger than age 25, if they are full-time students. The definition of "full-time student" will be based on the criteria of the learning institution at which the student is enrolled.

"Child or Children" also includes children, regardless of age, who:

1. Are mentally or physically handicapped;
2. Became or become handicapped prior to age 19; **and**
3. Cannot support themselves because of their handicap.

A child born after the Effective Date of this rider will also be covered from the moment of live birth. No notice or additional premium is required.

DEPENDENT Means your child or children covered under this rider.

ACTIVE

"Active" as used refers a dependent who is not confined in a hospital and who is able to carry on regular activities customary of a person in good health of the same age and sex.

TREATMENT

Means consultation, care or services provided by a physician including diagnostic measures and taking prescribed drugs and medicines.

BENEFITS

If a dependent qualifies for benefits under the certificate to which this rider is attached because of a covered accident or a covered sickness, we will provide the benefits contained in the certificate under the Benefit Provisions. The appropriate benefit amounts payable for the dependent are shown in the Benefit Schedule issued with this rider.

LIMITATIONS AND EXCLUSIONS

**PRE-EXISTING
CONDITION**

A pre-existing condition means those conditions for which medical advice or treatment was received or recommended during the 12-month period prior to the effective date of this rider.

Pre-existing conditions aren't covered unless the loss for such conditions begins more than 12 months after the effective date of this rider. Also, those medical conditions excluded from coverage by name or specific description when the loss begins, aren't covered.

Children added after the effective date of this rider will be covered from the moment of birth or placement as applicable.

EXCLUSIONS

We will not pay benefits for loss caused by pre-existing conditions (except as stated in the previous provision).

We will not pay benefits for loss contributed to, caused by, or resulting from:

1. War - participating in war or any act of war, declared or not, or participating in the armed forces of or contracting with any country or international authority. We will return the prorated premium for any period not covered by this certificate when you are in such service.
2. Suicide - committing or attempting to commit suicide, while sane or insane.
3. Self-Inflicted Injuries - injuring or attempting to injure yourself intentionally.
4. Traveling - traveling more than 40 miles outside the territorial limits of the United States, Canada, Mexico, Puerto Rico, the Bahamas, Virgin Islands, Bermuda, and Jamaica.
5. Racing - Riding in or driving any motor-driven vehicle in a race, stunt show or speed test.
6. Aviation - operating, learning to operate, serving as a crew member on, or jumping or falling from any aircraft, including those which are not motor-driven.

7. Intoxication - being legally intoxicated, or being under the influence of any narcotic, unless such is taken under the direction of a physician.
8. Illegal Acts - participating or attempting to participate in an illegal activity, or working at an illegal job.
9. Sports - participating in any organized sport: professional or semi-professional.
10. Routine physical exams and rest cures.
11. Custodial care. This is care meant simply to help people who cannot take care of themselves.
12. Treatment for being overweight, gastric bypass or stapling, intestinal bypass, and any related procedures, including complications.
13. Services performed by a relative.
14. Services related to sex change, sterilization, in vitro fertilization, reversal of a vasectomy or tubal ligation.
15. A service or a supply furnished by or on behalf of any government agency unless payment of the charge is required in the absence of insurance.
16. Elective abortion.
17. Treatment, services, or supplies received outside the United States and its possessions or Canada.
18. Injury or Sickness for which benefits are paid or payable by Worker's Compensation.
19. Dental services or treatment.
20. Cosmetic surgery, except when due to medically necessary reconstructive plastic surgery.
21. Mental or emotional disorders without demonstrable organic disease.
22. Alcoholism, drug addiction, or chemical dependency.

GENERAL PROVISIONS

If your dependent child's coverage is terminated because of marriage or attainment of the limiting age, we will still pay benefits for any covered accident or sickness which occurred while the dependent was covered under this rider.

TIME LIMIT ON CERTAIN DEFENSES

After this rider has been in force for a period of two years it shall become incontestable as to the statements contained in the application.

CONTRACT

This rider is part of the certificate, and will terminate when the certificate terminates, or when premiums are no longer paid for this rider.

This rider is subject to all of the terms of the certificate to which it is attached unless any such terms are inconsistent with the terms of this rider.

Signed by the Company at its Home Office,



Teresa White, President



J. Matthew Loudermilk, Secretary

DEPENDENT RIDER BENEFIT SCHEDULE

PLEASE SEE THE CERTIFICATE SCHEDULE



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina
800.433.3036

Child or Children Definition Rider

This rider is a part of the document to which it is attached. Unless amended by this rider Policy, Certificate and Dependent Rider Definitions, Exclusions and Limitations, other term and provisions apply to this rider.

The definition of Child or Children is deleted and replaced by the following:

Child or Children means your natural children, step-children, foster children, legally adopted children or children placed for adoption, which are under age 26.

- a. Coverage on a Child or Children will terminate on the child's 26th birthday. However, if any child is incapable of self-sustaining employment due to mental retardation or physical handicap and is dependent on a parent(s) for support, the above age of twenty-six (26) shall not apply. Proof of such incapacity and dependency must be furnished to the Company within thirty-one (31) days following such 26th birthday, and not more frequently than annually from then forward.
- b. Newborn Children of an Employee and/or his/her insured spouse and newborn Adopted Children shall automatically be covered from the moment of birth, under the same terms and conditions that apply to the natural, dependent children of covered persons.
- c. Other foster children and adopted children shall be treated the same as newborn infants and are eligible for coverage on the same basis upon placement in the Employee's home, under the same terms and conditions that apply to the natural, dependent children of covered persons.
- d. If a parent is required by a court or administrative order to provide health benefit plan coverage for a child, and the parent is eligible for family health benefit plan coverage through a health insurer, the health insurer:
 - i. Must allow the parent to enroll, under the family coverage, a child who is otherwise eligible for the coverage without regard to any enrollment season restrictions.
 - ii. Must enroll the child under family coverage upon application of the child's other parent or the Department of Health and Human Services in connection with its administration of the Medical Assistance or Child Support Enforcement Program if the parent is enrolled but fails to make application to obtain coverage for the child.
 - iii. May not disenroll or eliminate coverage of the child unless the health insurer is provided satisfactory written evidence that the court or administrative order is no longer in effect or the child is or will be enrolled in comparable health benefit plan coverage through another health insurer, which coverage will take effect not later than the effective date of disenrollment.
 - iv. Will not impose pre-ex limitations or waiting periods.

- e. If Dependent Child(ren) Children Child or Children are covered under the plan, Dependent Child(ren) Children Child or Children born or placed in the Employee's home after the Effective Date of this Rider will also be covered from the moment of birth. No notice or additional premium is required and the enrollment period will be waived. The company will not impose pre-ex limitations or waiting periods for newborn children, foster and adopted children if they are enrolled upon placement or children covered by the court or administrative order.

This rider is subject to all of the terms of the document to which it is attached unless any such terms are inconsistent with the terms of this Rider.

Signed by the Company at its Home Office,



Teresa White, President



J. Matthew Loudermilk, Secretary



CONTINENTAL AMERICAN INSURANCE COMPANY

Columbia, South Carolina

800.433.3036

NOTICE OF NON-INSURANCE BENEFITS ENDORSEMENT

This Endorsement is added to and part of the Policy to which it is attached.

From time to time, Continental American Insurance Company (CAIC) may offer or provide goods and/or services that are not related to insurance. These goods and services, which could be offered or provided to some people who apply for CAIC coverage or become insured by CAIC, may include (but are not limited to) the following:

- Enrollment services
- Educational services
- Benefit statement services
- Payroll or plan administration services

The services listed above will fall under the same benefit plan that includes or is related to the applicable CAIC coverage, individual wellness programs, and related services.

In addition, CAIC may arrange for third-party service providers to provide discounted goods and services to people who apply for CAIC coverage or who become insured by CAIC.

Though CAIC has arranged these goods, services, and/or third-party provider discounts, the third-party providers—**not CAIC**—are liable to applicants/insureds for these goods and services. CAIC is not responsible for providing the goods and/or services, nor is CAIC liable to applicants/insureds for the negligent provision of these goods and/or services by third-party service providers.

Signed for the Company at its Home Office,

Teresa White, President

J. Matthew Loudermilk, Secretary

For assistance or information about this notice, call 800.433.3036.

IMPORTANT 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 non-renewal 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 written notice of the person's intention to stop payment of premiums.

Please note that persons insured under group health or life insurance or group health plans may be entitled to conversion of their coverage under Article 53 of Chapter 58 of the General Statutes or entitled to purchase individual policies under the Federal Health Insurance Portability and Accountability Act and Under Article 68 of Chapter 58 of the General Statutes. Check your Certificate for additional information on conversion.

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 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 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

Post Office Box 10218
Raleigh, North Carolina 27605-0218
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, 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.