GROUP POLICY FOR:

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

ALL MEMBERS ELECTING THE CORE OR BUY UP LTD PLAN
Group Long Term Disability Insurance

Print Date: 05/11/2017
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BART
300 LAKESIDE DR 20TH FL
OAKLAND CA  94612

RE:  POLICY NUMBER 1073978

Thank you for choosing Principal Life Insurance Company for your insurance needs. We have enclosed your Member Long Term Disability Insurance Contract which outlines the specifics of your program.

If you have chosen our eService package, you can view your booklet(s) online in the employer section of www.principal.com. Otherwise, we will send booklet-certificates to you for each individual insured under this policy. Please be aware you may not receive all of your booklets in the same shipment. You should distribute one copy of the booklet-certificate to each insured person.

If you would like to learn more about our eService package, please contact us at the phone number below or visit www.principal.com. Our eService package allows you to administer your insurance contract day or night -- whenever it's convenient for you. With the click of a mouse, you can report employee changes, handle billing, order ID cards, and so much more!

Your satisfaction with our products and our service is important to us. If you have questions, please call 1-800-986-EDGE.

Principal Life Insurance Company
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This group insurance policy is issued to:

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
(called the Policyholder in this Group Policy)

The Date of Issue is March 1, 2017.

In return for the Policyholder's application and payment of all premiums when due, The Principal agrees to provide:

LONG TERM DISABILITY INSURANCE

subject to the terms and conditions described in this Group Policy.

Executive Vice President,
General Counsel and Secretary

Chairman, President and
Chief Executive Officer

GROUP POLICY NO. GLT 1073978
NON-PARTICIPATING
CONTRACT STATE OF ISSUE: CALIFORNIA
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</table>
| **Maximum Monthly Benefit** | Members Electing the Core Plan:  
Class 1: $3,335  
Class 2: $1,456 for the first 12 months, then $1,334 thereafter  
Class 3: $1,667  
Class 4: $1,667  
Members Electing the Buy Up Plan:  
Class 1: $5,000  
Class 2: $2,000  
Class 3: $2,000  
Class 4: $5,500  
Class Descriptions:  
Class 1: Members Represented by AFSCME  
Class 2: Members Represented by ATU or SEIU  
Class 3: Non-Represented Clerical Members  
Class 4: All Other Non-Represented Members |
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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Before age 62</td>
<td>greater of 42 months or to age 65</td>
<td></td>
</tr>
<tr>
<td>62</td>
<td>42 months</td>
<td></td>
</tr>
<tr>
<td>63</td>
<td>36 months</td>
<td></td>
</tr>
<tr>
<td>64</td>
<td>30 months</td>
<td></td>
</tr>
<tr>
<td>65</td>
<td>24 months</td>
<td></td>
</tr>
<tr>
<td>66</td>
<td>21 months</td>
<td></td>
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<tr>
<td>67</td>
<td>18 months</td>
<td></td>
</tr>
<tr>
<td>68</td>
<td>15 months</td>
<td></td>
</tr>
<tr>
<td>69 and over</td>
<td>12 months</td>
<td></td>
</tr>
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<table>
<thead>
<tr>
<th>Rehabilitation Services and Benefits</th>
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<tr>
<td>Rehabilitation Services</td>
<td>Included</td>
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<tr>
<td>Predisability Intervention Services</td>
<td>Included</td>
</tr>
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<td>Reasonable Accommodation Benefit</td>
<td>$5,000</td>
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<table>
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<tr>
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<th>12 months</th>
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<tbody>
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<td>12 months</td>
</tr>
<tr>
<td>Survivor Benefit</td>
<td>three times Primary Monthly Benefit</td>
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**NOTE:**

No premiums are required during a Long Term Disability Benefit Payment Period.

Benefits may be reduced by other sources of income and disability earnings.

Some disabilities may not be covered or may be limited under this insurance.

This summary provides only highlights of this Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.
PART I - DEFINITIONS

When used in this Group Policy, the terms listed below will mean:

Active Work; Actively at Work

A Member will be considered Actively at Work if he or she is able and available for active performance of his or her duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided the Member is able and available for active performance of his or her duties and was working the day immediately prior to the date of his or her absence.

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

A Member's Monthly Earnings for each month that he or she is Disabled. While Disabled, a Member's Monthly Earnings results from working for the Policyholder or any other employer for which the Member becomes employed after the Disability begins.

Date of Issue

The date this Group Policy is placed in force: March 1, 2017

Dependent

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of the Member's Disability or retirement, whether or not residing in the Member's home.

Dependent Spouse

A Member's spouse, if that spouse is legally married to the Member or a Member's state registered domestic partner.

Disability; Disabled

Total or Residual Disability as defined in this section.
Elimination Period

The period of time a Member must be Disabled before benefits begin to accrue. An Elimination Period starts on the date a Member is Disabled and must be satisfied for each period of Disability. A Member who is in the process of satisfying the Elimination Period may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require the Member to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period. A Member cannot satisfy any part of the Elimination Period with any period of Disability that results from a cause for which The Principal does not pay benefits.

Employee

A person who is employed by and receives a W-2 from the Policyholder or has a direct ownership interest in the Policyholder.

Group Policy

The policy of group insurance issued to the Policyholder by The Principal which describes benefits and provisions for insured Members.

Hospital

An institution that is licensed as a Hospital by the proper authority of the state in which it is located, but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Indexed Predisability Earnings

A Member's Predisability Earnings adjusted for increases in the Consumer Price Index.

Insurance Month

Calendar month.
**Maximum Monthly Benefit**

Members Electing the Core Plan:
- Class 1: $3,335
- Class 2: $1,456 for the first 12 months, then $1,334 thereafter
- Class 3: $1,667
- Class 4: $1,667

Members Electing the Buy Up Plan:
- Class 1: $5,000
- Class 2: $2,000
- Class 3: $2,000
- Class 4: $5,500

Class Descriptions:
- Class 1: Members Represented by AFSCME
- Class 2: Members Represented by ATU or SEIU
- Class 3: Non-Represented Clerical Members
- Class 4: All Other Non-Represented Members

**Member**

Any PERSON (OTHER THAN A PERSON WHO IS ELIGIBLE TO PARTICIPATE IN A LONG TERM DISABILITY PLAN PROVIDED THROUGH PORAC) ELECTING THE CORE OR BUY UP LTD PLAN, residing in the United States, who is a U.S. citizen or is legally working in the United States, who is a full-time Employee of the Policyholder and who regularly works at least 30 hours a week. Work must be at the Policyholder's usual place or places of business, at an alternative worksite at the direction of the Policyholder, or at another place to which the Employee must travel to perform his or her regular duties. This excludes any person who is scheduled to work for the Policyholder on a seasonal, temporary, contracted, or part-time basis. A person is considered to be residing in the United States if his or her main home or permanent address is in the United States or if the person is in the United States for six months or more during any 12-month period.

**Mental Health Condition**

Any condition which is:

a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and

b. categorized in the current edition of the American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders or its successor.
Conditions not considered a Mental Health Condition include:

a. dementia that is the result of any of the following conditions:
   (1) stroke;
   (2) head injury;
   (3) viral infection; or
   (4) Alzheimer's disease; and

b. organic brain syndrome; and

c. delirium; and

d. organic amnesia syndromes; and

e. organic delusional or organic hallucinogenic syndromes.

**Monthly Earnings**

For Members with no ownership interest in the business entity of the Policyholder:

On any date, a Member's basic monthly (or monthly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include commissions, bonuses, stock options, tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include any deferred earnings under a qualified deferred compensation plan such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan or Health Savings Account.

For Members with a direct ownership interest in the business entity of the Policyholder, such as, but not limited to, an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

a. the Member's share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by the Member and others under the Member's supervision or direction; less

b. the Member's share of expenses (based on ownership or contractual agreement) that is deductible for Federal Income Tax purposes, and does not exceed the expenses before Disability began to the extent that the Member's share of letter b. does not exceed the Member's share of letter a.; plus
c. the salary, benefits, and other forms of compensation which are payable to the Member, and any contributions to a pension or profit sharing plan made on the Member's behalf by the Policyholder.

With respect to a Member with an ownership interest of less than two calendar years, The Principal will use the amounts of a., b. and c. as described above during the completed months of direct ownership divided by the number of such completed months of direct ownership.

Monthly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

**Other Income Sources**

a. All disability payments for the month that the Member and the Member's Dependents receive as a result of the same disability, under the Federal Social Security Act, Canadian Pension Plan, Quebec Pension Plan, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

b. for a Member who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that the Member and the Member's Dependents receive under the Federal Social Security Act, Canadian Pension Plan, Quebec Pension Plan, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

c. for a Member who is less than Social Security Normal Retirement Age, all retirement payments for the month that the Member and the Member's Dependents receive under the Federal Social Security Act, Canadian Pension Plan, Quebec Pension Plan, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

d. all payments for the month that the Member receives as a result of the same disability, from a temporary disability benefit under a Workers' Compensation Act, or other similar occupational disease law; and

e. all payments for the month that the Member receives as a result of the same disability, under any state compulsory or statutory benefit law; and

f. all sick pay, salary continuance payments, personal time off (except for vacation), annual leave pay for the month that the Member receives as a result of the same disability, from the Policyholder; and
g. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the Member receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and

h. all payments for the month that the Member receives as a result of the same disability, for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and

i. all renewal commissions for the month that the Member receives from the Policyholder; and

j. all Disability benefits for the month that the Member receives as a result of the same disability, under the Jones Act; and

k. all Disability benefits for the month that the Member receives as a result of the same disability, under any government retirement system (CalPERS); and

l. all benefits that the Member receives as a result of the same disability, from third party liability judgments, settlements or otherwise (less attorneys' fees); and

m. all benefit amounts received as a result of the same disability, by compromise or settlement of any claim for permitted offsets (less attorneys' fees).

NOTE:
If any sick pay, salary continuance payments, personal time off, annual leave pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments the Member receives under the Federal Social Security Act or a pension plan which he or she had been receiving in addition to his or her Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.
Withdrawal of pension plan benefits by a Member for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless the Member withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Any income the Member receives for services rendered prior to the Member's date of Disability will not be considered Other Income Sources.

**Own Occupation**

The employment, business, trade, or profession that involves the substantial and material acts of the occupation the Member was regularly performing for the Policyholder when the Disability began. Own Occupation is not necessarily limited to the specific job the Member performed for the Policyholder.

**Own Occupation Period**

The first two year(s) of the Benefit Payment Period.

**Physician**

a. A licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or

b. any other licensed health care practitioner that state law requires be recognized as a Physician under this Group Policy.

The term Physician does not include the Member, an employee of the Member, a business or professional partner or associate of the Member, any person who has a financial affiliation or business interest with the Member, anyone related to the Member by blood or marriage, or anyone living in the Member's household.

**Policy Anniversary**

March 1, 2018, and the same day of each year.

**Policyholder**

The entity to whom this Group Policy is issued (see Title Page).

**Predisability Earnings**

A Member's Monthly Earnings in effect prior to the date Disability begins.
Primary Monthly Benefit

66 2/3% of the Member's Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit as described below.

Members Electing the Core Plan:
Class 1: $3,335
Class 2: $1,456 for the first 12 months, then $1,334 thereafter
Class 3: $1,667
Class 4: $1,667

Members Electing the Buy Up Plan:
Class 1: $5,000
Class 2: $2,000
Class 3: $2,000
Class 4: $5,500

Class Descriptions:
Class 1: Members Represented by AFSCME
Class 2: Members Represented by ATU or SEIU
Class 3: Non-Represented Clerical Members
Class 4: All Other Non-Represented Members

Prior Plan

The Group Long Term Disability coverage of one of the following:

a. the Policyholder; or

b. a business entity which has been obtained by the Policyholder through a merger or acquisition; or

c. an individual disability worksite plan;

for which this Group Policy is a replacement.

Proof of Good Health

Written evidence that a person is insurable under the underwriting standards of The Principal. This proof must be provided to The Principal.
Reasonable Accommodation

Changes in a Member's work environment or in the way a job is performed which allows the Member to perform the essential functions of that job.

Regular and Appropriate Care

A Member will be considered to be receiving Regular and Appropriate Care if he or she:

a. is evaluated in person by a Physician; and

b. receives treatment appropriate for the condition causing the Disability; and

c. undergoes evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability.

The Principal may waive, in Writing to the Member, the Regular and Appropriate Care requirement if it is determined by The Principal that continued care would be of no benefit to the Member.

Residual Disability; Residually Disabled

A Member will be considered Residually Disabled if:

During the Elimination Period and the Own Occupation Period, the Member is not Totally Disabled and while working in his or her Own Occupation, as a result of sickness or injury, he or she is unable to earn 80% or more of his or her Predisability Earnings.

After completing the Elimination Period and the Own Occupation Period, the Member is not Totally Disabled and while working in an occupation, as a result of sickness, or injury, he or she is unable to engage with reasonable continuity in any other occupation in which he or she could reasonably be expected to perform satisfactorily in light of the Member's age, education, training, experience, station in life, and physical and mental capacity.

Residual Disability; Residually Disabled (for Pilots)

A Member will be considered Residually Disabled if:

During the Elimination Period and the Benefit Payment Period, the Member is not Totally Disabled and while working in an occupation, as a result of sickness or injury, he or she is unable to engage with reasonable continuity in any other occupation in which he or she could reasonably be expected to perform satisfactorily in light of his or her age, education, training, experience, station in life, and physical and mental capacity.
Signed or Signature

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by The Principal.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Normal Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1938</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 and 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 and 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 and 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 and 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 and 10 months</td>
</tr>
<tr>
<td>1943 - 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
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<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
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<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>After 1959</td>
<td>67</td>
</tr>
</tbody>
</table>

Substantial and Material Duties

The essential tasks that are normally required for the performance of the Member's Own Occupation and cannot be reasonably omitted or modified.

Total Disability; Totally Disabled

A Member will be considered Totally Disabled if, as a result of sickness or injury:

During the Elimination Period and the Own Occupation Period, the Member is unable to perform with reasonable continuity, the Substantial and Material Duties necessary to pursue his or her Own Occupation and the Member is not working in his or her Own Occupation.

After completing the Elimination Period and the Own Occupation Period, the Member is unable to perform with reasonable continuity in any occupation for which he or she is or could reasonably be expected to perform satisfactorily in light of his or her age, education, training, experience, station in life, and physical and mental capacity.
Total Disability; Totally Disabled (for Pilots)

A Member will be considered Totally Disabled if, as a result of sickness or injury:

During the Elimination Period and the Benefit Payment Period, the Member is unable to perform with reasonable continuity in any occupation for which he or she is or could reasonably be expected to perform satisfactorily in light of his or her age, education, training, experience, station in life, and physical and mental capacity.

Written or Writing

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.
PART II - POLICY ADMINISTRATION

Section A - Contract

Article 1 - Entire Contract

This Group Policy, the current Certificate, the attached Policyholder application, and any Member applications make up the entire contract. The Principal is obligated only as provided in this Group Policy and is not bound by any trust or plan to which it is not a signatory party.

Article 2 - Policy Changes

Insurance under this Group Policy runs annually to the Policy Anniversary, unless sooner terminated. No agent, employee, or person other than an officer of The Principal has authority to change this Group Policy, and, to be effective, all such changes must be in Writing and Signed by an officer of The Principal.

The Principal reserves the right to change this Group Policy as follows:

a. Any or all provisions of this Group Policy may be amended or changed at any time, including retroactive changes, to the extent necessary to meet the requirements of any law or any regulation issued by any governmental agency to which this Group Policy is subject.

b. Any or all provisions of this Group Policy may be amended or changed at any time when such amendment is required for consistent application of policy provisions.

c. By Written agreement between The Principal and the Policyholder, this Group Policy may be amended or changed at any time as to any of its provisions.

Any change to this Group Policy, including, but not limited to, those in regard to coverage, benefits, and participation privileges, may be made without the consent of any Member.

Payment of premium beyond the effective date of the change constitutes the Policyholder's consent to the change.

Article 3 - Policyholder Eligibility Requirements

For Members Electing the Core Plan:
To be an eligible group and to remain an eligible group, the Policyholder must:
a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit organization within the meaning of the Internal Revenue Code, or be a governmental agency; and

b. make at least the level of premium contributions required for insurance on its eligible Members. The Policyholder must contribute 100% of the required premium for all Members; and

c. maintain the following participation with respect to eligible employees:

   (1) 100% if the Member is to contribute no part of the premium; or

   (2) 75% if the Member is to contribute part or all of the premium; and

   (3) have three or more insured employees.

For Members Electing the Buy Up Plan:

To be an eligible group and to remain an eligible group, the Policyholder must:

a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit organization within the meaning of the Internal Revenue Code, or be a governmental agency; and

b. maintain the following participation with respect to eligible employees:

   (1) 100% if the Member is to contribute no part of the premium; or

   (2) maintain the greater of 20% participation or five insured employees.

Article 4 - Policy Incontestability

In the absence of fraud, after this Group Policy has been in force two years, The Principal may not contest its validity except for nonpayment of premium.

Article 5 - Individual Incontestability and Eligibility

All statements made by any individual insured under this Group Policy will be representations and not warranties. In the absence of fraud, these statements may not be used to contest an insured person's insurance unless:

a. the insurance has been in force for less than two years during the insured's lifetime; and

b. the statement is in Written form Signed by the insured person; and
c. a copy of the form which contains the statement is given to the insured or the insured's beneficiary at the time insurance is contested.

However, these provisions will not preclude the assertion at any time of defenses based upon the person's ineligibility for insurance under this Group Policy or upon the provisions of this Group Policy. In addition, if an individual's age is misstated, The Principal may at any time adjust premium and benefits to reflect the correct age.

**Article 6 - Information to be Furnished**

The Policyholder must, upon request, give The Principal all information needed to administer this Group Policy. If a clerical error is found in this information, The Principal may at any time adjust premium to reflect the facts. An error will not invalidate insurance that would otherwise be in force. Neither will an error continue insurance that would otherwise be terminated.

The Principal may inspect, at any reasonable time, all Policyholder and Participating Unit records which relate to this Group Policy.

**Article 7 - Certificates**

The Principal will give the Policyholder Certificates for delivery to insured Members. The delivery of such Certificates will be in either paper or electronic format. The Certificates will be evidence of insurance and will describe the basic features of the benefit plan. They will not be considered a part of this Group Policy.

**Article 8 - Workers' Compensation Insurance Not Replaced**

This Group Policy is not in place of and does not affect nor fulfill the requirements for Workers' Compensation Insurance.

**Article 9 - Electronic Transactions**

Any transaction relating to this Group Policy may be conducted by electronic means if performance of the transaction is consistent with applicable state and federal law.

Any notice required by the provisions of this Group Policy given by electronic means will have the same force and effect as notice given in writing.
Article 10 - Value Added Service

The Principal reserves the right to offer or provide to a Policyholder an employee assistance program or a wellness program or any other value added service for the employees of the Policyholder. In addition, The Principal may arrange for third party service providers (i.e., employee assistance program companies, wellness program providers), to provide discounted goods and services to those Policyholders of The Principal. While The Principal has arranged these goods, services, and third party provider discounts, the third party service providers are liable to the Members for the provisions of such goods and services. The Principal is not responsible for the provision of such goods or services nor is it liable for the failure of the provision of the same. Further, The Principal is not liable to the Members for the negligent provisions of such goods and/or services by the third party service providers.
Section B - Premiums

Article 1 - Payment Responsibility; Due Dates; Grace Period

The Policyholder is responsible for payment of all premium due while this Group Policy is in force. Payments must be sent to the designated payment center for The Principal in Des Moines, Iowa.

The first premium is due on the Date of Issue of this Group Policy. Each premium thereafter will be due on the first of each Insurance Month. Except for the first premium, a Grace Period of 60 days will be allowed for payment of premium. "Grace Period" means the first 60-day period following a premium due date. The Group Policy will remain in force until the end of the Grace Period, unless the Group Policy has been terminated by notice as described in this PART II, Section C. The Policyholder will be liable for payment of the premium for the time this Group Policy remains in force during the Grace Period.

Article 2 - Premium Rates

Members Electing the Core Plan:
The premium rate will be 0.628% of covered Monthly Earnings for each Member insured for Long Term Disability Insurance.

Members Electing the Buy Up Plan:
The premium rate will be 1.17% of covered Monthly Earnings for each Member insured for Long Term Disability Insurance.

Article 3 - Premium Rate Changes

The Principal may change a premium rate on any of the following dates:

a. on any premium due date, after the initial premium rate has then been in force three years or more and if Written notice is given to the Policyholder at least 31 days before the date of change. After the initial premium rate has been in force for three years, The Principal may change the premium rate on any due date if the rate has been in force for 12 months or more and if Written notice is given to the Policyholder at least 31 days before the date of change; or

b. on any date the definition of Member is changed; or

c. on any date that the policy design features or class of insured Members is changed; or
d. on any date a division, subsidiary, or affiliated company is added or terminated; or  

e. on any date the premium contribution required of Members is changed; or  

f. on any Policy Anniversary, if the total covered Monthly Earnings for then insured Members has increased or decreased by more than 25% since the last Policy Anniversary.  

If the Policyholder agrees to participate in the electronic services program of The Principal and, at a later date elects to withdraw from participation, such withdrawal may result in certain administrative fees being charged to the Policyholder.  

**Article 4 - Premium Amount**  

The amount of premium to be paid on each due date will be the product of total covered Monthly Earnings for all Members then insured multiplied by the premium rate then in effect.  

To ensure accurate premium calculations, the Policyholder is responsible for reporting to The Principal, the following information during the stated time periods:  

a. Members who are eligible to become insured are to be reported during the month prior to or during the month that coverage becomes effective.  

b. Members whose coverage has terminated are to be reported within a month of the date coverage terminated.  

c. Changes in Monthly Earnings are to be reported within a month of the date that the change in Monthly Earnings took place.  

d. Changes in Member insurance class are to be reported within a month of the date that the change in insurance class took place.  

If a Member is added or a present Member's Primary Monthly Benefit amount changes or terminates on other than the first of an Insurance Month, premium for that Member will be adjusted and applied as if the change were to take place on the first of the next following Insurance Month.  

**Article 5 - Contributions from Members**  

Members Electing the Core Plan:  
Members are not required to contribute a part of the premium for their insurance under this Group Policy.
Members Electing the Buy Up Plan:
Members are required to contribute the entire premium for their insurance under this Group Policy.
Section C - Policy Termination

Article 1 - Failure to Pay Premium

This Group Policy will terminate at the end of a Grace Period if total premium due has not been received by The Principal before the end of the Grace Period. Failure by the Policyholder to pay the premium within the Grace Period will be deemed notice by the Policyholder to The Principal to discontinue this Group Policy at the end of the Grace Period.

Article 2 - Termination Rights of the Policyholder

The Policyholder may terminate this Group Policy effective on the day before any premium due date by giving Written notice to The Principal prior to that premium due date. The Policyholder's issuance of a stop-payment order for any amounts used to pay premiums for the Policyholder's insurance will be considered Written notice from the Policyholder.

Article 3 - Termination Rights of The Principal

The Principal may nonrenew or terminate this Group Policy by giving the Policyholder 31 days advance notice in Writing, if the Policyholder:

a. ceases to be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit organization within the meaning of the Internal Revenue Code; or

b. has performed an act or practice that constitutes fraud or has made an intentional misrepresentation of material fact under the terms of this Group Policy; or

c. does not promptly provide The Principal with information that is reasonably required; or

d. fails to perform any of its obligations that relate to this Group Policy.

The Principal may terminate the Policyholder's coverage on any premium due date if the Policyholder relocates to a state where this Group Policy is not marketed, by giving the Policyholder 31 days advanced notice in Writing.

Article 4 - Policyholder Responsibility to Members

If this Group Policy terminates for any reason, the Policyholder must:
a. notify each Member of the effective date of the termination; and

b. refund or otherwise account to each Member all contributions received or withheld from Members for premiums not actually paid to The Principal.
PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section A - Eligibility

Article 1 - Member Insurance

A person will be eligible for insurance on the later of:

a. the Date of Issue of this Group Policy; or

b. the first of the Insurance Month following the date the person becomes a Member as defined.
Section B - Effective Dates

Article 1 - Actively at Work

A Member's effective date for Long Term Disability Insurance will be as explained in this section, if the Member is Actively at Work on that date. If the Member is not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

This Actively at Work requirement may be waived as described in Replacement of a Prior Plan in PART IV, Section O, Article 3 of this Group Policy.

Article 2 - Effective Date for Noncontributory Insurance

Unless Proof of Good Health is required (see Articles 4 and 5 below), insurance for which the Member contributes no part of premium will be in force on the date the Member is eligible.

Article 3 - Effective Date for Contributory Insurance

If a Member is to contribute a part of premium, insurance must be requested in a form provided by The Principal. Unless Proof of Good Health is required (see Articles 4 and 5 below), the requested insurance will be in force on:

a. the date the Member is eligible, if the request is made on or before that date; or

b. the first of the Insurance Month following the date of the Member's request, if the request is made within 31 days after the date the Member is eligible.

If the request is made more than 31 days after the date the Member is eligible, Proof of Good Health will be required before insurance can be in force (see Articles 4 and 5 below).

Article 4 - Effective Date When Proof of Good Health is Required

Insurance for which Proof of Good Health is required will be in force on the later of:

a. the date insurance would have been effective if Proof of Good Health had not been required; or

b. the January 1 following the date Proof of Good Health is approved by The Principal.
Article 5 - Proof of Good Health Requirements

The type and form of required Proof of Good Health will be determined by The Principal. A Member must submit Proof of Good Health:

a. If insurance for which a Member contributes a part of premium is requested more than 31 days after the date the Member is eligible.

b. If a Member has failed to provide required Proof of Good Health or has been refused insurance under this Group Policy at any prior time.

c. If a Member elects to terminate insurance and, more than 31 days later, requests to be insured again.

d. If, after the date the Member is initially insured, he or she elects to increase benefits.

Article 6 - Effective Date for Benefit Changes Due to a Change in Monthly Earnings

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the Member's Monthly Earnings will normally be effective on the date of change. However, if the Member is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the Member returns to Active Work.

Article 6A - Effective Date for Benefit Changes Due to a Change in Insurance Class

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the Member's insurance class will normally be effective on the date of change. However, if the Member is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the Member returns to Active Work.

Article 7 - Effective Date for Benefit Changes - Change by Policy Amendment

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in the amount of a Member's Benefit Payable because of a change in the Benefit Payable (as described in PART IV, Section B) by amendment to this Group Policy will be effective on the date of change. However, if the Member is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the Member returns to Active Work.
Article 8 - Effective Date for Benefit Changes - Change in Benefits Made by The Principal

A change in the Member's Benefit Payable because of a change made by The Principal will normally be effective on the Policyholder's Policy Anniversary. However, if the Member is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the Member returns to Active Work.
Section C - Member Termination, Continuation, and Reinstatement

Article 1 - Member Termination

A Member's insurance under this Group Policy will terminate on the earliest of:

a. the date this Group Policy is terminated; or
b. the date the last premium is paid for the Member's insurance; or
c. for contributory insurance, any date if requested by the Member before that date; or
d. the date the Member ceases to be a Member as defined; or
e. the date the Member ceases to be in a class for which Member Insurance is provided; or
f. the date the Member ceases Active Work, except as provided by Articles 2, 3, 4, and 5 of this section.

Termination of insurance for any reason described above will not affect a Member's rights to benefits, if any, for a Disability that begins while the Member's insurance is in force under this Group Policy. A Member is considered to be continuously Disabled if he or she is Disabled from one condition and, while still Disabled from that condition, incurs another condition that causes Disability.

Article 2 - Member Continuation

A Member may qualify to have his or her insurance continued under one or more of the continuation articles below. If a Member qualifies for continuation under more than one article, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

Article 3 - Member Continuation and Reinstatement - Sickness, Injury, or Pregnancy

If a Member ceases Active Work due to sickness, injury, or pregnancy, the Member's insurance can be continued subject to payment of premium, until the earliest of:

a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
b. the end of the Insurance Month in which the Member recovers; or
c. the date 180 days after Active Work ends.

For a Member who establishes a Benefit Payment Period, his or her insurance will be reinstated if the Member returns to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. The Member's reinstated insurance will be in force on the date of return to Active Work.

For a Member who does not qualify to have a Benefit Payment Period begin, insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The Member's reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the Member remained continuously insured.

In addition, a longer reinstatement period will be allowed for an approved leave of absence taken in accordance with the provisions of the state law regarding family leave.

**Article 4 - Member Continuation and Reinstatement - Layoff or Leave of Absence**

If a Member ceases Active Work due to layoff or leave of absence, his or her insurance can be continued, subject to premium payment, until the earlier of:

a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or

b. for leave of absence, 30 days after the date Active Work ends; or

c. for layoff, the date Active Work ends.

A Member's insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The Member's reinstated insurance will be in force on the date of his or her return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the Member remained continuously insured.

In addition, a longer reinstatement period will be allowed for an approved leave of absence taken in accordance with the provisions of the state law regarding family leave.
Article 5 - Member Continuation and Reinstatement - Family and Medical Leave Act (FMLA)

If a Member ceases Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue the Member's insurance, subject to premium payment until the date either 12 weeks or 26 weeks, as determined by law, after Active Work ends.

A Member's terminated insurance may be reinstated in accordance with the provisions of FMLA.
PART IV - BENEFITS

Section A - Benefit Qualification

Article 1 - Benefit Qualification

A Member will qualify for Disability benefits if all of the following apply:

a. The Member is Disabled under the terms of this Group Policy.
b. The Disability begins while he or she is insured under this Group Policy.
c. The Disability is not subject to any Exclusions listed in this PART IV, Section O.
d. An Elimination Period of 180 days is completed.
e. A Benefit Payment Period is established.
f. The Member is under the Regular and Appropriate Care of a Physician.
g. The claim requirements listed in this PART IV, Section Q are satisfied.

A Benefit Payment Period will be established on the latest of:

a. the date the Member completes an Elimination Period; or
b. the date six months before The Principal receives Written proof of the Member's Disability; or

A Benefit Payment Period will be established on the latest of:

a. the date the Member completes an Elimination Period; or
b. the date six months before The Principal receives Written proof of the Member's Disability; or

c. the day after the Member's Short Term Disability Benefit Payment period ends.

NOTE: No premiums are required during a Long Term Disability Benefit Payment Period.

No benefits will be payable for any Disability during a Member's incarceration in a penal or correctional institution for a period greater than six months. Benefits will be terminated effective on the day immediately following six months of such incarceration and will be reinstated, without retroactive payment of benefits, upon the Member's release, provided:

a. the Member continues to qualify for benefits as provided in this PART IV, Section A, Article 1; and

b. the Member's current Disability and the Disability for which the Elimination Period was completed are from the same or related cause; and
c. the Member has not exceeded the Benefit Payment Period as outlined in PART IV, Section M of this Group Policy.

Reinstated benefits are not paid retroactively during the period of the Member's incarceration.
Section B - Benefits Payable

Article 1 - If the Member is not working during a period of Disability

The Benefit Payable to a Member for each full month of a Benefit Payment Period will be the Member's Primary Monthly Benefit less Other Income Sources.

Article 2 - If the Member is working during a period of Disability

The work incentive Benefit Payable to a Member for each full month of a Benefit Payment Period will be:

a. for the first 12 months, the lesser of:
   
   (1) 100% of Indexed Predisability Earnings less Other Income Sources, less Current Earnings from his or her Own Occupation or any occupation for which the Member becomes employed after Disability begins; or
   (2) the Primary Monthly Benefit less Other Income Sources; and

b. thereafter, the Member's Primary Monthly Benefit less Other Income Sources, less 50% of Current Earnings from his or her Own Occupation or any occupation for which the Member becomes employed after Disability begins.

On each March 1, following the date the Member becomes Disabled, the Member's Predisability Earnings will be increased by the average rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If the Member has been Disabled for less than one year as of March 1, the amount of the increase will be multiplied by the ratio of:

a. the number of completed months of Disability as of March 1;

b. divided by 12 months.

Consumer Price Index means the U.S. City Average for Urban Consumers, All Items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.
Article 3 - Minimum Monthly Benefit

In no event will the Monthly Benefit Payable be less than $100 for each full month of a Benefit Payment Period, except that The Principal will have the right to reduce the Minimum Monthly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.
Section C - Rehabilitation Services and Benefits

Rehabilitation Services and Benefits are voluntary if the Member qualifies for Disability Benefits under this Group Policy.

Article 1 - Rehabilitation Services and Benefits

While the Member is Disabled and covered under this Group Policy, he or she may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. The Principal will work with the Member and others as appropriate, to develop an individualized rehabilitation plan intended to assist the Member in returning to work.

Article 2 - Rehabilitation Services

While the Member is Disabled under the terms of the Group Policy, he or she may qualify for Rehabilitation Services. If the Member and The Principal agree in Writing on a rehabilitation plan in advance, The Principal may pay a portion of reasonable expenses. The goal of the plan will be to return the Member to work.

Any rehabilitation assistance must be approved in advance by The Principal and outlined in a rehabilitation plan. The Benefit Payable as described in this PART IV, Section B, Articles 1 and 2, (subject to the terms and conditions of the section) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

a. coordination of medical services;

b. vocational and employment assessment;

c. purchasing adaptive equipment;

d. business/financial planning;

e. retraining for a new occupation;

f. education expenses.

The Principal will periodically review the rehabilitation plan and if the agreed upon progress is documented, The Principal will continue to pay for the agreed upon expenses as long as appropriate progress is documented for returning the Member to work.
Article 3 - Predisability Intervention Services

Rehabilitation Services may be offered to a Member who has not yet become Disabled under the terms of this Group Policy, provided the Member has a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of his or her Own Occupation.

Article 4 - Reasonable Accommodation Benefit

a. Eligibility

An employer or the Member may be eligible for a Reasonable Accommodation Benefit provided the Member would be able to return to work with Reasonable Accommodation of the work environment. This benefit must be approved by The Principal in Writing prior to implementation.

b. Benefit

The Principal will reimburse an employer or the Member for expenses incurred to modify the workplace to allow the Member to return to work, up to the actual expense, not to exceed $5,000 per Benefit Payment Period. Expenses may include the cost of tools, equipment, furniture, or any other changes to the work-site or environment that The Principal agrees will allow the Member to return to work. Any payment made for Reasonable Accommodation would be the difference between the cost and the amount paid or payable by third parties (including any amount paid under a policy of medical coverage).
Section E - Survivor Benefit

Article 1 - Survivor Benefit

In the event a Benefit Payment Period ends because of the Member's death, a Survivor Benefit will be payable. This Survivor Benefit will be three times the Member's Primary Monthly Benefit that would have been payable had the Member not died.

The Principal will pay the Survivor Benefit to a Member's Dependent Spouse, child, parent, or estate as described in this PART IV, Section Q, Claim Procedures.
Section K - Monthly Payment Limit

Article 1 - Monthly Payment Limit

In no event will the sum of amounts payable for:

a. Benefits Payable under this PART IV, Section B, Article(s) 1, 2, and 3; and

b. income from Other Income Sources;

c. Current Earnings from the Member's Own Occupation or any occupation; and

exceed 100% of Predisability Earnings. If the Member is eligible for benefits under this PART IV, Section B, Article 2, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first 12 months.

In the event the Member's total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits under this Group Policy will be reduced by the amount in excess of 100% of Predisability Earnings.
Section M - Benefit Payment Period and Recurring Disability

Article 1 - Benefit Payment Period

Benefits are payable:

a. if Disability begins before age 62, until the later of the date 42 months after the Benefit Payment Period begins, or the date the Member attains age 65; or

b. if Disability begins at or after age 62, until the date of completion of the number of months shown below after the Benefit Payment Period begins.

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<tr>
<th>Member's Age on the Date Disability Begins</th>
<th>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</th>
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<td>69 and over</td>
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However, in no event, will benefits continue beyond:

a. the date of the Member's death; or

b. the date Disability ends, unless a Recurring Disability exists as explained in this section; or

c. the date the Member unreasonably fails to provide any required proof of Disability; or

d. the date the Member unreasonably fails to submit to any required medical examination as provided in this PART IV, Section Q, Article 11; or

e. if Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition, the date 24 months after the Benefit Payment Period begins; or

f. the date the Member ceases to be under the Regular and Appropriate Care of a Physician; or
g. the date the most recent one month average of the Member's Current Earnings exceeds 80% of the Member's monthly Predisability Earnings if the Member is Residually Disabled.

Article 2 - Recurring Disability

A Recurring Disability will exist under this Group Policy if:

a. after completing an Elimination Period and during a Benefit Payment Period, a Member ceases to be Disabled; and

b. the Member then returns to Active Work; and

c. while insured under this Group Policy, but before completing six continuous months of Active Work, the Member is again Disabled; and

d. the current Disability and the Disability for which the Elimination Period was completed result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability has not ended, except that no benefits will be payable for the time between Disabilities. The Member will not be required to complete a new Elimination Period. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability. The effective date of any salary increase received during return to Active Work as stated in PART III, Section B, Article 6 which would otherwise be effective, will not be effective to any benefit payment under this Recurring Disability provision.
Section N - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, or a Mental Health Condition

Article 1 - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, or a Mental Health Condition

The Member's period of Disability will be considered due to alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition if:

a. the Member is Disabled by one or more of the stated conditions; and

b. the Member does not have other conditions which, in the absence of the above stated conditions, would continue to exist.

When Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition, a Member's maximum number of Benefits Payable for all such periods of Disability is limited to 24 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 24 months, the Member is confined in a Hospital or other facility qualified to provide necessary care and treatment for alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition, then the Benefit Payment Period may be extended to include the time during which the Member remains confined.

The Benefits Payable limit is not applicable to drugs administered on the advice of the Member's Physician.

Benefits will be payable for the length of the confinement and for up to 60 days following the end of the confinement. If the Member is Hospital confined again during the 60-day period for at least ten consecutive days, benefits will be payable for the length of the second confinement and for up to 60 days following the end of the second confinement.
Section O - Exclusions

Article 1 - Exclusions

No benefits will be paid for any Disability that:

a. results from willful self-injury, while sane or insane; or

b. results from war or act of war; or

c. results from the commission of or attempt to commit a felony; or

d. is a new Disability that begins after a prior Benefit Payment Period has ended or a claim for benefits has been denied and the Member has not returned to Active Work; or

e. is a continuation of a Disability for which a Benefit Payment Period has ended or a claim for benefits has been denied and the Member has not returned to Active Work (except as provided for a Recurring Disability in this PART IV, Section M, Article 2); or

f. is caused or substantially contributed by a Preexisting Condition as described in this Group Policy.

Article 2 - Preexisting Conditions Exclusion for Initial Coverage

A Preexisting Condition is any sickness or injury for which a Member:

a. received medical treatment, care, or services for a diagnosed condition or took prescription medications for a diagnosed condition in the six month period before he or she became insured under this Group Policy; or

b. suffered from a physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in his or her application;

(1) for which he or she received a Physician's advice or treatment within 24 months before he or she became insured under this Group Policy; or

(2) which caused symptoms within 12 months before he or she became insured under this Group Policy for which a prudent person would usually seek medical advice or treatment; and

c. the Disability caused or substantially contributed to by the condition begins in the first 24 months after the Member's effective date of insurance under this Group Policy.
No benefits will be paid for a Disability that is caused or substantially contributed by a Preexisting Condition unless, on the date the Member becomes Disabled, he or she has been Actively at Work for one full day after completing 12 consecutive months during which the Member was insured under this Group Policy.

Article 3 - Replacement of a Prior Plan

a. Applicability

When insurance under this Group Policy replaces coverage under a Prior Plan, this article may apply to a Member who is eligible and enrolled under this Group Policy, and:

(1) is not Actively at Work when his or her coverage would otherwise become effective; or
(2) becomes Disabled due to a Preexisting Condition.

b. Benefit Eligibility

A Member will qualify for the benefit provided by this article if all of the following apply:

(1) The Member had disability coverage under a Prior Plan, which terminated on the date immediately preceding the date the Member became eligible under this Group Policy.
(2) The Member is not receiving any benefits under the Prior Plan but would have been entitled to benefits had the Prior Plan remained in force.
(3) No provision other than the Actively at Work or the Preexisting Condition provision(s) would prohibit benefits being paid to the Member under this Group Policy.

c. Benefits Payable

The benefits payable, if any, under this article, will be the lesser of the benefits and plan provisions of this Group Policy or the benefits and plan provisions that would have been paid under the Prior Plan had it remained in force, including any benefits from a recurring claim. No benefits will be paid for:

(1) any Disability that occurs before the Date of Issue of this Group Policy; or
(2) any Disability for which benefits would have been paid under the Prior Plan in the absence of this section.
Section Q - Claim Procedures

Article 1 - Notice of Claim

Written notice of claim must be given to The Principal within 20 days after the occurrence or commencement of any loss covered by this Group Policy, or as soon as reasonably possible.

Article 2 - Claim Forms

The Principal, upon Written notice of claim, will furnish to the claimant such forms as are usually furnished for filing proofs of loss. If such forms are not furnished within 15 days after the giving of such notice, the claimant shall be deemed to have complied with the requirements of this Group Policy as to proof of loss, upon submitting, within the time fixed in this Group Policy for filing proofs of loss, Written proof covering the occurrence, the character and the extent of the loss for which claim is made.

Article 3 - Proof of Loss

Written proof of a loss must be furnished to The Principal within the following time frames:

a. In the case of a claim for a loss which provides for any periodic payment contingent upon continuing loss, within 90 days after completion of the Elimination Period.

b. In case of a claim for any losses for a Reasonable Accommodation and/or a Survivor Benefit within 90 days after the date of such loss.

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 and in no event, except in the absence of legal capacity of the Member, later than one year from the time proof is otherwise required.

Article 3A - Documentation of Loss

The Principal must receive satisfactory Written proof of loss as described in Article 3 above. Until The Principal receives the proof of loss, benefits will not be paid. Proof of loss requirements may include:

a. Claim forms from the Member or his or her Physician.

b. Documentation that the Member is under Regular and Appropriate Care by a Physician.
c. Copies of medical records, test results and/or Physician's progress notes.

d. Occupation information, such as documentation of work duties and activities. This may include the Member's job description or appointment calendar.

e. Independent Medical examination(s) (see Examinations provision below).

f. A Written authorization, signed by the Member on a form supplied by The Principal, to obtain records and information needed to determine the Member's eligibility for benefits.

**Article 3B - Earnings Documentation**

In order to determine benefits payable, The Principal may require earnings documentation to determine Predisability Earnings and Current Earnings. Upon request, the Member shall provide access to his or her financial and business records, including his or her Federal Income Tax Returns and supporting documentation, as often as The Principal may require.

**Article 3C - Investigation of Member's Claim**

The Principal will obtain, with the Member's cooperation and authorization if required by law, only such information that is necessary to evaluate the Member's claim and will decide whether to accept or deny the Member's claim for benefits, The Principal may:

a. obtain this information from the Member's notice of claim, submitted proof of loss as described in Article 3A above, statements, or other materials provided by the Member or others on his or her behalf; or

b. obtain necessary information at the expense of The Principal; or

c. have the Member physically examined when and as often may be reasonably required while the claim is pending.

In addition, at the Member's option and their expense, the Member may provide The Principal with any other information to be considered when reviewing the claim, including but not limited to, reports from a Physician or other experts of the Member's choice. The Member should provide The Principal with all information that the Member wants The Principal to consider regarding their claim.

The Principal will consider and interpret this Group Policy and all information obtained by The Principal and submitted by the Member that relates to the Member's claim for benefits. The
Principal will make a determination of the Member's eligibility for benefits based on this information and in accordance with this Group Policy and applicable law.

If The Principal approves the Member's claim, The Principal will review the decision to approve the Member's claim for benefits as often as is reasonably necessary to determine the Member's continued eligibility for benefits.

Benefits may not be payable until The Principal has had reasonable time to conduct an investigation of the Member's claim and determines benefits are payable.

Any costs involved in submission of proof of loss or earnings documentation are the Member's responsibility to pay, except for costs incurred by The Principal for items c. and e. in Article 3A above or personal interview or financial examination.

Once the Member's claim is approved, no benefits will be continued beyond the end of the period for which the Member has provided The Principal with satisfactory proof of loss as described in Article 3 above. The Principal will require the Member to provide additional documentation of his or her claim, at the Member's expense, at reasonable intervals while the Member is claiming Disability.

If The Principal denies a Member's claim, The Principal will follow the procedures described in Article 4 below. If the Member does not appeal the claim decision to The Principal as described in Article 4 below, the decision will be the final claim decision by The Principal.

**Article 4 - Payment, Denial, and Review**

Up to 45 days from receipt of claim is permitted for processing the claim. If a claim cannot be processed due to incomplete information, The Principal will send a Written explanation prior to the expiration of the 45 days. The claimant is then allowed up to 45 days to provide all additional information requested. The Principal is permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to the claimant regarding the extension.

In actual practice, benefits under this Group Policy will be payable sooner, provided The Principal received complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, The Principal will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to The Principal within 180 days of receipt of notice of the denial. The Principal will make a full and fair review of the claim. The Principal may require additional information to make the review. The Principal will notify the claimant in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because The Principal did not receive the requested additional information, The Principal is permitted a 45-day extension
for the review. Written notification will be sent to the claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means Member.

State law permits up to 40 days after receipt of proof of Disability to determine if the claim will be paid or denied. If a determination cannot be made within 40 days, The Principal can request a 30-day extension in Writing prior to the end of the original 40 days and every 30 days thereafter. (Exception: If there is a reasonable basis for The Principal to believe a claim is false or fraudulent, the 40-day limit is extended to 80 days.)

If it is determined that the claim will be paid, a Benefit Payment Period must begin within 30 days of:

a. determination of Disability; or

b. execution of a settlement agreement.

If the claim is denied, in whole or in part, The Principal will notify the claimant in Writing of the basis for the denial. This denial notice will include an explanation of the policy provisions, condition, or exclusion relevant to the facts of the claim. The notice will also provide the address and telephone number of the unit of the California Department of Insurance the claimant should contact for review if he or she believes the claim has been wrongfully denied.

**Article 5 - Report of Payments from Other Income Sources**

When asked, a Member must give The Principal:

a. a report of all payments from Other Income Sources; and

b. proof of application for all such income for which the Member and the Member's Dependents are eligible; and

c. proof that any application for such income has been rejected.

**Article 6 - Lump Sum Payments from Other Income Sources**

If any income from Other Income Sources is payable in a lump sum, (except as described below) the lump sum will be deemed to be paid in monthly amounts prorated over the time stated. If no
such time is stated, the lump sum will be prorated monthly over the expected life span of the Member. The Principal will determine the expected life span.

Lump Sum Payments under:

a. a retirement plan will be deemed to be paid in the monthly amount which:

   (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
   (2) is prorated under a standard annuity table over the expected life span of the Member (if the plan does not have a standard annuity option);

b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or a settlement) will be deemed to be paid monthly:

   (1) at the rate stated in the award or settlement; or
   (2) at the rate paid prior to the lump sum (if no rate is stated in the award or settlement); or
   (3) at the maximum rate set by the law (if no rate is stated and the Member did not receive a periodic award).

**Article 7 - Social Security Estimates**

If it is reasonable that the Member would be entitled to disability benefits under the Federal Social Security Act, The Principal will require that the Member apply for such disability benefits.

If the Member has not applied for disability benefits under the Federal Social Security Act or pursued them with reasonable diligence, and until exact amounts are known, The Principal may estimate the Social Security benefits for which a Member and his or her Dependents are eligible and may include those estimates in the Member's Other Income Sources.

**Article 8 - Other Disability Coverage Estimates**

If it is reasonable that the Member would be entitled to disability benefits under the Canadian Pension Plan, Quebec Pension Plan, Railroad Retirement Act, or any similar plan or act, Worker's Compensation Act, any other occupational disease law or similar act, Jones Act, or state compulsory/statutory benefit law, The Principal will require that the Member apply for such disability benefits.

If The Principal possesses a means of reasonably estimating such disability benefits, the Member has not applied for these benefits or pursued them with reasonable diligence, and until exact
amounts are known, The Principal may estimate benefits for which a Member and his or her Dependents are entitled and may include those estimates in the Member's Other Income Sources.

**Article 9 - Payments for Less Than a Full Month**

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

**Article 10 - Right to Recover Overpayments**

If an overpayment of benefits occurs under this Group Policy, The Principal will have the option to:

a. reduce or withhold any future benefits The Principal determines to be due, including the Minimum Monthly Benefit; or

b. recover the overpayment directly from the Member; or

c. take any other legal action.

**Article 11 - Facility of Payment**

Benefits under this Group Policy will be payable at the end of each month of a Benefit Payment Period, provided complete and proper proof of Disability has been received by The Principal.

The Principal reserves the right to offer a lump sum payment in lieu of continued monthly payments where liability has been established for a Benefit Payment Period if the Member and The Principal agree.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

The Principal will normally pay benefits directly to the Member. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge The Principal to the full extent of those payments.

a. If payment amounts remain due upon a Member's death, those amounts may be paid to the Member's Dependent Spouse, child, parent, or estate.

b. If The Principal believes a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, The Principal may pay whoever has assumed
the care and support of the person. Any payment due a minor will be at the rate of not more than $200 a month.

Article 12 - Examinations

The Principal has the right to require a Member to undergo medical examinations during the course of a claim. The examinations will be performed by a Physician The Principal chooses as appropriate for the condition and will be conducted at the time, place and frequency The Principal reasonably requires. The Principal will pay for these examinations and will choose the Physician to perform them.

Article 13 - Legal Action

Legal action to recover benefits under this Group Policy may not be started earlier than 60 days after required proof of Disability has been filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

Article 14 - Time Limits

Any time limits listed in this section will be adjusted as required by law.
California insurance law requires that each group policy include the telephone number of the insurance company issuing the policy in order for the persons to present inquiries, to obtain information about coverage, and to provide assistance in resolving complaints. Persons may call or write to:

Principal Life Insurance Company
711 High Street
Des Moines, Iowa  50392-0002

For Disability claim-related inquiries:
Attn:  Group Claims
Phone:  1-800-245-1522

For administration-related inquiries:
Attn:  Group Call Center
Phone:  1-800-843-1371

Consumers should contact The Principal, their agent or other representative regarding complaints. If the policy or certificate was issued or delivered by an agent or broker, the insured must contact his or her agent or broker for assistance.

The California Department of Insurance should be contacted only after discussions with the insurer, or its agent or other representative, or both have failed to produce a satisfactory resolution to the problem.

Persons may contact:

California Insurance Department
Health Claims Bureau
300 South Spring Street, South Tower
Los Angeles, CA  90013
Phone:  1-800-927-4357 (HELP)
TDD:  1-800-482-4833
Website:  www.insurance.ca.gov

This Notice is for the Policyholder's information only and does not become a part or condition of this Group Policy.
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