

Short Term Disability Income Plan

City of Colorado Springs
City of Colorado Springs Employees

**SUMMARY OF THE
LIFE AND HEALTH INSURANCE PROTECTION ASSOCIATION ACT
AND NOTICE CONCERNING COVERAGE LIMITATIONS AND EXCLUSIONS**

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

IMPORTANT DISCLAIMER

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

Coverage is NOT provided for your insurance or any portion of it that is not guaranteed by the Insurer or for which you have assumed the risk.

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 Association to induce you to purchase any kind of insurance policy.

SUMMARY

The state law that provides for this safety-net coverage is called the Life and Health Insurance Protection Association Act. Below 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 Association.

COVERAGE. Generally, individuals will be protected by the Life and Health Insurance Protection 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. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

This Information is Provided By

Life and Health Insurance Protection Association
P.O. Box 480025
Denver, Colorado 80248-0025
(303) 572-1710

Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, Colorado 80202
(303) 894-7499

EXCLUSIONS FROM COVERAGE. Persons holding such policies are **not** protected by this Association if:

- they are not residents of the state of Colorado, except under certain very specific circumstances;
- their insurer was not authorized to do business in Colorado when it issued the policy or contract;
- their policy was issued by a nonprofit hospital or health service corporation (e.g. the "Blues"), an HMO, 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.

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;
- any policy of reinsurance unless an assumption certificate was issued;
- plans of employers, associations, or similar entities to the extent they are self-funded or uninsured (that is, not insured by an insurance company, even if an insurance company administers them);
- interest rate yields that exceed an average rate;
- dividends;
- experience rating credits;
- credits given in connection with the administration of a policy or contract;
- annuity contracts or group annuity certificates not owned by an individual unless and to the extent guaranteed to an individual by the insurer;
- annuity contracts or group annuity certificates used by nonprofit insurance companies to provide retirement benefits for nonprofit educational institutions and their employees;
- policies, contracts, certificates or subscriber agreements issued by a prepaid dental care plan;
- sickness and accident insurance when written by a property and casualty insurer as part of an automobile insurance contract;
- unallocated annuity contracts issued to an employee benefit plan protected under the federal Pension Benefit Guaranty Corporation;
- policies or contracts issued by an insurer which was insolvent or unable to fulfill its contractual obligations as of July 1, 1991;
- policies or contracts covering persons who are not citizens or permanent residents of the United States;
- financial guarantees, funding agreements or guaranteed investment contracts not containing mortality guarantees and not issued to or in connection with specific employee benefit plan or governmental lottery;
- any kind of insurance or annuity, the benefit of which are exclusively payable or determined by a separate account required by the terms of such insurance policy or annuity maintained by the insurer or by a separate entity.

LIMITS ON AMOUNT OF COVERAGE. The Act also limits the amount the Association is obligated to pay out. The Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Association will pay a maximum of \$300,000 - no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$100,000 in cash surrender values, \$100,000 in health insurance benefits, \$100,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits, - again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages.

LIFE INSURANCE COMPANY OF NORTH AMERICA
1601 CHESTNUT STREET
PHILADELPHIA, PA 19192-2235
(800) 732-1603 TDD (800) 552-5744
A STOCK INSURANCE COMPANY

GROUP POLICY

POLICYHOLDER: City of Colorado Springs
POLICY NUMBER: LK-007822
POLICY EFFECTIVE DATE: January 1, 1994
REISSUE EFFECTIVE DATE: January 1, 2008
POLICY ANNIVERSARY DATE: January 1

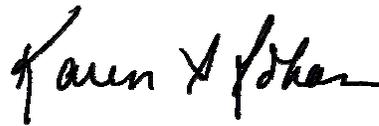
This Policy is a continuation of and replaces the same numbered policy that became effective January 1, 1994. Any different benefits provided by this Policy become effective on its Rewrite Date shown above. Any different benefits will not affect benefits payable for claims incurred before the Policy Rewrite Date.

This Policy describes the terms and conditions of coverage. It is issued in Colorado and shall be governed by its laws. The Policy goes into effect on the Policy Effective Date, 12:01 a.m. at the Policyholder's address.

In return for the required premium, the Insurance Company and the Policyholder have agreed to all the terms of this Policy.



Susan L. Cooper, Secretary



Karen S. Rohan, President

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SCHEDULE OF BENEFITS

Re-Issue Date:

January 1, 2008. The Policy reflects the terms and conditions of coverage applicable on this date. If an Insured is not in Active Service on the Reissue Date, coverage will be determined on the basis of the prior policy and any subsequent amendments until the Insured returns to Active Service. References throughout the Policy to the Policy Effective Date mean the effective date of the prior Policy.

Premium Due Date

Premiums are due in arrears on the date coinciding with the day of the Policy Anniversary Date or the last day of the month, if earlier.

Participation Requirements The greater of 40% of Eligible Employees or a minimum of 10 Employees.

Classes of Eligible Employees

On the pages following the definition of eligible employees there is a Schedule of Benefits for each Class of Eligible Employees listed below. For an explanation of these benefits, please see the Description of Benefits provision.

If an Employee is eligible under one Class of Eligible Employees and later becomes eligible under a different Class of Eligible Employees, changes in his or her insurance due to the class change will be effective on the date of the change in class.

- | | |
|---------|--|
| Class 1 | All active, Full-time and Part-time Employees over age 18, excluding City Council Members, working a minimum of 20 hours per week, have less than 5 years of PERA Service and are not eligible for benefits under the Public Employees Retirement Association. |
| Class 2 | All Active, Full-time and Part-time Employees over age 18, excluding City Council Members, working a minimum of 20 hours per week, with 5 or more years of PERA Service and are eligible for benefits under the Public Employees Retirement Association. |
| Class 3 | All Active, Full-time and Part-time Sworn Police and Fire Employees over age 18, excluding City Council Members, working a minimum of 20 hours per week and are eligible for benefits under the Fire and Police Pension Association. |
| Class 4 | All active, City Council Members over age 18. |

SCHEDULE OF BENEFITS FOR CLASS 1

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: First day of the month following date of hire.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is either:

1. unable to perform all the material duties of his or her Regular Occupation; or
2. unable to earn 80% or more of his or her Indexed Covered Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Optimum Ability

While benefits are payable, the greatest extent of work the Employee is able to do in his or her Regular Occupation.

The Employee's ability to work is based on the following:

1. medical evidence submitted by the Employee;
2. consultation with the Employee's Physician;
3. evaluation of the Employee's ability to work by not more than three independent experts if required by the Insurance Company; and
4. an offer of employment that meets the Employee's capacity to do the work is made by an employer.

There is no cost to the Employee for evaluation by an independent expert when required by the Insurance Company to determine Optimum Ability.

The independent expert must be:

1. licensed, registered or certified as required by the laws of the state in which the evaluation is made; and
2. acting within the scope of that license, registration or certificate.

Definition of Covered Earnings

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

It does not include amounts received as bonus, commissions, overtime pay or other extra compensation.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period

The later of any accumulated sick leave or the time period shown below.

For Accident: 7 days

For Sickness: 7 days

Gross Disability Benefit

The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit

\$750 per week

Disability Benefit Calculation

The Weekly Disability Benefit for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits and the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings the Employee could earn if working at Optimum Ability, minus Disability Earnings.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf.

Work Incentive Benefit Calculation

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Work Incentive Benefit Calculation applies. It is determined as follows:

For each week that Disability Benefits are payable, the amount of the Work Incentive Benefit equals (a) minus (b).

(a) equals (i) minus (ii), but not more than the Gross Disability Benefit shown in the Schedule of Benefits.

(i) is 100% of Indexed Covered Earnings.

(ii) is the sum of Other Income Benefits, including Disability Earnings.

(b) equals the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings an Employee could earn if working at Optimum Ability, minus Disability Earnings.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a Transitional Work Arrangement or other modified work arrangement and the Employee refuses to do so without Good Cause.

Maximum Benefit Period

For Accident: 25 weeks

For Sickness: 25 weeks

Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Benefit. The Monthly Rates per \$10 of Weekly Covered Benefit are listed below.

| <u>Age</u> | <u>Rate</u> |
|-------------|-------------|
| Under 30 | \$.28 |
| 30 – 34 | \$.27 |
| 35 – 39 | \$.25 |
| 40 – 44 | \$.27 |
| 45 – 49 | \$.29 |
| 50 – 54 | \$.35 |
| 55 – 59 | \$.41 |
| 60 – 64 | \$.54 |
| 65 or older | \$.64 |

TL-004774

SCHEDULE OF BENEFITS FOR CLASS 2

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: First day of the month following date of hire.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is either:

1. unable to perform all the material duties of his or her Regular Occupation; or
2. unable to earn 80% or more of his or her Indexed Covered Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Optimum Ability

While benefits are payable, the greatest extent of work the Employee is able to do in his or her Regular Occupation.

The Employee's ability to work is based on the following:

1. medical evidence submitted by the Employee;
2. consultation with the Employee's Physician;
3. evaluation of the Employee's ability to work by not more than three independent experts if required by the Insurance Company; and
4. an offer of employment that meets the Employee's capacity to do the work is made by an employer.

There is no cost to the Employee for evaluation by an independent expert when required by the Insurance Company to determine Optimum Ability.

The independent expert must be:

1. licensed, registered or certified as required by the laws of the state in which the evaluation is made; and
2. acting within the scope of that license, registration or certificate.

Definition of Covered Earnings

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

It does not include amounts received as bonus, commissions, overtime pay or other extra compensation.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period

The later of any accumulated sick leave or the time period shown below.

For Accident: 7 days

For Sickness: 7 days

Gross Disability Benefit

The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit

\$750 per week

Disability Benefit Calculation

The Weekly Disability Benefit for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits and the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings the Employee could earn if working at Optimum Ability, minus Disability Earnings.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf.

Work Incentive Benefit Calculation

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Work Incentive Benefit Calculation applies. It is determined as follows:

For each week that Disability Benefits are payable, the amount of the Work Incentive Benefit equals (a) minus (b).

(a) equals (i) minus (ii), but not more than the Gross Disability Benefit shown in the Schedule of Benefits.

(i) is 100% of Indexed Covered Earnings.

(ii) is the sum of Other Income Benefits, including Disability Earnings.

(b) equals the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings an Employee could earn if working at Optimum Ability, minus Disability Earnings.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a Transitional Work Arrangement or other modified work arrangement and the Employee refuses to do so without Good Cause.

Maximum Benefit Period

For Accident: 8 weeks
For Sickness: 8 weeks

Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Benefit. The Monthly Rates per \$10 of Weekly Covered Benefit are listed below.

| <u>Age</u> | <u>Rate</u> |
|-------------|-------------|
| Under 30 | \$.13 |
| 30 – 34 | \$.13 |
| 35 – 39 | \$.12 |
| 40 – 44 | \$.13 |
| 45 – 49 | \$.14 |
| 50 – 54 | \$.17 |
| 55 – 59 | \$.20 |
| 60 – 64 | \$.24 |
| 65 or older | \$.28 |

TL-004774

SCHEDULE OF BENEFITS FOR CLASS 3

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: First day of the month following date of hire.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is either:

1. unable to perform all the material duties of his or her Regular Occupation; or
2. unable to earn 80% or more of his or her Indexed Covered Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Optimum Ability

While benefits are payable, the greatest extent of work the Employee is able to do in his or her Regular Occupation.

The Employee's ability to work is based on the following:

1. medical evidence submitted by the Employee;
2. consultation with the Employee's Physician;
3. evaluation of the Employee's ability to work by not more than three independent experts if required by the Insurance Company; and
4. an offer of employment that meets the Employee's capacity to do the work is made by an employer.

There is no cost to the Employee for evaluation by an independent expert when required by the Insurance Company to determine Optimum Ability.

The independent expert must be:

1. licensed, registered or certified as required by the laws of the state in which the evaluation is made; and
2. acting within the scope of that license, registration or certificate.

Definition of Covered Earnings

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

It does not include amounts received as bonus, commissions, overtime pay or other extra compensation.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period

The later of any accumulated sick leave or the time period shown below.

For Accident: 7 days

For Sickness: 7 days

Gross Disability Benefit The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$750 per week

Disability Benefit Calculation

The Weekly Disability Benefit for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits and the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings the Employee could earn if working at Optimum Ability, minus Disability Earnings.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf.

Work Incentive Benefit Calculation

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Work Incentive Benefit Calculation applies. It is determined as follows:

For each week that Disability Benefits are payable, the amount of the Work Incentive Benefit equals (a) minus (b).

- (a) equals (i) minus (ii), but not more than the Gross Disability Benefit shown in the Schedule of Benefits.
 - (i) is 100% of Indexed Covered Earnings.
 - (ii) is the sum of Other Income Benefits, including Disability Earnings.
- (b) equals the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings an Employee could earn if working at Optimum Ability, minus Disability Earnings.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a Transitional Work Arrangement or other modified work arrangement and the Employee refuses to do so without Good Cause.

Maximum Benefit Period

For Accident: 25 weeks
For Sickness: 25 weeks

Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Benefit. The Monthly Rates per \$10 of Weekly Covered Benefit are listed below.

| <u>Age</u> | <u>Rate</u> |
|-------------|-------------|
| Under 30 | \$.28 |
| 30 – 34 | \$.27 |
| 35 – 39 | \$.25 |
| 40 – 44 | \$.27 |
| 45 – 49 | \$.29 |
| 50 – 54 | \$.35 |
| 55 – 59 | \$.41 |
| 60 – 64 | \$.54 |
| 65 or older | \$.64 |

TL-004774

SCHEDULE OF BENEFITS FOR CLASS 4

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: First day of the month following date of hire.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is either:

1. unable to perform all the material duties of his or her Regular Occupation; or
2. unable to earn 80% or more of his or her Indexed Covered Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Optimum Ability

While benefits are payable, the greatest extent of work the Employee is able to do in his or her Regular Occupation.

The Employee's ability to work is based on the following:

1. medical evidence submitted by the Employee;
2. consultation with the Employee's Physician;
3. evaluation of the Employee's ability to work by not more than three independent experts if required by the Insurance Company; and
4. an offer of employment that meets the Employee's capacity to do the work is made by an employer.

There is no cost to the Employee for evaluation by an independent expert when required by the Insurance Company to determine Optimum Ability.

The independent expert must be:

1. licensed, registered or certified as required by the laws of the state in which the evaluation is made; and
2. acting within the scope of that license, registration or certificate.

Definition of Covered Earnings

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the first of the month following the change, if the Employer gives us written notice of the change and the required premium is paid.

It does not include amounts received as bonus, commissions, overtime pay or other extra compensation.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period

The later of any accumulated sick leave or the time period shown below.

For Accident: 7 days

For Sickness: 7 days

Gross Disability Benefit

The lesser of 60% of an Employee's weekly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit

\$750 per week

Disability Benefit Calculation

The Weekly Disability Benefit for any week the Employee is Disabled is the Gross Disability Benefit minus Other Income Benefits and the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings the Employee could earn if working at Optimum Ability, minus Disability Earnings.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf.

Work Incentive Benefit Calculation

An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Work Incentive Benefit Calculation applies. It is determined as follows:

For each week that Disability Benefits are payable, the amount of the Work Incentive Benefit equals (a) minus (b).

(a) equals (i) minus (ii), but not more than the Gross Disability Benefit shown in the Schedule of Benefits.

(i) is 100% of Indexed Covered Earnings.

(ii) is the sum of Other Income Benefits, including Disability Earnings.

(b) equals the Calculation for Optimum Ability.

The Calculation for Optimum Ability is the earnings an Employee could earn if working at Optimum Ability, minus Disability Earnings.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a Transitional Work Arrangement or other modified work arrangement and the Employee refuses to do so without Good Cause.

Maximum Benefit Period

For Accident: 25 weeks
For Sickness: 25 weeks

Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Benefit. The Monthly Rates per \$10 of Weekly Covered Benefit are listed below.

| <u>Age</u> | <u>Rate</u> |
|-------------|-------------|
| Under 30 | \$.28 |
| 30 – 34 | \$.27 |
| 35 – 39 | \$.25 |
| 40 – 44 | \$.27 |
| 45 – 49 | \$.29 |
| 50 – 54 | \$.35 |
| 55 – 59 | \$.41 |
| 60 – 64 | \$.54 |
| 65 or older | \$.64 |

TL-004774

ELIGIBILITY FOR INSURANCE

An Employee in one of the Classes of Eligible Employees shown in the Schedule of Benefits is eligible to be insured on the Policy Effective Date, or the day after he or she completes the Eligibility Waiting Period, if later. The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

Except as noted in the Reinstatement Provision, if an Employee terminates coverage and later wishes to reapply, or if a former Employee is rehired, a new Eligibility Waiting Period must be satisfied. An Employee is not required to satisfy a new Eligibility Waiting Period if insurance ends because he or she is no longer in a Class of Eligible Employees, but continues to be employed and within one year becomes a member of an eligible class.

TL-004710

EFFECTIVE DATE OF INSURANCE

An Employee who is required to contribute to the cost of this insurance may elect to be insured only by authorizing payroll deduction in a form approved by the Employer and the Insurance Company. The effective date of this insurance depends on the date coverage is elected.

Insurance for an Employee who applies for insurance within 31 days after he or she becomes eligible is effective on the latest of the following dates.

1. The Policy Effective Date.
2. The date payroll deduction is authorized.
3. The date the Insurance Company receives the Employee's completed enrollment form.

If an Employee's enrollment form is received more than 31 days after he or she is eligible for this insurance, the Insurability Requirement must be satisfied before this insurance is effective. If approved, this insurance is effective on the date the Insurance Company agrees in writing to insure the Employee.

If an Employee is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to any occupation for the Employer on a Full-time basis.

TL-004712

TERMINATION OF INSURANCE

An Employee's coverage will end on the earliest of the following dates:

1. the date the Employee is eligible for coverage under a plan intended to replace this coverage;
2. the date the Policy is terminated;
3. the date the Employee is no longer in an eligible class;
4. the day after the end of the period for which premiums are paid;
5. the date the Employee is no longer in Active Service;
6. the date benefits end for failure to comply with the terms and conditions of the Policy.

Disability Benefits will continue for an Employee receiving Disability Benefits when the Policy terminates, if he or she remains disabled and meets the requirements of the Policy. Any later period of Disability, regardless of cause, that begins when the Employee is eligible under another group disability coverage provided by any employer, will not be covered.

TL-007505.00

CONTINUATION OF INSURANCE

Disability Insurance continues if an Employee's Active Service ends due to a Disability for which benefits under the Policy are or may become payable. If the Employee does not return to Active Service, this insurance ends when the Disability ends or when benefits are no longer payable, whichever occurs first.

If an Employee's Active Service ends due to an Employer approved unpaid leave of absence and layoff, insurance for that Employee will continue for up to one month if the required premium is paid. If an Employee's Active Service ends due to a family medical leave of absence, insurance for that Employee will continue for up to 12 weeks if the required premium is paid.

If an Employee's insurance is continued and he or she becomes Disabled during the leave of absence, Disability Benefits will not begin until the later of the following dates.

1. the date the Benefit Waiting Period is satisfied
2. the date the Employee was scheduled to return to Active Service

DESCRIPTION OF BENEFITS

The following provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits to each class of Insureds.

Disability Benefits

The Insurance Company will pay Disability Benefits if an Employee becomes Disabled while covered under this Policy. The Employee must satisfy the Elimination Period, be under the Appropriate Care of a Physician, and meet all the other terms and conditions of the Policy. He or she must provide the Insurance Company, at his or her own expense, satisfactory proof of Disability before benefits will be paid. The Disability Benefit is shown in the Schedule of Benefits.

The Insurance Company will require continued proof of the Employee's Disability for benefits to continue.

Elimination Period

The Elimination Period is the period of time an Employee must be continuously Disabled before Disability Benefits are payable. The Elimination Period is shown in the Schedule of Benefits.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes.

Continuity of Coverage

The following provisions will apply to any Employee who was insured under a Prior Plan.

The Elimination Period under this Policy will be waived for a Disability which begins while the Employee is insured under this Policy if all of the following conditions are met:

1. the Disability results from the same or related causes as a Disability for which benefits were payable under the Prior Plan;
2. benefits are not payable for the Disability under the Prior Plan solely because it is not in effect;
3. an Elimination Period would not apply to the Disability if the Prior Plan had not ended;
4. the Employee was in Active Service for more than 14 consecutive days while covered under this Policy; and
5. the Disability begins within 6 months of the Employee's return to Active Service.

Benefits will be determined based on the lesser of: (1) the amount of the gross disability benefit under the Prior Plan and any applicable maximums; or (2) those provided by this Policy.

If benefits are payable under the Prior Plan for the Disability, no benefits are payable under this Policy.

Disability Benefit Calculation

The Disability Benefit Calculation is shown in the Schedule of Benefits. Weekly Disability Benefits are based on the number of days in a normally scheduled work week for the Employee immediately before the onset of Disability. They will be prorated if payable for any period less than a week. If an Employee is working while Disabled, the Disability Benefit Calculation will be the Work Incentive Benefit Calculation.

Work Incentive Benefit Calculation

The Work Incentive Benefit Calculation is shown in the Schedule of Benefits. An Employee may work for wage or profit while Disabled. In any week in which the Employee works and a Disability Benefit is payable, the Work Incentive Benefit Calculation applies.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

Other Income Benefits

An Employee for whom Disability Benefits are payable under this Policy may be eligible for benefits from Other Income Benefits. If so, the Insurance Company may reduce the Disability Benefits by the amount of such Other Income Benefits.

Other Income Benefits include:

1. any amounts received (or assumed to be received*) by the Employee:
 - the Canada and Quebec Pension Plans;
 - the Railroad Retirement Act;
 - any local, state, provincial or federal government disability or retirement plan or law payable for Injury or Sickness provided as a result of employment with the Employer. This includes benefits received from the Public Employees Retirement Association for Short Term Disability or Long Term Disability or benefits received from the Fire and Police Pension Association;
 - any sick leave or salary continuation plan of the Employer;
 - any work loss provision in mandatory "No-Fault" auto insurance;
 - any workers' compensation, occupational disease, unemployment compensation law or similar state or federal law payable for Injury or Sickness arising out of work with the Employer, including all permanent and temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted;
2. any Social Security disability or retirement benefits the Employee or any third party receive (or are assumed to receive*) on his or her own behalf because of your entitlement to such benefits;
3. any Retirement Plan benefits funded by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer. It does not include an individual deferred compensation agreement; a profit sharing or any other retirement or savings plan maintained in addition to a defined benefit or other defined contribution pension plan, or any Employee savings plan including a thrift, stock option or stock bonus plan, individual retirement account or 401(k) plan;

4. any proceeds payable under any franchise or group insurance or similar plan. If other insurance applies to the same claim for Disability, and contains the same or similar provision for reduction because of other insurance, the Insurance Company will pay for its pro rata share of the total claim. "Pro rata share" means the proportion of the total benefit that the amount payable under one policy, without other insurance, bears to the total benefits under all such policies;
5. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined;
6. any Disability Earnings. If the Work Incentive Benefits Calculation applies to the Employee, the Insurance Company will only reduce the Employee's Disability Benefits by Disability Earnings to the extent provided under the Employee's Work Incentive Benefit Calculation.

*See the Assumed Receipt of Benefits provision.

Increases in Other Income Benefits

Any increase in Other Income Benefits during a period of Disability due to a cost of living adjustment will not be considered in calculating the Employee's Disability Benefits after the first reduction is made for any Other Income Benefits. This section does not apply to any cost of living adjustment for Disability Earnings.

Lump Sum Payments

Other Income Benefits or earnings paid in a lump sum will be prorated over the period for which the sum is given. If no time is stated, the lump sum will be prorated over five years.

If no specific allocation of a lump sum payment is made, then the total payment will be an Other Income Benefit.

Assumed Receipt of Benefits

The Insurance Company will assume the Employee is receiving benefits for which they are eligible from Other Income Benefits. The Insurance Company will reduce the Employee's Disability Benefits by the amount from Other Income Benefits it estimates are payable to the Employee.

The Insurance Company will waive Assumed Receipt of Benefits, except for Disability Earnings for work the Employee performs while Disability Benefits are payable, if the Employee:

1. provides satisfactory proof of application for Other Income Benefits;
2. signs a Reimbursement Agreement;
3. provides satisfactory proof that all appeals for Other Income Benefits have been made unless the Insurance Company determines that further appeals are not likely to succeed; and
4. submits satisfactory proof that Other Income Benefits were denied.

The Insurance Company will not assume receipt of any pension or retirement benefits that are actuarially reduced according to applicable law, until the Employee actually receives them.

The Insurance Company may limit its waiver of Assumed Receipt of Benefits if:

1. there is a change in factors bearing on the risk assumed, including but not limited to a significant increase in time required by the party responsible for paying the Other Income Benefits to determine whether Other Income Benefits are payable; or
2. any state or Federal law or regulation is amended so that it affects the Insurance Company's benefit obligations.

Successive Periods of Disability

A separate period of Disability will be considered continuous:

1. if it results from the same or related causes as a prior Disability for which benefits were payable; and
2. if, after receiving Disability Benefits, the Employee returns to work in his Regular Occupation for less than 6 consecutive months; and
3. if the Employee earns less than 80% of Indexed Covered Earnings during at least one month.

Any later period of Disability, regardless of cause, that begins when the Employee is eligible for coverage under another group disability plan provided by any employer will not be considered a continuous period of Disability.

For any separate period of disability which is not considered continuous, the Employee must satisfy a new Elimination Period.

SOCIAL SECURITY ASSISTANCE

The Insurance Company may help the Employee in applying for Social Security Disability Income (SSDI) Benefits, and may require the Employee to file an appeal if it believes a reversal of a prior decision is possible.

The Insurance Company will reduce Disability Benefits by the amount it estimates the Employee will receive, if the Employee refuses to cooperate with or participate in the Social Security Assistance Program.

RECOVERY OF OVERPAYMENT

The Insurance Company has the right to recover any benefits it has overpaid. The Insurance Company may use any or all of the following to recover an overpayment:

1. request a lump sum payment of the overpaid amount;
2. reduce any amounts payable under this Policy; and/or
3. take any appropriate collection activity available to it.

If an overpayment is due when the Employee dies, any benefits payable under the Policy will be reduced to recover the overpayment.

TL-007500.00

ADDITIONAL BENEFITS

Rehabilitation During a Period of Disability

If the Insurance Company determines that a Disabled Employee is a suitable candidate for rehabilitation, the Insurance Company may require the Employee to participate in a Rehabilitation Plan. The Insurance Company has the sole discretion to approve the Employee's participation in a Rehabilitation Plan and to approve a program as a Rehabilitation Plan.

The Rehabilitation Plan may, at the Insurance Company's discretion, allow for payment of the Employee's medical expense, education expense, moving expense, accommodation expense or family care expense while he or she participates in the program.

If an Employee fails to fully cooperate in all required phases of the Rehabilitation Plan without Good Cause, no Disability Benefits will be paid, and insurance will end.

TERMINATION OF DISABILITY BENEFITS

Benefits will end on the earliest of the following dates:

1. the date the Employee earns 80% or more of his or her Indexed Covered Earnings;
2. the date the Insurance Company determines he or she is not Disabled;
3. the end of the Maximum Benefit Period;
4. the date the Employee dies;
5. the date the Employee refuses, without Good Cause, to fully cooperate in all required phases of the Rehabilitation Plan;
6. the date the Employee refuses, without Good Cause, to fully cooperate in a Transitional Work Arrangement;
7. the date the Employee is no longer receiving Appropriate Care;
8. the date the Employee fails to cooperate with the Insurance Company in the administration of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Benefits may be resumed if the Employee begins to cooperate fully in the Rehabilitation Plan or a Transitional Work Arrangement within 30 days of the date benefits terminated.

TL-007502.00

EXCLUSIONS

The Insurance Company will not pay any Disability Benefits for a Disability that results, directly or indirectly, from:

1. suicide, attempted suicide, or self-inflicted injury while sane or insane.
2. war or any act of war, whether or not declared.
3. terrorism or active participation in a riot.
4. an Injury or Sickness that occurs while engaged in the activities of active duty service in the military, navy or air force of any country or international organization. An Injury or Sickness that occurs while engaged in Reserve or National Guard training is not excluded until training extends beyond 31 days.
5. commission of a felony.
6. the revocation, restriction or non-renewal of an Employee's license, permit or certification necessary to perform the duties of his or her occupation unless due solely to Injury or Sickness otherwise covered by the Policy.
7. an Injury or Sickness for which you are entitled to benefits from Workers' Compensation or occupational disease law.
8. an Injury or Sickness that is work related.
9. any cosmetic surgery or surgical procedure that is not medically necessary, "Medically Necessary" means the surgical procedure is;
 - a. Prescribed by a Physician as required treatment of the injury or sickness; and
 - b. appropriate according to conventional medical practice for the Injury or sickness in the locality in which the surgery is performed. (The Insurance Company will pay benefits if the disability is caused by the Employee donating an organ in a non experimental organ transplant procedure).

In addition, the Insurance Company will not pay Disability Benefits for any period of Disability during which the Employee is incarcerated in a penal or corrections institution.

TL-007503.00

CLAIM PROVISIONS

Notice of Claim

Written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer's Name, the Policy Number and the claimant's name and address.

Claim Forms

When the Insurance Company receives notice of claim, the Insurance Company will send claim forms for filing proof of loss. If claim forms are not sent within 15 days after notice is received by the Insurance Company, the proof requirements will be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, of the nature and extent of the loss.

Claimant Cooperation Provision

Failure of a claimant to cooperate with the Insurance Company in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Insurance Data

The Employer is required to cooperate with the Insurance Company in the review of claims and applications for coverage. Any information the Insurance Company provides in these areas is confidential and may not be used or released by the Employer if not permitted by applicable privacy laws.

Proof of Loss

Written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given not more than one year after that 90 day period. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is provided outside of these time limits, the claim will be denied. These time limits will not apply while the person making the claim lacks legal capacity.

Written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, that the loss continues must be furnished to the Insurance Company at intervals required by us. Within 30 days of a request, written proof of continued Disability and Appropriate Care by a Physician must be given to the Insurance Company.

Time of Payment

Disability Benefits will be paid at regular intervals of not less frequently than once a month. Any balance, unpaid at the end of any period for which the Insurance Company is liable, will be paid at that time.

To Whom Payable

Disability Benefits will be paid to the Employee. If any person to whom benefits are payable is a minor or, in the opinion of the Insurance Company, is not able to give a valid receipt, such payment will be made to his or her legal guardian. However, if no request for payment has been made by the legal guardian, the Insurance Company may, at its option, make payment to the person or institution appearing to have assumed custody and support.

If an Employee dies while any Disability Benefits remain unpaid, the Insurance Company may, at its option, make direct payment to any of the following living relatives of the Employee: spouse, mother, father, children, brothers or sisters; or to the executors or administrators of the Employee's estate. The Insurance Company may reduce the amount payable by any indebtedness due.

Payment in the manner described above will release the Insurance Company from all liability for any payment made.

For plans subject to the Employee Retirement Income Security Act (ERISA), the Plan Administrator of the Employer's Employee welfare benefit plan (the Plan) has selected the Insurance Company as the Plan fiduciary under federal law for the review of claims for benefits provided by this Policy and for deciding appeals of denied claims. In this role the Insurance Company shall have the authority, in its discretion, to interpret the terms of the Plan documents, to decide questions of eligibility for coverage or benefits under the Plan, and to make any related findings of fact. All decisions made by the Insurance Company in this capacity shall be final and binding on Participants and Beneficiaries of The Plan to the full extent permitted by law.

The Insurance Company has no fiduciary responsibility with respect to the administration of The Plan except as described above. It is understood that the Insurance Company's sole liability to the Plan and to Participants and Beneficiaries under The Plan shall be for the payment of benefits provided under this Policy.

Physical Examination and Autopsy

The Insurance Company, at its expense, will have the right to examine any person for whom a claim is pending as often as it may reasonably require. The Insurance Company may, at its expense, require an autopsy unless prohibited by law.

Legal Actions

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, has been furnished as required by the Policy. No such action shall be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

Time Limitations

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which the Employee lives when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

Physician/Patient Relationship

The Insured will have the right to choose any Physician who is practicing legally. The Insurance Company will in no way disturb the Physician/patient relationship.

ADMINISTRATIVE PROVISIONS

Premiums

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

Changes in Premium Rates

The premium rates may be changed by the Insurance Company from time to time with at least 180 days advance written notice. No change in rates will be made until 24 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12 month period. However, the Insurance Company reserves the right to change the rates even during a period for which the rate is guaranteed if any of the following events take place.

1. The terms of the Policy change.
2. A division, subsidiary, affiliated company or eligible class is added or deleted from the Policy.
3. There is a change in the factors bearing on the risk assumed.
4. Any federal or state law or regulation is amended to the extent it affects the Insurance Company's benefit obligation.
5. The Insurance Company determines that the Employer has failed to promptly furnish any necessary information requested by the Insurance Company, or has failed to perform any other obligations in relation to the Policy.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

Reporting Requirements

The Employer must, upon request, give the Insurance Company any information required to determine who is insured, the amount of insurance in force and any other information needed to administer the plan of insurance.

Payment of Premium

The first premium is due on the Policy Effective Date. After that, premiums will be due monthly unless the Employer and the Insurance Company agree on some other method of premium payment.

If any premium is not paid when due, the plan will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

Notice of Cancellation

The Employer or the Insurance Company may cancel the Policy as of any Premium Due Date by giving 90 days advance written notice. If a premium is not paid when due, the Policy will automatically be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

The Insurance Company may cancel the Policy as of any Premium Due Date if the participation requirements are not met.

Policy Grace Period

A Policy Grace Period of 31 days will be granted for the payment of the required premiums under the Policy. The Policy will be in force during the Policy Grace Period. If the required premiums are not paid during the Policy Grace Period, insurance will end on the last Premium Due Date. The Employer will be liable to the Insurance Company for any unpaid premium for the time the Policy was in force.

Grace Period for the Insured

If the required premium is not paid on the Premium Due Date, there is a 31 day grace period after each premium due date after the first. If the required premium is not paid during the grace period, insurance will end on the last day for which premium was paid.

Reinstatement of Insurance

An Employee's insurance may be reinstated if it ends because the Employee is on an unpaid leave of absence.

An Employee's insurance may be reinstated only if reinstatement occurs within 12 weeks from the date insurance ends due to an Employer approved unpaid leave of absence. For insurance to be reinstated the following conditions must be met.

1. An Employee must be in a Class of Eligible Employees.
2. The required premium must be paid.
3. A written request for reinstatement must be received by the Insurance Company within 31 days from the date an Employee returns to Active Service.

Reinstated insurance will be effective on the date the Employee returns to Active Service. If an Employee did not fully satisfy the Eligibility Waiting Period or the Pre-Existing Condition Limitation (if any) before insurance ended due to an unpaid leave of absence, credit will be given for any time that was satisfied.

TL-004720

GENERAL PROVISIONS**Entire Contract**

The entire contract will be made up of the Policy, the application of the Employer, a copy of which is attached to the Policy, and the applications, if any, of the Insureds.

Incontestability

All statements made by the Employer or by an Insured are representations not warranties. No statement will be used to deny or reduce benefits or as a defense to a claim, unless a copy of the instrument containing the statement has been furnished to the claimant. In the event of death or legal incapacity, the beneficiary or representative must receive the copy.

After two years from an Insured's effective date of insurance, or from the effective date of any added or increased benefits, no such statement will cause insurance to be contested except for fraud or eligibility for coverage.

Misstatement of Age

If an Insured's age has been misstated, the Insurance Company will adjust all benefits to the amounts that would have been purchased for the correct age.

Policy Changes

No change in the Policy will be valid until approved by an executive officer of the Insurance Company. This approval must be endorsed on, or attached to, the Policy. No agent may change the Policy or waive any of its provisions.

Workers' Compensation Insurance

The Policy is not in lieu of and does not affect any requirements for insurance under any Workers' Compensation Insurance Law.

Certificates

A certificate of insurance will be delivered to the Employer for delivery to Insureds. Each certificate will list the benefits, conditions and limits of the Policy. It will state to whom benefits will be paid.

Assignment of Benefits

The Insurance Company will not be affected by the assignment of an Insured's certificate until the original assignment or a certified copy of the assignment is filed with the Insurance Company. The Insurance Company will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided insurance under the Policy is in effect. This insurance may not be levied on, attached, garnisheed, or otherwise taken for a person's debts. This prohibition does not apply where contrary to law.

Clerical Error

A person's insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

Agency

The Employer and Plan Administrator are agents of the Employee for transactions relating to insurance under the Policy. The Insurance Company is not liable for any of their acts or omissions.

TL-004726

DEFINITIONS

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

Accident

The term Accident means a sudden, unforeseeable external event that causes you bodily Injury and occurs while your coverage is in force under the Policy.

Active Service

An Employee will be considered in Active Service with the Employer on a day which is one of the Employer's scheduled work days if either of the following conditions are met.

1. He or she is actively at work. This means the Employee is performing his or her regular occupation for the Employer on a Full-time basis, either at one of the Employer's usual places of business or at some location to which the Employer's business requires the Employee to travel.
2. The day is a scheduled holiday, vacation day or period of Employer approved paid leave of absence.

An Employee is considered in Active Service on a day which is not one of the Employer's scheduled work days only if he or she was in Active Service on the preceding scheduled work day.

Appropriate Care

Appropriate Care means the determination of an accurate and medically supported diagnosis of the Employee's Disability by a Physician, or a plan established by a Physician of ongoing medical treatment and care of the Disability that conforms to generally accepted medical standards, including frequency of treatment and care.

Disability Earnings

Any wage or salary for any work performed for any Employer during the Employee's Disability, including commissions, bonus, overtime pay or other extra compensation.

Employee

For eligibility purposes, an Employee is an employee of the Employer in one of the "Classes of Eligible Employees." Otherwise, Employee means an employee of the Employer who is insured under the Policy.

Employer

The Policyholder and any affiliates or subsidiaries covered under the Policy. The Employer is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Employer shall not be considered the actions of the Insurance Company.

Full-time

Full-time means the number of hours set by the Employer as a regular work day for Employees in the Employee's eligibility class.

Good Cause

A medical reason preventing participation in the Rehabilitation Plan or in a Transitional Work Arrangement. Satisfactory proof of Good Cause must be provided to the Insurance Company.

Indexed Covered Earnings

For the first 12 months Monthly Benefits are payable, Indexed Covered Earnings will be equal to Covered Earnings. After 12 Monthly Benefits are payable, Indexed Covered Earnings will be an Employee's Covered Earnings plus an increase applied on each anniversary of the date Monthly Benefits became payable. The amount of each increase will be the lesser of:

1. 10% of the Employee's Indexed Covered Earnings during the preceding year of Disability; or
2. the rate of increase in the Consumer Price Index (CPI-W) during the preceding calendar year.

Injury

Any accidental loss or bodily harm which results directly and independently of all other causes from an Accident.

Insurability Requirement

An eligible person will satisfy the Insurability Requirement for an amount of coverage on the day the Insurance Company agrees in writing to accept him or her as insured for that amount. To determine a person's acceptability for coverage, the Insurance Company will require evidence of good health and may require it be provided at the Employee's expense.

Insurance Company

The Insurance Company underwriting the Policy is named on the Policy cover page.

Insured

A person who is eligible for insurance under the Policy, for whom insurance is elected, the required premium is paid and coverage is in force under the Policy.

Physician

Physician means a licensed doctor practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include an Employee, an Employee's spouse, the immediate family (including parents, children, siblings or spouses of any of the foregoing, whether the relationship derives from blood or marriage), of an Employee or spouse, or a person living in an Employee's household.

Prior Plan

The Prior Plan refers to the plan of insurance providing similar benefits sponsored by the Employer in effect directly prior to the Policy Effective Date.

Regular Occupation

The occupation the Employee routinely performs at the time the Disability begins. In evaluating the Disability, the Insurance Company will consider the duties of the occupation as it is normally performed in the general labor market in the national economy.

Rehabilitation Plan

A professionally developed, written plan designed to enable the Employee to return to work. The Rehabilitation Plan will consist of one or more of the following phases:

1. assessment;
2. rehabilitation, under which the Insurance Company may provide, arrange or authorize educational, vocational or physical rehabilitation or other appropriate services;
3. work, which may include modified work, Transitional Work Arrangements, and work on a part-time basis.

Sickness

Any physical or mental illness.

Transitional Work Arrangement

Work at an occupation for wage or profit offered to the Employee by any employer if all the following conditions are met:

1. the sum of wages, commissions, bonus and other compensation for that work is 20% or more of the Employee's Indexed Covered Earnings;
2. at the time the work is offered, the Employee can perform, with or without accommodation, some or all of the material duties of that occupation; and
3. the Employee is Disabled.

TL-007500.00

**LIFE INSURANCE COMPANY OF NORTH AMERICA
PHILADELPHIA, PA 19192-2235**

We, City of Colorado Springs, whose main office address is Colorado Springs, CO, hereby approve and accept the terms of Group Policy Number LK-007822 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA.

This form is to be signed in duplicate. One part is to be retained by City of Colorado Springs; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Colorado Springs

Signature and Title: _____ Date: _____

(This Copy Is To Be Returned To LIFE INSURANCE COMPANY OF NORTH AMERICA)

**LIFE INSURANCE COMPANY OF NORTH AMERICA
PHILADELPHIA, PA 19192-2235**

We, City of Colorado Springs, whose main office address is Colorado Springs, CO, hereby approve and accept the terms of Group Policy Number LK-007822 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA.

This form is to be signed in duplicate. One part is to be retained by City of Colorado Springs; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Colorado Springs

Signature and Title: _____ Date: _____

(This Copy Is To Be Retained By City of Colorado Springs)

LIFE INSURANCE COMPANY OF NORTH AMERICA
(herein called the Company)

Amendment to be attached to and made a part of the Group Policy
A Contract between the Company and

City of Colorado Springs
(herein called the Policyholder)

Policy No.: LK-007822

The Company and the Policyholder hereby agree that the Policy is amended as follows:

Effective January 1, 2010, under the SCHEDULE OF BENEFITS, Classes of Eligible Employees, Class 4 is hereby reinstated.

Class 4: All active City Council Members over age 18.

Except for the above, this Amendment does not change the Policy in any way.

FOR THE COMPANY



Matthew G. Manders, Senior Vice-President

Date: August 15, 2011

Amendment No. 03

TL-004780