



American United Life Insurance Company ®
Indianapolis, Indiana 46206-0368

Certifies that it has issued and delivered a group policy to:

Texas Annual Conference Of The United Methodist Church
(Hereinafter called the Group Policyholder)

Group Policy Number: **00030793-0000-000**

Class: **004**

Change Effective Date: **Does Not Apply**

This certificate replaces any and all certificates previously issued to You under the Group Policy indicated above.

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

This certificate describes the coverage provided in the Group Policy. The Group Policy determines all rights and benefits in this certificate and may be amended, cancelled or discontinued at any time by agreement between AUL and the Group Policyholder without notice to You. The Group Policy may be examined at the main office of the Group Policyholder during the regular office hours.

Thomas M. Zurek
Secretary

Dayton H. Molendorp
President and Chief Executive Officer

**CERTIFICATE OF INSURANCE
GROUP TERM LIFE INSURANCE
WITH AN ACCELERATED LIFE BENEFIT**

Death benefits will be reduced if an Accelerated Life Benefit is paid. TAX TREATMENT: The Accelerated Life Benefit offered under this certificate is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If the Accelerated Life Benefit qualifies for such favorable tax treatment, the benefit will be excludable from Your income and not subject to federal taxation. Tax laws relating to Accelerated Life Benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which You could receive an Accelerated Life Benefit excludable under federal law. **ELIGIBILITY FOR PUBLIC ASSISTANCE:** Receipt of an Accelerated Life Benefit may affect Your, Your Dependent spouse's, or Your family's eligibility for Children (AFDC), supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect Your, Your Dependent spouse's, and Your family's eligibility for public assistance.

GC 2500NN(44)

(ALB) (TX)
(Basic)
(Class 004)
(Dependent Coverage: Not Included)

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call AUL's toll-free telephone number for information or to make a complaint at

1-800-553-5318

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at

1-800-252-3429

You may write the Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact AUL first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de AUL para informacion o para someter una queja al

1-800-553-5318

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al

1-800-252-3429

Puede escribir al Departamento de Seguros de Texas
P.O. Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con AUL primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

TABLE OF CONTENTS

PROVISIONS	SECTION
Schedule of Benefits	1
Definitions	2
Eligibility	3
Individual Effective Date--Contributory Insurance (Basic)	4
Changes in Insurance Coverage	6
Continuation of Insurance	7
Individual Terminations	9
Conversion Privilege	10
Individual Reinstatements	11
Accidental Death and Dismemberment	12
Accelerated Life Benefit	13
Suicide Limitation	14
Payment of Death Benefits	15
Naming of Beneficiary	16
The Death Claim	17
Determination of Beneficiary	18
Selection of Payment Method	19
General Policy Provisions	21

**SECTION 1-SCHEDULE OF BENEFITS
BASIC INSURANCE**

This benefit applies to You only if premiums are paid and if:

- 1) the benefit was agreed to on the application by the Policyholder and AUL;
- 2) You elected the benefit on an enrollment form approved by AUL; or
- 3) the benefit was included in the information reported, in a format acceptable to AUL, by You or the Policyholder and agreed to by AUL.

CLASS 004

CLASSIFICATION

All Eligible Full-Time Lay Clergy Employees

LIFE AMOUNT

\$10,000

AD&D PRINCIPAL SUM

\$10,000

GUARANTEED ISSUE AMOUNT: \$10,000. All amounts of Insurance in excess of the amount shown above shall require satisfactory Evidence of Insurability. Amounts for which the Employee becomes eligible which are over the Guaranteed Issue Amount in the Schedule of Benefits will be issued only on approval by AUL. Approval will be based on Evidence of Insurability satisfactory to AUL. If coverage is approved, it will take effect on the date named by AUL. See Section 4, Individual Effective Date.

REDUCTIONS: The Amounts of Life Insurance and AD&D Principal Sum will begin reducing to a percentage of the amounts shown above when the Person reaches age 65. The percentage of coverage remaining at the Person's attained age will be as shown in the schedule below:

<u>PERSON'S AGE</u>	<u>PERCENTAGE OF BENEFIT AMOUNT</u>
65 - 69	\$6,500
70 - 74	\$5,500
75 - 79	\$3,000
80 +	\$2,000

Reductions will be based upon the Life Amount prior to the payment of any Accelerated Life Benefit.

TERMINATIONS: Terminations are governed by the Individual Terminations Section. See Section 9.

WAITING PERIOD for Employees hired before the policy effective date: 0 days.

WAITING PERIOD for Employees hired on or after the policy effective date: 0 days. Also, see Eligibility, Section 3.

SECTION 1-SCHEDULE OF BENEFITS
BASIC INSURANCE
Continued

Class 004 (Continued)

ACCELERATED LIFE BENEFIT: The Person may request payment of 25% or 50% of the Life Amount shown above. This benefit is available on a Life Amount of \$5,000 or more. The maximum payment is limited to 25% or 50% of the Life Amount shown above or \$250,000, whichever is less. See Section 13.

CONTRIBUTIONS: Employee premium contributions are required. See Section 4.

ELIGIBILITY: Immediate. See Section 3.

FULL-TIME EMPLOYEE REQUIREMENT: 0 hours or more per week. See Section 3.

INDIVIDUAL EFFECTIVE DATE: Immediate. See Section 4.

INDIVIDUAL TERMINATIONS: End of the Month. See Section 9.

SUICIDE LIMITATION: This certificate contains a Suicide Limitation. See Section 14.

SECTION 2-DEFINITIONS

ACCIDENTAL BODILY INJURY means an injury occurring as a result of an accident, either directly or indirectly, along with all other related conditions, sustained by You while insured under the policy.

ACTIVE WORK and **ACTIVELY AT WORK** mean the use of time and energy in the services of the Group Policyholder at the regular place of business by You while You are physically and mentally capable of performing each of the material and substantial duties of Your regular job at least the minimum number of hours listed in the Eligibility Section. This includes time off for vacation, jury duty and funeral leave, where You otherwise could have been Actively at Work. This does not include time off as a result of an injury, Accidental Bodily Injury, Sickness, strike or lock-out.

CHILD means any child born of You; or any child You legally adopted, from the time of placement in Your home with the intent to adopt; or any stepchild who lives with You; or any child for whom You have legal guardianship; or any child for whom coverage must be provided in accordance with state law or court order.

CONTRIBUTORY INSURANCE means insurance for which You pay part or all of the premium.

DATE OF DISABILITY means the first day You are not Actively at Work due to an Accidental Bodily Injury or Sickness that causes a Total Disability.

DEPENDENT see Dependent Insurance, Section 20, if included. If Dependent Insurance is not included, then references to Dependents, Child and Dependent Insurance are null and void.

ELIMINATION PERIOD means a period of consecutive days beginning on Your Date of Disability and ending on the date that the period specified in the Waiver of Premium for Total Disability Benefit expires. This period may include up to three (3) days of Active Work.

EMPLOYER see **GROUP POLICYHOLDER**. Any references to Employer shall include Insured Units.

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

GRANDFATHERED RETIREE, see Eligibility, Section 3A, if included.

SECTION 2-DEFINITIONS

GROUP POLICYHOLDER means the sole proprietorship, partnership, corporation, firm, school, school district, or other instrumentality of a state or political subdivision thereof that employs You and that is covered under the policy. Any references to Group Policyholder shall include Insured Units.

NON-CONTRIBUTORY INSURANCE means insurance for which You pay none of the premium.

PERSONAL INSURANCE means the insurance provided under the policy for You.

POLICY MONTH means that period of time beginning on the first day that the Group Policyholder's coverage is in force and ending on the day before that date of the next month.

RETIREE means an individual who, on his last workday prior to retirement, was an Actively at Work Person and who is receiving a benefit under the terms of the Group Policyholder's pension plan. Retiree does not include a Person who is receiving pension plan benefits solely due to being Totally Disabled and who otherwise does not meet the Group Policyholder's criteria for receipt of pension plan benefits.

SICKNESS means illness, bodily disorder or disease, pregnancy, and any condition classified as a mental disorder in *International Classification of Diseases, Clinical Modification*, published by Med-Index.

TEMPORARY LAY-OFF means a period of time shown in Continuation of Insurance, Section 7, during which the Employee is not Actively at Work and is not terminated from employment with the Group Policyholder.

TOTAL DISABILITY and TOTALLY DISABLED see Waiver of Premium for Total Disability, Section 8, if included.

WAITING PERIOD means the amount of continuous, Active Work to be performed by the Employee, while in an eligible class, to become eligible for Personal Insurance. The Waiting Period is stated on the Schedule of Benefits.

WE, OUR, US, and AUL mean American United Life Insurance Company®

YOU and YOUR means an Employee who meets the requirements of the Eligibility and Individual Effective Date Sections. PERSON, when used, has the same meaning as YOU and YOUR.

SECTION 3-ELIGIBILITY

DEFINITIONS

EMPLOYEE means an individual:

- 1) whose employment with the Group Policyholder constitutes his principal occupation; and
- 2) who regularly works at that occupation at the Group Policyholder's regular place of business a minimum number of hours specified in Section 1 - Schedule of Benefits; and
- 3) who is not temporarily or seasonally employed by the Group Policyholder.

WAITING PERIOD means the amount of continuous, Active Work to be performed by the Employee, while in an eligible class, to become eligible for Personal Insurance. The Waiting Period is stated on the Schedule of Benefits.

On the effective date of the policy, an Employee becomes eligible for Personal Insurance if:

- 1) the Employee has fulfilled the Waiting Period, if any, and is Actively at Work; or
- 2) the Employee has fulfilled the Waiting Period, if any, and is not Actively at Work due to being on an Employer-approved leave of absence other than for injury or sickness; or
- 3) the Employee has fulfilled the Waiting Period, if any, and is not Actively at Work due to being on Temporary Lay-off.

After the effective date of the policy and while the policy is in force, an Actively at Work Employee becomes eligible for Personal Insurance on the date following fulfillment of the Waiting Period, if any.

TO REMAIN ELIGIBLE FOR PERSONAL INSURANCE AND DEPENDENT INSURANCE, IF ANY, PERSONS MUST CONTINUOUSLY MEET THE ABOVE REQUIREMENTS.

**SECTION 4-INDIVIDUAL EFFECTIVE DATE
CONTRIBUTORY INSURANCE**

Refer to your Schedule of benefits to determine to which coverage this page applies. When applicable, the Schedule of Benefits will indicate employee premium CONTRIBUTIONS are required.

The eligible Employee, as a condition to becoming insured, must make written request to the Group Policyholder on a form approved by AUL and must agree to contribute the required premium amount. The effective date of insurance for an eligible Employee, subject to the further provisions of this Section, is:

- 1) the date the Employee becomes eligible if request is made on or before that date and the amount requested does not exceed the Guaranteed Issue Amount shown on the Schedule of Benefits;
- 2) the date of the request if request is made within 90 days after the date the Employee becomes eligible and the amount requested does not exceed the Guaranteed Issue Amount shown on the Schedule of Benefits; or
- 3) the date named by AUL when Evidence of Insurability is required. Evidence of Insurability, satisfactory and without expense to AUL, is required if:
 - a) the amount requested exceeds the Guaranteed Issue Amount shown on the Schedule of Benefits; or
 - b) request is made after a termination of insurance due to failure to make contributions.

Any eligible Employee who converted insurance under the policy to an individual policy which remains in force is required, as a condition of becoming insured again under the policy, to submit Evidence of Insurability, satisfactory and without expense to AUL. The effective date of insurance shall be a date named by AUL.

If an Employee, except an Employee on an Employer-approved leave of absence other than for injury or sickness, is not Actively at Work on the date insurance would otherwise become effective, the effective date is the date the eligible Employee returns to Active Work.

When an Employee has met the requirements of the Eligibility Section and this Section, that Employee has Personal Insurance and is referred to as You.

Contributions for Basic insurance are required from You for Personal Insurance.

Also see Continuity of Coverage, Section 5, if included.

SECTION 6-CHANGES IN INSURANCE COVERAGE

The amount of insurance for which You are eligible is shown in the Schedule of Benefits.

A change in insurance that does not result in an increase in benefits takes effect on:

- 1) the date of any scheduled reduction; or
- 2) the date of AUL's approval of a request for change.

In order for a change in insurance that does result in an increase in benefits to become effective, You, except if on an Employer-approved leave of absence other than for injury or sickness, must be Actively at Work.

A change in insurance that results in an increase in benefits that does not exceed Your Guaranteed Issue Amount shown on the Schedule of Benefits takes effect the date You become eligible for the change in insurance, subject to the further provisions of this Section.

A change in insurance that results in an increase in benefits that does exceed Your Guaranteed Issue Amount shown on the Schedule of Benefits is subject to:

- 1) Evidence of Insurability, satisfactory and without expense to AUL; and
- 2) upon AUL's approval, takes effect on the date of a request for change, subject to the further provisions of this Section.

If You are not Actively at Work on the approved change date, any increase in the amount of insurance takes effect on:

- 1) the date of Your return to Active Work, if the date is the first day of the Policy Month; or
- 2) the first day of the next Policy Month following Your return to Active Work, if the date is after the first day of the Policy Month.

SECTION 7-CONTINUATION OF INSURANCE

DEFINITIONS

ACTIVE WORK and ACTIVELY AT WORK See Section 2 - Definitions.

TEMPORARY LAY-OFF means a period of time shown below in this Section during which the Employee is not Actively at Work and is not terminated from employment with the Group Policyholder.

CONTINUATION OF INSURANCE

While the policy is in force, if You have ceased Active Work due to:

- 1) sickness or injury, Personal Insurance may be continued until the earlier of the following:
 - a) the date premium payments are discontinued by the Group Policyholder, or
 - b) the date You return to Active Work, or
 - c) attainment of age 65 or 365 days, whichever is later; or
- 2) Temporary Lay-off, Personal Insurance may be continued until the earlier of the following:
 - a) the 180th following cessation of Active Work, or
 - b) the date premium payments are discontinued by the Group Policyholder, or
 - c) the date You return to Active Work; or
- 3) an Employer-approved leave of absence other than for injury or sickness, Personal Insurance may be continued until the earlier of the following:
 - a) the 180th following cessation of Active Work, or
 - b) the date premium payments are discontinued by the Group Policyholder, or
 - c) the date You return to Active Work.

If You have not returned to Active Work, Personal Insurance terminates at the end of Continuation of Insurance. At the end of Continuation of Insurance, You may qualify, if eligible, for Waiver of Premium for Total Disability, see Section 8, if available; or may convert to an individual policy in accordance with Section 10.

SECTION 9-INDIVIDUAL TERMINATIONS

Personal Insurance terminates on the earliest of the following dates:

- 1) the date the policy is terminated;
- 2) the last day of the Policy Month in which You request termination but not prior to the date of the request;
- 3) the last day of the Policy Month for which any required contribution was not made;
- 4) the last day of the Policy Month during which You cease to be eligible, see Eligibility, Section 3 and Section 3A, if any;
- 5) the last day of the Policy Month during which You become a Retiree, unless the Schedule of Benefits includes a specific classification for Retirees;
- 6) the last day of the Policy Month during which You enter active military service for any country except for temporary duty of 30 days or less; or
- 7) the last day of the Policy Month during which You cease Active Work, except for an event listed in Continuation of Insurance, Section 7.

Accidental Death and Dismemberment Personal Insurance terminates whenever any of the above events occur.

Accidental Death and Dismemberment Personal Insurance also terminates on the earliest of the following dates:

- 1) the date final action is taken on the Waiver of Premium for Total Disability Benefit request; or
- 2) the last day of the Policy Month during which You become a Retiree, unless the Schedule of Benefits includes a specific classification for Retirees that includes AD&D Principal Sum Amounts; or
- 3) the date Your Life Insurance amounts reduce to zero.

SECTION 10-CONVERSION PRIVILEGE

If Your Life Insurance or a portion of it ceases due to:

- 1) termination of employment;
- 2) termination of membership in a class eligible for insurance; or
- 3) a reduction in the benefit amount,

You are entitled to a conversion policy without submission of Evidence of Insurability. The amount of such conversion policy shall be equal to or less than the amount of Personal Life Insurance which has ceased.

If Your Life Insurance or a portion of it ceases due to:

- 1) termination of the policy; or
- 2) termination of the class of insurance under which You are covered,

You are entitled to a conversion policy without submission of Evidence of Insurability if Your Personal Insurance has been in force with AUL for five (5) continuous years. The amount of the conversion policy shall not exceed the smaller of:

- 1) the coverage terminated minus any new group coverage for which You become eligible within 31 days; or
- 2) \$2,000.

In the event that Your employment and the policy terminate at the same time, You will be entitled to convert Your coverage no matter how long Your coverage has been in force.

The conversion policy is subject to the following:

- 1) Written application must be made and the first premium paid within 31 days after the later of the date of:
 - a) termination of insurance; or
 - b) conversion notification by the Group Policyholder. If You are not notified by the Group Policyholder of Your conversion rights within 15 days after the date of termination of insurance, an additional conversion application period will begin. This additional conversion application period will end on the earlier of:
 - i) 15 days after notice is received; or
 - ii) 60 days from the end of the original 31 day conversion period.
- 2) Any plan of insurance other than term insurance currently offered by AUL may be selected. Your Basic Life and Supplemental Life Insurance, if any, are available for conversion. Your Accidental Death and Dismemberment Insurance and Waiver of Premium for Total Disability Benefit, if any, are not available for conversion.
- 3) The premium will be based on Your age on the effective date of the conversion policy, the class of risk to which You belong and the premium rate in effect on the date of conversion.
- 4) The conversion policy takes effect at the end of the application period and is in lieu of all benefits under the group policy, unless You remain insured under the group policy as a member of a different class.

SECTION 10-CONVERSION PRIVILEGE

If death occurs during the application period, AUL will pay the maximum amount available for conversion whether or not the application has been made or the premium paid. After the application period, no application will be accepted unless You prove that it was not possible for You to apply in a timely fashion.

Premium must be paid for the number of days of coverage provided during the application period.

IN NO EVENT WILL A DEATH BENEFIT BE PAYABLE UNDER BOTH THE CONVERSION SECTION AND WAIVER OF PREMIUM FOR TOTAL DISABILITY SECTION, IF ANY, OF THE POLICY. ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS, IF ANY, ARE NOT PAYABLE BEYOND THE DATE SET FORTH IN SECTION 9, INDIVIDUAL TERMINATIONS.

SECTION 11-INDIVIDUAL REINSTATEMENTS

If Personal Insurance and Dependent Insurance, if any, terminate due to termination of employment, that insurance may be reinstated upon return to employment as an Actively at Work Employee. The following conditions apply:

- 1) Where return to employment occurs within 1 year of the termination date, insurance becomes effective upon the date of return to Active Work. Evidence of Insurability is not required.
- 2) Where return to employment occurs after the period specified in 1 above, You will be considered a new employee and the Eligibility and Individual Effective Date Sections will apply.
- 3) Where insurance has been changed to a conversion policy, according to the terms of the Conversion Privilege Section, the conversion policy must be terminated or Evidence of Insurability, satisfactory and without expense to AUL, will be required prior to reinstatement. The effective date of reinstatement will be as specified by AUL.
- 4) Reinstatement is subject to the payment of any required premium.
- 5) The maximum benefits reinstated will not exceed the maximum benefits which would have been available had You been continuously insured.

If reinstatement is requested for any reason other than a return to employment as an Actively at Work Employee, Evidence of Insurability, satisfactory and without expense to AUL, will be required. The terms and effective date of any reinstatement will be as specified by AUL. Dependent Insurance cannot be reinstated without reinstatement of Personal Insurance.

SECTION 12-ACCIDENTAL DEATH AND DISMEMBERMENT

This Section applies to Basic Accidental Death and Dismemberment Insurance.

DEFINITIONS

ACCIDENTAL DEATH means death due to an accident, directly and independently of all other causes.

ACCIDENTAL DISMEMBERMENT means loss of sight, speech or hearing or severance of a body member due to an accident, directly and independently of all other causes. The losses listed in the table are defined as follows:

LOSS OF SIGHT means total, permanent blindness.

LOSS OF SPEECH means total, permanent and irrecoverable loss of vocal communication.

LOSS OF HEARING means total, permanent deafness in both ears which cannot be corrected by any means.

LOSS OF HAND means complete severance of the arm through or above the wrist.

LOSS OF THUMB AND INDEX FINGER means complete severance of both the thumb and index finger at or above the metacarpophalangeal joints on the same hand.

LOSS OF FOOT means complete severance through or above the ankle.

SECTION 12-ACCIDENTAL DEATH AND DISMEMBERMENT

ACCIDENTAL DEATH AND DISMEMBERMENT BENEFIT

If You have an accident while insured under the policy which results in a loss shown below, AUL will pay the amount shown opposite the loss if:

- 1) the loss occurs within 365 days from the date of the accident; and
- 2) AUL receives acceptable proof of loss.

FOR ACCIDENTAL LOSS OF	AMOUNT PAYABLE
Life	Principal Sum
Both Hands or Both Feet or Sight of Both Eyes	Principal Sum
Speech and Hearing	Principal Sum
One Hand and One Foot	Principal Sum
One Hand and Sight of One Eye	Principal Sum
One Foot and Sight of One Eye	Principal Sum
Sight of One Eye	One-half of the Principal Sum
One Hand or One Foot	One-half of the Principal Sum
Speech or Hearing	One-half of the Principal Sum
Thumb and Index Finger	One-quarter of the Principal Sum

The Principal Sum is shown in the Schedule of Benefits.

The total amount payable will never exceed the Principal Sum for all losses sustained by You in one accident. The amount payable for loss of life is paid according to Payment of Death Benefits, Section 15. Amounts payable for other losses are paid to You.

SECTION 12-ACCIDENTAL DEATH AND DISMEMBERMENT

LIMITATIONS

Benefits are not payable for loss due directly or indirectly to:

- 1) suicide or attempted suicide, whether sane or insane;
- 2) air travel as a crew member;
- 3) participation in a riot or from war or an act of war, whether declared or undeclared;
- 4) commission of an assault or felony;
- 5) the voluntary taking of:
 - a) a prescription drug in a manner other than as prescribed by a physician;
 - b) any other federally- or state-controlled substance in an unlawful manner;
 - c) non-prescription medicine, in a manner other than as indicated in the printed instructions; or
 - d) poison;
- 6) the voluntary inhaling of gas (unless due to occupational accident); or
- 7) sickness other than infection occurring as a result of accidental injury.

Notice and Proof of Injury: AUL's Home Office must receive written notice of injury on which claim is based within 31 days of the date of the accident. The Group Policyholder has been provided with claim forms for filing notice of injury; however, within fifteen (15) days of request AUL will provide claim forms to the Person. If, for any reason, these forms are not furnished within fifteen (15) days, the Person should submit a written statement covering the occurrence, the character and the extent of the loss for which the claim is made. AUL's Home Office must receive acceptable proof of loss within 90 days after the date of the loss. Receipt of both the notice and proof are necessary before AUL can consider a claim. The claim may still be considered, however, if it is proven that timely submission of the claim was not possible.

AUL has the right to examine You:

- 1) as often as necessary;
- 2) at AUL's expense; and
- 3) by a physician of AUL's choice.

Notice and Proof of Death requirements are described in Section 17.

TERMINATION OF ACCIDENTAL DEATH & DISMEMBERMENT BENEFIT

Accidental Death and Dismemberment coverage for You will terminate as outlined in Section 9, Individual Terminations.

AUL WILL STILL BE LIABLE FOR PAYMENT OF VALID CLAIMS INCURRED BEFORE THE TERMINATION DATE.

THIS COVERAGE IS NOT AVAILABLE AT CONVERSION OR UNDER ANY WAIVER OF PREMIUM BENEFIT.

SECTION 13-ACCELERATED LIFE BENEFIT

This Section applies to Basic Life Insurance.

DEFINITION

TERMINAL CONDITION means an injury or sickness that, despite appropriate medical care, is reasonably expected to result in Your death within 12 months from the date of payment of the Accelerated Life Benefit, as determined by AUL. AUL may require that You be examined at AUL's expense by AUL's choice of physician. If AUL requires that the Person be examined and AUL's physician and the Person's physician disagree on the diagnosis of a Terminal Condition, AUL shall obtain a third opinion at AUL's expense from a physician mutually agreed upon by AUL and the Person and accept that physician's diagnosis of a Terminal Condition.

BENEFIT

If You, while under age 60, are diagnosed with a Terminal Condition while covered under this provision, You may request payment of the Accelerated Life Benefit. The available amount of Accelerated Life Benefit is shown in the Schedule of Benefits. Benefits will be paid in one lump sum to You.

At the time of payment AUL will send a statement to the Person specifying:

- 1) The amount of benefits paid; and
- 2) The effect of the Accelerated Life Benefit payment on the death benefit, on the face amount and on future premiums.

CONDITIONS

To be eligible to request payment of the Accelerated Life Benefit:

- 1) You must have Personal Insurance;
- 2) You must be diagnosed with a Terminal Condition while covered under this provision and must be less than age 60;
- 3) AUL will require, in a community property state, Your spouse's written consent before the Accelerated Life Benefit is paid; and
- 4) You can receive an Accelerated Life Benefit only once.

PROOF REQUIRED FOR THE ACCELERATED BENEFIT

Proof is a completed claim form and any other information AUL requires in order to determine liability. AUL may require that You be examined at AUL's expense by AUL's choice of physician.

SECTION 13-ACCELERATED LIFE BENEFIT

EFFECT OF PAYMENT OF ACCELERATED LIFE BENEFIT

After payment of an Accelerated Life Benefit, Your Life Insurance payable at death to Your Beneficiary equals:

- 1) the amount of Your Life Insurance as if an Accelerated Life Benefit payment had not been made, minus
- 2) the Accelerated Life Benefit payment, minus
- 3) the interest charge.

The interest charge equals the Accelerated Life Benefit amount times the number of days from the date of payment to Your date of death, divided by 365, times the interest rate. The interest rate will be based on the current 90 day treasury bill rate at the time of the payment of the Accelerated Life Benefit.

Personal Insurance premiums continue to be due and payable on the original Personal Insurance amount.

Your Accidental Death and Dismemberment Insurance, if any, will not reduce due to payment of the Accelerated Life Benefit.

The following information is used for illustrative purposes only:

- Example:
- Life insurance in force = \$100,000*
 - Date of receipt of proof of terminal condition = 10/31/94
 - Date of payment of Accelerated Life Benefit = 11/1/94
 - Date of death = 2/15/95
 - Interest rate** = 3.5%
1. Amount of Accelerated Life Benefit = $.50 \times \$100,000 = \$50,000$
 2. Interest Charge = $\$50,000 \times (106 \text{ days} / 365 \text{ days}) \times .035 = \508.22
 3. Death Benefit Payable = $\$100,000 - \$50,000 - \$508.22 = \$49,491.78$

*The Person's Life Insurance amount is shown on the Schedule of Benefits in the Person's insurance certificate.

**The interest rate is equal to the 90 day treasury bill rate on the date of the Accelerated Life Benefit payment.

LIMITATIONS

An Accelerated Life Benefit will not be paid if:

- 1) You have named an irrevocable Beneficiary or made an assignment of Your Life Insurance benefits;
- 2) all or a portion of Your Life Insurance benefits are to be paid to a former spouse or trustee as part of a divorce decree or property settlement, or child support order;
- 3) Your Life Insurance terminates; or
- 4) the policy terminates.

NOTE: The payment of the Accelerated Life Benefit may be taxable. Please seek the advice of a personal tax advisor.

SECTION 14-SUICIDE LIMITATION

This Section applies to Basic Life Insurance.

LIMITATION: If You commit suicide, while sane or insane:

- 1) within two (2) years from the effective date of Personal Insurance, the benefits payable will be limited to the premiums paid; or
- 2) two (2) or more years after the effective date of Personal Insurance, but within two (2) years of the effective date of an increase in the amount of coverage previously obtained, the benefits payable will be limited to the coverage obtained prior to the effective date of the increase, if any, plus the premiums paid for the increased coverage.

SECTION 15-PAYMENT OF DEATH BENEFITS

If You die while insured under the policy, AUL will pay the benefits due to the Beneficiary:

- 1) upon timely receipt of acceptable proof of death; and
- 2) subject to all other provisions of the policy and to Your instructions.

The following Sections describe the manner in which death benefits are paid.

SECTION 16-NAMING OF BENEFICIARY

BENEFICIARY means the individual, individuals or entity named by You to receive Your death benefit.

AUL will pay the death benefit according to Your designation of Beneficiary.

When You apply for coverage You may designate on an AUL-approved form:

- 1) one or more Beneficiaries;
- 2) indicate the order of payment to the Beneficiaries; and
- 3) indicate distribution of the proceeds among Beneficiaries.

If more than one Beneficiary is listed and no order of payment is given, then all Beneficiaries will share equally. If more than one Beneficiary is listed within the same order of payment and no distribution share is indicated, then all Beneficiaries will share equally.

If the policy replaces insurance coverage of another carrier, AUL may, upon request of the Group Policyholder, recognize Beneficiary designations in effect under the prior coverage as effective until a new designation is made with AUL.

CHANGING A BENEFICIARY

You may change a Beneficiary at any time by written request. The request must be signed, dated and filed through the Group Policyholder.

AUL will make the change effective as of the date the form was signed even if You are not alive when AUL receives it. However, AUL is not liable if benefits are paid to the previous Beneficiary before AUL receives the form. If You apply for an individual policy under the Conversion Section and name a new Beneficiary, AUL will treat the application as a Beneficiary change when determining payment.

AUL reserves the right to require that any Beneficiary designation be acceptable to it.

SECTION 18-DETERMINATION OF BENEFICIARY

Once acceptable proof of death is received, AUL will determine the Beneficiaries or payees in the following order:

- 1) Beneficiaries who outlive You. If more than one Beneficiary is designated and no order of preference is given, then all Beneficiaries will share equally. If more than one Beneficiary is listed within the same order of payment and no distributive share is indicated, then all Beneficiaries will share equally;
- 2) If no named Beneficiaries outlive You or none were named, then, at AUL's option, a surviving relative if Your estate is not substantial and there are no statutory requirements to the contrary. Relatives will be considered in descending order of preference as follows:
 - a) spouse;
 - b) child(ren);
 - c) parent(s); or
 - d) brother(s) and sister(s); or
- 3) Your estate.

AUL may, at its option, pay the proceeds in an amount up to Two Hundred and Fifty Dollars (\$250) to any individual appearing to AUL to be equitably entitled to payment by reason of having incurred funeral or other expenses incident to Your last illness or death.

In the event that You and Your Dependents should die simultaneously or if there is no clear evidence as to which parties died first, it shall be presumed that Your Dependents shall have predeceased You.

If any Beneficiary dies within fifteen (15) days after Your date of death, the amount that would have been paid to the Beneficiary will be treated as though that Beneficiary had died before You. This does not apply to any payment that is made to such Beneficiary during the fifteen (15) days following Your death. Any payment made in good faith shall fully discharge AUL to the extent of such payment.

SECTION 19-SELECTION OF PAYMENT METHOD

The proceeds will be paid in a lump sum unless another payment method is selected or changed by giving written notice to AUL prior to Your death. If no payment method is in effect at death, the payee may select a payment method. For information concerning payment method options, You or the payee should contact AUL.

The amounts payable under a method, including any excess interest, will be as declared by AUL. The minimum interest rate used in computing payments under all methods will be 3% per year. Other than lump sum payment, AUL reserves the right to specify the minimum periodic payment when a method is to become effective.

SECTION 21-GENERAL POLICY PROVISIONS

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

APPLICATION: A copy of the application of the Group Policyholder will be attached to the policy when issued. All statements made by the Group Policyholder or by You or Your Dependents are deemed representations and not warranties. No statement made by You or Your Dependent may be used in any contest unless a copy of the instrument containing the statement is or has been furnished to You or Your Dependent or, in the event of Your or Your Dependent's death or incapacity, to Your or Your Dependent's Beneficiary or personal representative.

ASSIGNMENT: You may make an absolute assignment of all benefits and rights of Your Life Insurance. Your certificate of Life Insurance is assignable to the extent permitted by law except that no collateral assignment is permitted. No assignment is binding unless filed with AUL in a form acceptable to it. AUL assumes no responsibility for the validity or effect of any assignment.

CERTIFICATES: If there is any discrepancy between the provisions of any certificate and the provisions of the policy, the provisions of the policy will govern.

CLAIMS OF CREDITORS: The benefits paid under the policy will be exempt from the claims of creditors to the maximum extent permitted by law.

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

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

GENDER PRONOUNS: Whenever the male pronoun is used, it shall also mean the female.

INCONTESTABILITY: The validity of the policy shall not be contested after two (2) years from the effective date of the policy except for non-payment of premiums. No statement made by You or Your Dependent on Your signed enrollment form will be used to contest a claim or the validity of insurance after Your or Your Dependent's coverage has been in force for two (2) years prior to Your or Your Dependent's death.

LEGAL ACTION: No legal action may be brought to obtain benefits under the policy:

- 1) for at least 60 days after proof of loss has been furnished; or
- 2) after three (3) years from the time written proof of loss is required to have been furnished to AUL.

MISSTATEMENT OF AGE: If Your or Your Dependent's age has been misstated, the benefits will be payable based on the true facts. Premium adjustment will be made so that AUL will receive the actual premium required based on the true facts. Any adjustment of benefits due to the correction of age will also be made.

**IMPORTANT INFORMATION ABOUT COVERAGE UNDER THE TEXAS
LIFE, ACCIDENT, HEALTH AND HOSPITAL SERVICE INSURANCE
GUARANTY ASSOCIATION**

Texas law establishes a system administered by the Texas Life, Accident, Health and Hospital Service Insurance Guaranty Association (the "Association"), to protect policyholders if their life or health insurance company fails to or cannot meet its contractual obligations. Only the policyholders of insurance companies who are members of the Association are eligible for this protection. However, even if a company is a member of the Association, protection is limited and policyholders must meet certain guidelines to qualify. (The law is found in the Texas Insurance Code, Article 21.28-D.)

BECAUSE OF STATUTORY LIMITATIONS ON POLICYHOLDER PROTECTION, IT IS POSSIBLE THAT THE ASSOCIATION MAY NOT COVER YOUR POLICY OR MAY NOT COVER YOUR POLICY IN FULL.

Eligibility for Protection by the Association

When an insurance company who is a member of the Association is designated as impaired by the Texas Commissioner of Insurance, the Association provides coverage to policyholders who are:

- 1) **residents of Texas** at the time that their insurance company is impaired
- 2) **residents of other states**, ONLY if the following conditions are met:
 - a) The policyholder has a policy with a company based in Texas;
 - b) The company has never held a license in the policyholder's state of residence;
 - c) The policyholder's state of residence has a similar guaranty association; and
 - d) The policyholder is not eligible for coverage by the guaranty association of the policyholder's state of residence.

Limits of Protection by the Association

Accident, Accident and Health, or Health Insurance

- 1) up to a total of \$200,000 for one or more policies for each individual covered.

Life Insurance:

- 1) net cash surrender value up to a total of \$100,000 under one or more policies on any one life; or
- 2) death benefits up to a total of \$300,000 under one or more policies on any one life.

Individual Annuities:

- 1) net cash surrender amount up to a total of \$100,000 under one or more policies owned by one contractholder.

Group Annuities:

- 1) net cash surrender amount up to \$100,000 in allocated benefits under one or more policies owned by one contractholder; or
- 2) net cash surrender amount up to \$5,000,000 in unallocated benefits under one contractholder regardless of the number of contracts.

THE INSURANCE COMPANY AND ITS AGENTS ARE PROHIBITED BY LAW FROM USING THE EXISTENCE OF THE ASSOCIATION FOR THE PURPOSE OF SALES, SOLICITATION, OR INDUCEMENT TO PURCHASE ANY FORM OF INSURANCE.

When you are selecting an insurance company, you should not rely on coverage by the Association.

Texas Life, Accident, Health and Hospital
Service Insurance Guaranty Association
301 Congress, Suite 500
Austin, Texas 78701
800-982-4362

Texas Department of Insurance
P. O. Box 149104
Austin, Texas 78714-9104
800-252-3439

