

**Voluntary Group Critical Illness**

**Proposal**

**Prepared for**

**Gifford**

Presented by Richards Incorporated

August 21, 2020

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Situs State: Vermont

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Proposal Expiration Date: November 19, 2020

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**About this Proposal**

This proposal outlines some of the features and benefits that we offer in our policy, but it is not a policy. The actual group insurance policy will contain additional provisions not fully described in this document. If there are any discrepancies between the proposal and the group insurance policy, the policy will govern. The provisions are explained in basic terms and may be subject to some state restrictions.

It is important to remember that the Group Critical Illness Policy provides a limited benefit for certain Critical Illnesses. It is NOT medical insurance or Medicare supplement insurance. Receipt of benefits under the policy may affect eligibility for Medicaid or other government benefits and/or entitlements.

We based the premium rate and plan design quotations on the underwriting data you gave us. Final premium rates, rate guarantee and plan provisions may change if:

* The terms of the proposal change;
* There is a change in the factors bearing on the risk to be assumed;
* Any information provided to us in connection with the underwriting of the proposal was incorrect; or
* There is a change in the law or regulation affecting the insurance coverage.

For further details of any of the coverages, including exclusions, any reductions or limitations, and the terms under which the policy may be continued in force or discontinued, contact your sales office.

This proposal is valid only if presented by a licensed insurance agent or broker who is appointed with RSL. It is valid until the date shown, unless we replace or withdraw it.

**Eligibility**

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| --- | --- |
| Employees: | Each Active Full-Time Employee working 20 hours or more per week or Part-Time Employee working at least 17.5 hours per week, except any person working on a temporary or seasonal basis. |
| Spouse: | An eligible employee’s legal spouse under age 75. (However, on the date of application, the spouse must be under age 70.)  Coverage for domestic partners may be available upon request, unless prohibited by state law. Domestic and civil union partner coverage is automatically included on the plan where required by state law. |
| Dependent Children: | 1. the Insured Person's child(ren), birth to 20, who is financially dependent upon the Insured Person for support. Adoptive, foster and step-children are considered Dependents if they are in the Insured Person's custody; and 2. the Insured Person's child(ren), attending a college or other school on a full-time basis\*, who is financially dependent upon the Insured Person for support, up to age 26; and 3. the Insured Person's child(ren) who is both incapable of self-sustaining employment by reason of mental illness or incapacitation and who is chiefly dependent on the Insured Person for support and maintenance.   \* If a full-time student is on a medically necessary leave of absence from school, coverage shall be continued for up to 24 months, but not past age 26. |
| Employee must be insured under the policy for dependent spouse and/or children to be insured. A person may not have coverage as both an employee and a dependent. | |

Our standard eligibility includes employees who are US citizens working in the US; contact your sales office if you have employees who are not US citizens working in the US, and you'd like us to consider them in the eligibility.

**Plan Description**

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| --- | --- |
| Employees: | Option of $5,000 to $30,000 in increments of $1,000 |
|  | Guaranteed Issue Amount $30,000 |
| Spouse: | Option of $5,000 to $30,000 in increments of $1,000 |
| Dependent Children | Coverage limited to 25% of employee approved Amount of Insurance to a maximum of $7,500. |

All dependent child amounts are guaranteed issue.

**Included Benefits**

|  |  |
| --- | --- |
| Diagnosis | Benefit |
| Alzheimer's | 100% |
| Benign Brain Tumor | 100% |
| Carcinoma in Situ - Partial benefit | 25% |
| Coma | 100% |
| Coronary Disease - Partial Benefit | 25% |
| Heart Attack | 100% |
| Life Threatening Cancer | 100% |
| Loss of hearing | 100% |
| Loss of Sight | 100% |
| Loss of Speech | 100% |
| Major Organ Failure | 100% |
| Motor Neuron Disease (ALS, Lou Gehrig's) | 100% |
| Multiple Sclerosis | 100% |
| Paralysis | 100% |
| Parkinson's | 100% |
| Ruptured Cerebral, Carotid or Aortic Aneurism | 100% |
| Severe Brain Damage | 100% |
| Skin Cancer - Partial Benefit | 5% |
| Stroke | 100% |
| Child Diagnosis | Benefit |
| Cerebral Palsy | 100% |
| Cleft Lip or Palate | 100% |
| Cystic Fibrosis | 100% |
| Down syndrome | 100% |
| Muscular Dystrophy | 100% |
| Spina Bifida | 100% |
| Type 1 Diabetes | 100% |
| Wellness (Health Screening) Benefit | $50 |
| Lifetime Maximum Benefit | 1000% of the Amount of Insurance |
| Subsequent Occurrence Benefit | 100% of Benefit/3months |
| Recurrence Benefit | 50% of Benefit/6months |
| Family Medical Leave | Included |

**Rate Schedules**

**Critical Illness Insurance Cost**

Monthly Rate per Employee, and Spouse if applicable, per $1,000 of Coverage

Employee Premium Cost

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| --- | --- |
| Age | Premium  Rate |
| 0-29 | $0.45 |
| 30-34 | $0.69 |
| 35-39 | $0.87 |
| 40-44 | $1.23 |
| 45-49 | $1.87 |
| 50-54 | $2.64 |
| 55-59 | $3.68 |
| 60-64 | $5.47 |
| 65-69 | $8.17 |
| 70-74 | $13.43 |
| 75-79 | $22.63 |
| 80-84 | $31.31 |
| 85+ | $52.08 |

Age-banded premium rates are based on the age at last birthday. They will change on the policy anniversary date coinciding with or

next following the Insured's last birthday. The Insured Dependent spouse age, for purposes of determining Premium, is equivalent to the Insured's age.

**Dependent Children Insurance Cost**

Monthly Rate per $1,000 of Coverage

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| --- | --- |
| Child Premium Rates | $1.27 |

One rate for all eligible dependent children in family, regardless of number.

**Note:** Premium/benefit is payable in US currency.

**Age Reduction**

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| For Insureds age 70 and over, the Amount of Insurance is subject to automatic reduction. Upon the Insured’s attainment of the specified age below, the Amount of Insurance will be reduced to the applicable percentage. This reduction also applies to Insureds who are age 70 or over on their Individual Effective Date. | |
| **Age** | **Percentage of available or in force amount at age 69** |
| 70+ | 50% |

The Dependent spouse Amount of Insurance will reduce in the same manner as the Insured's Amount of Insurance upon the

Dependent spouse's attainment of the reducing age.

The Child Amount of Insurance will continue at the percentage (reflected on the Plan Description) of the Insured's Amount of Insurance

prior to any reductions due to age.

**Participation Requirements and Rate Guarantee**

**Participation Requirements**

You must have the minimum participation of the greater of 10% of eligible employees or 5 insured employee lives. The 10% requirement may be waived if sold with Voluntary Group Term Life (VG), Voluntary Long Term Income Protection (VPL) or Voluntary Short Term Disability (VPS). However, the minimum of 5 insured employee lives would still be required.

**Rate Guarantee**

We guarantee the final premium rates for 24 months from the Policy effective date. The Policy is optionally renewable.

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| Critical Illness Benefit | A lump sum benefit (per the Plan Description and Included Benefits sections of the Plan Description & Cost Summary of this proposal) will be payable if the Insured (or any Insured Dependent, if applicable) is Diagnosed by a physician with a Critical Illness. Payment of the benefit is subject to all of the following:  (1) the Diagnosis must have been made within the United States or its territories; and  (2) the Insured's (and Insured Dependents', if applicable) coverage must be in force under the policy at the time of the Diagnosis of a Critical Illness; and  (3) the Diagnosis must be made by a physician after completion of any applicable Benefit Waiting Period; and  (4) any exclusions, limitations or conditions contained in the policy; and  (5) any age reduction as shown in the policy. |
| Eligibility | “Actively-at-Work” means a person is actually performing on a full-time basis each and every duty pertaining to his/her job in the place where, and in the manner in which, the job is normally performed. This includes approved time off such as vacation, jury duty and funeral leave, but does not include time off as a result of an injury or sickness. |
| Guaranteed Issue | An eligible employee, and eligible spouse if applicable, will automatically be insured for an Amount of Insurance up to the guaranteed issue amount as shown on the Plan Description if application is made within thirty-one (31) days of first becoming eligible.  Dependent Children coverage is always guaranteed issue, but the employee must be approved for insurance in order for children to be insured. |
| **Wellness (Health Screening) Benefit** | Available to the employee, and his/her spouse and children if applicable. The Wellness (Health Screening) Benefit pays the amount shown on the Plan Description for one (1) health screening test performed during a twelve (12) month period for each Insured, up to a maximum of four benefits per family. Health screening tests covered under the policy are:   * ALT/AST (liver function test); * Biopsy for cancer; * Blood test for triglycerides; * Bone density testing (DEXA scan); * Bone marrow testing; * CA 15-3 (blood test for breast cancer); * CA 125 (blood test for ovarian cancer); * CEA (blood test for colon cancer); * Chest X-ray; * Colonoscopy; * Echocardiogram; * Electrocardiogram; * Fasting blood glucose test; * Flexible sigmoidoscopy; * Genetic tests; * Hemoccult stool analysis; * Hepatitis screening; * Human Immunodeficiency Virus (HIV) screening; * Mammography; * Pap test; * PSA (blood test for prostate cancer); * Serum cholesterol test to determine level of HDL and LDL; * Serum protein electrophoresis (blood test for myeloma); * Skin cancer screening; * Stress test; * Ultrasound screening (of the breast, of the abdominal aorta for abdominal aortic aneurysms, of carotid arteries (carotid doppler), or for cancer detection. |
| Lifetime Maximum Benefit | The aggregate maximum we will pay under the policy for all Critical Illnesses for each person insured. Wellness (Health Screening) Benefits are not included towards this maximum benefit. |
| Subsequent Occurrence Benefit | Pays for a Critical Illness Diagnosed different from a Critical Illness previously Diagnosed for which a benefit has been paid under the policy as long as the Diagnoses are separated by at least the number of months shown on the Plan Description. |
| Recurrence Benefit | Pays a reduced benefit as shown on the Plan Description for a Critical Illness Diagnosed previously and for which a benefit has been paid under the policy as long as the diagnoses are separated by at least the number of months shown on the Plan Description. |
| **Concurrent Diagnosis of More Than One Critical Illness** | If the Insured, or Insured Dependent if applicable, can qualify for benefits for more than one Critical Illness at the same time (within the Recurrence or Subsequent Occurrence separation period), we will only pay for one (1) Critical Illness with the highest benefit. |
| Diagnosed Or Diagnosis | The diagnosis by a Physician that must be:   1. made while the Insured’s, or the Insured Dependent’s if applicable, coverage is in force under the Policy; and 2. made after the Benefit Waiting Period, if applicable, as shown on the Plan Description; and 3. in writing; and 4. based on objective clinical findings or laboratory tests that are supported by medical records and any other diagnostic requirements defined in the policy. |
| Continuation of Insurance | An insured employee may continue his/her coverage (and that of any insured dependents, if applicable) in accordance with the following but not longer than:   1. twelve (12) months, if due to Sickness or Injury; or 2. one (1) month, if due to temporary lay-off or approved leave of absence.   Your policy must remain in force for an Insured's coverage to continue. Premium must be paid during the continuation period or coverage will terminate. |
| **Family and Medical Leave Act (FMLA)** | The Family and Medical Leave Act of 1993 mandates that employers with more than 50 workers continue group health coverage during an approved period of family or medical leave, just as if the employee was on the job during that time.  FMLA does not require you to continue group critical illness coverage, but we make continuation available as an option. Coverage may continue for the Insured, and Insured Dependents if applicable, until the later of the end of the leave period required by the Family and Medical Leave Act of 1993 as amended, or any similar state law and in accordance with your policies for such leave provided premium continues to be paid.  If you choose not to continue coverage while the Insured is on FMLA, coverage will be reinstated when the Insured returns from such leave.  A leave of absence taken in accordance with the Family and Medical Leave Act of 1993 will run concurrently with any other applicable continuation of insurance provision in the Policy. |
| **Uniformed Services Employment and Reemployment Rights Act (USERRA)** | We will continue the Insured’s coverage and that of his/her Insured Dependents, if applicable, in accordance with USERRA and your policies surrounding USERRA provided the premium continues to be paid. If you choose not to continue the Insured’s coverage and that of his/her Insured Dependents, if applicable, we will reinstate coverage when the Insured returns from such leave.  Please note that while the Insured is on military services leave, there is no coverage for any loss which occurs while on active duty if such loss is caused by or arises out of such military service, including but not limited to war or act of war, whether declared or undeclared.  A leave of absence taken in accordance with USERRA will run concurrently with any other applicable continuation of insurance provision in the Policy. |

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| **Exclusions** | A Critical Illness benefit will not be paid:   1. If caused by or contributed to by one of the following:    1. an act of war, declared or undeclared;    2. intentionally self-inflicted Injury;    3. the Insured’s commission or attempted commission of a felony;    4. a Sickness or Injury that occurs while the Insured is confined in a penal or correctional institution;    5. cosmetic or elective surgery that is not medically necessary (this does not include reconstruction and equalization following a mastectomy);    6. committing or attempting to commit suicide while sane;    7. the Insured’s participation in a riot or insurrection; 2. for a Critical Illness Diagnosed outside of the United States unless such Diagnosis is confirmed within the United States. If such Diagnosis is confirmed within the United States, the Critical Illness will be deemed to have occurred on the date Diagnosis was made outside the United States; 3. for a Critical Illness that follows a different Critical Illness Diagnosis for which a benefit has been paid, within a shorter time period than reflected on the Plan Description. (Subsequent Occurrence) 4. for the same Critical Illness for which a benefit has been paid, if it is Diagnosed within a shorter time period than reflected on the Plan Description. (Recurrence); or 5. for a Critical Illness which is Diagnosed during the Benefit Waiting Period. However, this exclusion does not apply to Childhood Critical Illnesses, if applicable, as listed in the Policy.   Based on the final plan design, your policy may not contain all of the exclusions described above. |
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| Termination of Individual Insurance | Individual coverage will terminate if:   * premium is not paid as required; * the policy terminates; * the Insured enters military service, excluding the Reserves or National Guard unless coverage is continued as provided under Military Services Leave of Absence Extension of coverage provision); * the Insured ceases to be eligible; or * all Critical Illness benefits applicable to the Insured have been paid. |
| Policy Termination | You may cancel the policy at any time. We may cancel:   * if premium is not paid at the end of the grace period; * if the number of Insureds (excluding Dependents) is less than ten (10); or * on any policy anniversary after coverage has been in force for twelve (12) months (if Optionally Renewable). |
|  | Additional Information |
|  |  |
| Annual Enrollment | Because insurance needs may change from year to year, employers often hold annual enrollment periods. We will review requests for annual enrollment periods encouraging employees to take advantage of this insurance. Approval of such enrollment periods must be obtained prior to the enrollment period. |
| Life Event Changes | We recognize that insurance needs may change at a time that does not coincide with an annual enrollment - like the employee's marriage or divorce, or the birth or adoption of the first dependent child to be insured. We call these "life event changes" and allow the employee to apply (or if already insured, to increase or decrease his/her amount of insurance) outside of the formal enrollment period. Requirements include that the election be made within 30 days after life event change, and that the application/increase be for an amount not to exceed your case guaranteed issue amount. |
| Enrollment Materials/ Certificates/ Plan Administrator's Guide | We provide you with sufficient quantity of enrollment materials (brochures and applications) for your eligible employees.  We will provide you with sufficient quantity of Certificates of Insurance for your insured employees.  You will receive a Plan Administrator's Guide that provides important and valuable information regarding your administration of the Voluntary Critical Illness Insurance plan. |

The foregoing information represents a brief synopsis of benefit features, limitations and exclusions under the Group Critical Illness policy. For more detailed information, please refer to the policy.

Group Critical Illness coverage is provided by policy form, LRS-9537-0118, et al through Reliance Standard Life Insurance Company.