



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: August 7, 2015
TO: Group Insurance Board
FROM: Angel Johnson, Program Manager
Wisconsin Public Employers Group Life Insurance Program
SUBJECT: Wisconsin Public Employers (WPE) Group Life Insurance
Plan Changes and Policy Amendments

Staff recommends the Group Insurance Board (Board) adopt the plan changes and policy amendments listed below.

Staff and Minnesota Life Insurance Company (MLIC) recommend the following plan changes and policy amendments to improve the benefits and services provided by MLIC to participating employers and insured members. Staff requests the following four plan changes become effective January 1, 2016.

1. Eliminate Waiting Period

The 2015-17 Biennial Budget (2015 Wisconsin Act 55) eliminated the requirement that state and local government employees must be covered under the Wisconsin Retirement System for a period of six months in order to be eligible for the WPE Group Life Insurance program. This statutory change is effective January 1, 2016. As a result, staff and MLIC have drafted the policy amendment below and recommend the Board approve the amendment. The proposed contract language that is to be removed appears with strikethrough and italics.

“Eligibility for Insurance

Except as otherwise provided by statute or administrative rule, a person shall become eligible for insurance under this policy after January 1, 1958 on the date the person first qualifies as an eligible employee in accordance with Wis. Stats. §40.02(25)(a) or (c) or the date the person again becomes an eligible employee after termination of employment for a period of 30 days or more.

Reviewed and approved by Lisa Ellinger, Director,
Office of Strategic Health Policy

Electronically signed:
8/10/15

Board	Mtg Date	Item #
GIB	08.25.15	6C

~~A new six-month period of participating employment as defined in Wis. Stats. §40.02(25)(a)(1) is required if the employee elected and received a separation benefit as provided under Wis. Stats. §40.25(2).~~ An employee who returns as an eligible employee within 30 days after termination of employment or after a leave of absence without earnings, during which time the coverage lapsed, may re-enroll without evidence of insurability only for the plans and amounts that were in effect prior to termination or leave of absence.”

2. Remove Child Evidence of Insurability

Staff and MLIC recommend the Board removes the requirement that dependent children need to provide evidence of insurability when the employee enrolls for coverage outside of an open enrollment opportunity. This is a trend for similar plans, and the expected financial impact is a 0.4% increase in spouse and dependent claims (less than \$10,000 annually).

This plan change will not decouple the current spouse and dependent plan into a separate spouse and separate dependent plan. If an employee wishes to enroll in the spouse and dependent plan outside of an open enrollment opportunity, the spouse will be underwritten but the children will not be underwritten. The advantage of this change to the employee is that children will not negatively impact an underwriting decision for spouse and dependent coverage.

This is an administrative change that does not require a policy amendment.

3. Spouse and Dependent Open Enrollment

Staff and MLIC recommend the Board approves expanding open enrollment for spouse and dependent coverage to include an open enrollment opportunity for any qualifying family status change. Currently, the policy allows open enrollment within 30 days of hire or within 30 days of *first* having a spouse or dependent child to insure.

ETF's Benefits Administration System and State Transforming Agency Resources (STAR) would like to automate member enrollment for life insurance. It would be difficult to track when a member first has a spouse or dependent child to insure, and expanding open enrollment for spouse and dependent coverage would allow automation of member enrollment and ease administration. Staff proposes the following policy amendments in bold italics.

“Open Enrollment

An eligible employee may enroll for Spouse and Dependent insurance by filing an application provided by the Department which must be received by the employer within 30 days after:

- (1) The date the employee first qualifies with that employer as an eligible employee under Wis. Stats. §40.02(25)(a) or (c) provided the employee enrolls in the Basic Plan.
- (2) ~~The date the insured employee first has a spouse or dependent to insure or the date the insured employee again has a spouse or dependent to insure following a period of at least 30 days during which the employee had neither a~~

~~spouse nor a dependent as defined in this section. If the insured employee is on leave of absence at the time of such occurrence, then the employee is eligible to enroll upon return to work.~~

One of the following changes:

(a) The date of the employee's marriage.

(b) The date that the employee establishes a domestic partnership for Wis. Stats. Chapter 40 benefit purposes.

(c) The date of birth, adoption, placement for adoption, or award of legal guardianship of the employee's dependent child.

- (3) The date an employee returns to work as an eligible employee of a participating employer if within 30 days of termination of employment, or after a leave of absence without earnings, during which time the coverage lapsed. For purposes of this paragraph, the employee may re-enroll only for the plans of coverage that were in effect prior to termination of employment or leave of absence.

Enrollment is subject to the plan maximum, and if employed by a local government, is subject to the plans that are made available by the employee's employer. If an employee established a domestic partnership and subsequently marries the person to whom the employee had a domestic partnership, the marriage will not be considered a family status change for purposes of this section."

4. Termination of Coverage at the End of the Month

Staff and MLIC recommend the Board approves termination for life insurance to occur at the end of the month when employment ends. This plan change was requested by STAR for system development and implementation. The current set of rules for termination are complex and difficult to administer. Please note that this change would *not* apply to a cancellation of coverage, which is voluntary.

For termination of coverage at the end of the month, staff recommends changes to three of the sections in the policy agreement. Changes appear in struck out italics.

First section:

"Spouse and Dependent Coverage" (p. 10 of Attachment A)

"Termination

Insurance on any spouse or dependent shall terminate automatically on the earliest of the following dates:

- (1) The last day of the calendar month ~~following the month~~ in which the employee terminates employment; or"

Second section:

"Terminations of Employee's Insurance (p. 15 of Attachment A)

The insurance coverage on any employee insured under this policy shall terminate

automatically on the earliest of the following dates:

- (1) The last day of the calendar month ~~following the month~~ in which the employee terminated employment from the employer if this occurs before the employee becomes entitled to insurance as provided in the section entitled "Coverage During Disability – Waiver of Premium Benefit," or before the employee qualifies for continuation of insurance pursuant to Wis. Stats. §40.72(4). If premiums are due under Wis. Stats. §40.05(6)(d), coverage will not be continued unless the employee either a) begins a Wisconsin Retirement annuity which is effective within 31 days after insurance under this policy terminates or b) applies to continue group life insurance coverage on an application form which is received by the Department within 31 days after insurance under this policy terminates."

Third section:

"Employee Contributions" (p. 18 of Attachment A)

"Unless waived under the section entitled "Coverage During Disability – Waiver of Premium Benefit," because of disability, employee contributions are due from each insured employee until the earliest of the following:

- (1) The end of the month ~~following the month~~ in which employment terminates, unless coverage is continued as a retired employee pursuant to Wis. Stats. §40.72(4), then premium will be due in accordance with Wis. Stats. §40.05(6)(d), or
- (2) The beginning of the month in which age 65 is attained if coverage was continued as a retired employee pursuant to Wis. Stats. §40.72(4), or
- ~~(3) The end of the month following termination of employment for employees who are age 65 through 69; or~~
- (3) The beginning of the month in which an insured employee attains age 70 or an insured retired employee attains the age of 65 pursuant to Wis. Stats. §40.05(6)(b). This does not apply to Supplemental and Additional Insurance, for which premiums payments must be continued until the date the insured terminates employment."

Staff will be at the Board meeting to answer any questions.

Attachments: Minnesota Life Group Insurance Policy with tracked policy amendments

MINNESOTA LIFE INSURANCE COMPANY

(hereinafter called the Company)

In consideration of the acceptance of this policy by the

Group Insurance Board

of the

STATE OF WISCONSIN

(hereinafter called the Policyholder)

and the payment of premiums as stated herein, hereby agrees to insure certain employees of the

STATE OF WISCONSIN AND OTHER PARTICIPATING WISCONSIN PUBLIC EMPLOYERS

who are or become entitled to insurance under the administrative rules and the terms and conditions of this policy, and agrees to pay the amount for which any employee is insured hereunder at the date of his or her death to the person or persons entitled thereto after receipt of due written proof of such death, in accordance with and subject to the provisions of this policy.

This policy is a revision and restatement of Group Life Insurance Policy No. 2832-G issued by the Company to the Group Insurance Board of the State of Wisconsin, which was issued on and became effective January 1, 1958, and which was most recently reissued effective January 1, 2004. Policy anniversaries are deemed to occur on the first day of January each year while the policy is in force.

Premiums shall be computed as hereinafter provided and are payable by the Policyholder. Premiums shall become due on the first day of the month while the policy is in force.

Provisions set forth on the following pages are a part of this policy as fully as if recited over the signatures hereto affixed.

In Witness Whereof, Minnesota Life Insurance Company has caused this revised policy to be executed effective January 1, 2011, at its Home Office in Saint Paul, Minnesota.

Dennis E. Fiedler

Secretary

Robert L. Loubser

President

GIB 8.25.15 Item 6C Attachment

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Definitions

Additional Plan: Insurance provided under Wis. Stats. §40.03(6)(b) and §40.72(10).

Administrative Rules: Rules approved by the Employee Trust Funds Board or the Group Insurance Board pursuant to Wis. Stats. §40.03(2) and Chapter 227 of the Wisconsin Statutes.

Basic Plan: The insurance provided under Wis. Stats. §40.72(1).

Board: The Group Insurance Board of the State of Wisconsin.

Company: Minnesota Life Insurance Company.

Department: Department of Employee Trust Funds of the State of Wisconsin.

Dependent: An employee's or his or her Domestic Partner's unmarried child(ren), including natural child, stepchild, adopted child, legal ward and a child in an adoptive placement under Wis. Stats. §48.837(1), who is dependent upon the employee for at least 50% of support and maintenance and who is:

- (1) More than 14 days of age counting from live birth, but under 19 years of age; or
- (2) Age 19 or older but less than age 25 if a full-time student; or
- (3) Age 19 or older and incapable of self support because of a physical or mental disability which is expected to be of long-continued and indefinite duration in accordance with Administrative Code Rules ETF 10.01(2).

Disability Annuity: Means the same as prescribed in Wis. Stats. §40.02(21)

Domestic Partner: Person with whom an employee meets the definition of a domestic partnership in Wis. Stats. §40.02(21d) and with whom an employee has submitted an Affidavit of Domestic Partnership (ET-2371) to the Department. All references to "spouse" in this policy shall also include a Domestic Partner.

Earnings: Wages or salary paid to persons for personal services rendered by an employer that participates in the Program, as prescribed in Wis. Stats. §40.02(22). For employees covered by a private pension plan, earnings means taxable compensation as reported to the Internal Revenue Service.

Eligible Employee: Means the same as prescribed in Wis. Stats. §40.02(25) (a) and (c).

Employee: Means the same as prescribed in Wis. Stats. §40.02(26).

Employer: Means the same as prescribed in Wis. Stats. §40.02(28). For purposes of this contract each local government is a separate employer, and the State, including all state agencies, is considered one employer.

Insurance Reduction Age: The later of an employee's 65th birthday or termination of employment but in no event beyond the employee's 70th birthday. For retired employees who are insured under this policy, the insurance reduction age is 65.

Insured: An employee, spouse, dependent, or retired employee as defined in this policy who is enrolled for the life insurance provided under the policy and whose insurance is in force in accordance with all policy provisions.

Leave of Absence: Means the same as "leave of absence" as prescribed in Wis. Stats. §40.02(40) but excluding the group health insurance portion of the definition. This also includes temporary layoffs as defined under the applicable collective bargaining agreement or administrative code rule.

Local Employee: An employee employed by a participating employer other than the State.

Local Government: Means the same as prescribed in Wis. Stats. §40.02(28) excluding the State and State Agencies.

LTDI: Means Long Term Disability Insurance as prescribed in Administrative Code Rules, ETF Chapter 50, subchapter III, Long Term Disability Insurance.

Participating Employer: Means the same as prescribed in Wis. Stats. §40.02(47).

Policyholder: The State of Wisconsin Group Insurance Board.

Program: The Wisconsin Public Employers Group Life Insurance Program.

Retired Employee: Means the same as prescribed under Wis. Stats. §40.02(49).

Separation: Termination of all rights to benefits under the Wisconsin Retirement System as prescribed In Wis. Stats. §40.25(3).

Spouse: The lawful husband or wife of an employee. Also, all references to “spouse” shall include a domestic partner, as defined above.

State: The State of Wisconsin.

State Employer: Means state agencies as prescribed in Wis. Stats. §40.02(54) and the University of Wisconsin as prescribed under Wis. Stats. §40.02(57).

Supplemental Plan: The insurance provided under Wis. Stats. §40.72(10).

Termination of Employment: Means the same as prescribed under ETF 10.08(2) and (3).

Union Service Leave: Means the same as prescribed in Wis. Stats. §40.02(56).

Wisconsin Public Employers Group Life Insurance Program: The group term life insurance program offered by the State of Wisconsin to eligible employees of the state and participating public employers, established and administered pursuant to Wis. Stats. Chapter 40 and the Wisconsin Administrative Code, Department of Employee Trust Funds.

Eligibility for Insurance

Except as otherwise provided by statute or administrative rule, a person shall become eligible for insurance under this policy after January 1, 1958 on the date the person first qualifies as an eligible employee in accordance with Wis. Stats. §40.02(25)(a) or (c) or the date the person again becomes an eligible employee after termination of employment for a period of 30 days or more.

~~A new six month period of participating employment as defined in Wis. Stats. §40.02(25)(a)(1) is required if the employee elected and received a separation benefit as provided under Wis. Stats. §40.25(2).~~ An employee who returns as an eligible employee within 30 days after termination of employment or after a leave of absence without earnings, during which time the coverage lapsed, may re-enroll without evidence of insurability only for the plans and amounts that were in effect prior to termination or leave of absence.

An employee shall also be eligible to enroll for insurance on the effective date of any enactment, repeal, amendment or interpretation of any statute or rule which makes the employee initially eligible for group life insurance.

Except for an employee age 70 or over, the employee must have coverage in the Basic Plan to be eligible for coverage in the other plans.

Except as provided under "Employer Error" in the section entitled "Enrollment for Insurance" and "Amount of Continued Insurance" under the section entitled "Coverage During Disability – Waiver of Premium Benefit," to be eligible for any initial insurance coverage or any increase in insurance coverage, an employee must not be on unpaid leave of absence. Eligibility will be suspended until the employee returns to work from unpaid leave of absence.

Enrollment for Insurance

This section is limited to those coverages which the Employer elected to provide eligible employees under Wis. Stats. §40.03(6) or §40.70.

OPEN ENROLLMENT

Pursuant to the authority granted to the Board under Wis. Stats. §40.03(6)(d) and §40.70(1)(b), an eligible employee may enroll for insurance under this policy by filing an application provided by the Department which must be received by the employer within 30 days after the employee becomes eligible under the section entitled "Eligibility for Insurance." In no event will coverage be in effect if the employer has not received a valid application, even if premiums have been deducted.

An employee who has a change in employment class or whose appointment changes is not eligible for an open enrollment unless the change resulted from a termination of employment.

An employee who has a change in employment class that requires the employer to provide 100% employer-paid coverage under its employment contract for an entire employment class is eligible for an open enrollment only for the plans that are 100% employer paid.

LATE ENROLLMENT

An eligible employee whose application is not received by the employer within 30 days after the employee becomes eligible may later enroll for insurance by providing evidence of insurability satisfactory to the Company on a form provided by the Department.

ENROLLMENT FOR EMPLOYEES WHO TRANSFER

An insured employee who transfers from one state employer to another without a termination of employment continues the same insurance coverage in effect at the previous state employer. An uninsured employee who transfers from one state employer to another without termination of employment is not eligible for an open enrollment at the new state employer. Premiums are due for coverage that continues upon transfer. If the new state employer does not immediately initiate payroll deduction of premiums the past due premiums are due from the date of transfer.

ENROLLMENT FOR REHIRED EMPLOYEES

A former employee who has continuing group coverage under Wis. Stats. §40.72(4) after termination of employment and who again becomes an eligible employee of a participating employer is eligible to continue the types and amounts of coverage in effect at the time of rehire. If the premium payment is being made from a monthly annuity, the employee must arrange for direct billing by the Company by filing a notice with the Department on or before the last day of the month for which premiums were paid from the annuity. Employee contributions will continue only until age 65 as if the employee were an insured retired employee, and coverage will be adjusted at that time according to the section entitled "Amounts of Life Insurance." Alternatively, the employee may file an application within 30 days after becoming an eligible employee of a participating employer and be considered as a new employee, whereby all continuing coverage as a retired employee is effectively canceled. Coverage as an active employee will become effective on the first day of the month following the later of the employer's receipt of the application or the lapse of coverage as a retired employee.

ENROLLMENT UPON TERMINATION OF WAIVER OF PREMIUM

If a waiver of premium benefit is terminated in accordance with the section entitled "Coverage During Disability – Waiver of Premium Benefit," the insured is eligible to continue the coverage if meeting the requirements of Wis. Stats. §40.72(4) or if the insured is then an eligible employee of a participating employer.

If the insured again becomes employed by his or her previous employer, only the plans and amounts in place prior to the disability leave may be enrolled for without evidence of insurability, subject to all other provisions of the section entitled "Enrollment for Insurance." The State is considered one employer. Therefore, if the insured becomes employed by a different state employer, then this would be treated as becoming employed by the previous employer.

If the insured again becomes employed but by a different employer than the previous one, application may be made as a new employee subject to the provisions of the section entitled "Enrollment for Insurance."

If the insured is not eligible to continue coverage or to enroll as a new employee, then the insured may convert coverage to an individual policy per the section entitled "Conversion Privilege" by filing an application within 31 days of the termination of the waiver of premium benefit.

EMPLOYER ERROR

Notwithstanding the above requirements of enrollment, as provided by Wis. Stats. §40.70(7m), an application shall be approved beyond the 30-day period after the employee becomes eligible without providing evidence of insurability if all of the following conditions are met:

- (1) The employer furnishes sufficient information to the Department indicating the employer did not provide an application form, submit premium payments, advise the employee of eligibility or perform other enrollment requirements;
- (2) The employee files an application provided by the Department which must be received by the employer within 30 days after the employee first becomes aware of the error; and
- (3) The Department finds that the employee was denied coverage as a result of employer error as specified in Wis. Stats. §40.70(7m).

If the application is approved, the coverage will become effective the first day of the calendar month on or after the date the application is received by the employer.

OTHER ERRORS

An employee who receives from the employer a written statement of fringe benefits indicating that the correct amount of coverage is not in effect or the correct premium deduction is not in effect is presumed to be aware of the error unless other evidence shows that the employee could not reasonably discover the error by inspecting the statement. The employee is required to review his or her payroll deductions for life insurance premiums and bring payroll deduction errors to the attention of the Department. In instances where the employee filed an application with the employer during the eligibility period and due to a clerical error by the employer the premiums were not payroll deducted, premiums are due from the date that the application took effect as provided in the policy.

In instances where premium payment was instituted but a properly completed application was not received by the employer within 30 days after the employee becomes eligible under the section entitled "Eligibility for Insurance," and filed with the Department, the employee's premiums will be refunded since there is no coverage. If an error is discovered while the employee is on leave of absence, the employee is eligible to enroll during the leave provided that premiums have been paid or are prepaid as provided in the section entitled "Coverage During Employment Gaps" for at least one month prior to termination of employment or initiation of a waiver of premiums.

Effective Date of Insurance Coverage

The effective date of insurance under this policy for any eligible employee who files an application in accordance with the open enrollment provision under the section entitled "Enrollment for Insurance" shall be the first day of the calendar month which begins on or after the later of:

- (1) The date the employee attains eligibility; or
- (2) The date the application form is received by the employer.

For an employee who is required to submit evidence of insurability under the section entitled "Enrollment for Insurance," the effective date of insurance shall be the first day of the calendar month which begins on or after the date the application is approved by the Company.

Insurance shall not become effective if the applicant is no longer an employee of a participating employer on the insurance effective date.

Amounts of Life Insurance

The amount of group life insurance available to an employee under this policy shall be in accordance with Wis. Stats. §40.72 and §40.03(6)(b), applicable administrative rules, and the schedules set forth in this section.

DETERMINING "EARNINGS"

When the employee first becomes insured, the amount of insurance shall be an estimate, as determined by the employer, of the amount of earnings to be received by the employee from that employer in the succeeding twelve months, rounded up to the next higher \$1,000. Estimated insurance amounts shall remain in effect until the employee has been employed for a full calendar year, unless on January 1, actual earnings of the previous calendar year exceed the estimated earnings amount, in which case the actual earnings of the previous year, rounded to the next higher \$1,000, shall be used to determine the amount of insurance, even though the employee was not employed for the entire year.

Annual Census

Except as otherwise provided in this section, increases in the amount of insurance shall be made on January 1 of each calendar year based on the Wisconsin Retirement System earnings received during the previous calendar year from that participating employer.

On January 1, the insurance amount for an employee who has been actively employed by the current employer and covered under the Wisconsin Retirement System during the previous calendar year shall be the higher of the current insurance amount or the amount that is based on the prior calendar year's actual earnings from that employer.

Paid Leave of Absence

If an employee goes on a paid leave of absence, premiums will continue to be deducted from earnings and coverage will continue at the same amount as before the paid leave. If the employee returns to work as an eligible employee of the current employer in the same calendar year, coverage will continue at the same amount as prior to the leave. If the employee returns to work with the current employer in the next calendar year, coverage will be based on the higher of the current coverage amount or the prior calendar year's actual earnings from that employer.

Unpaid Leave of Absence

When an employee goes on an unpaid leave of absence, coverage may be continued as provided in "Coverage During Employment Gaps". When an employee returns to work as an eligible employee of a participating employer following a leave of absence without pay during which time insurance did not lapse, the coverage amount shall be based on the employee's actual prior calendar year earnings from that employer or the amount currently in effect, whichever is higher.

When an employee returns to work as an eligible employee of a participating employer following a leave of absence without pay, during which time insurance lapsed, the amount of insurance shall be the higher of the employee's amount of insurance from that employer prior to the lapse in coverage or the amount that is based on the employee's actual prior calendar year's earnings.

If an insured retired employee under age 70 becomes an eligible employee of a participating employer and elects coverage in that capacity, the amount of insurance shall be determined in the same manner as for any other new eligible employee.

Pursuant to Wis. Stats. §40.72(8), the amount of coverage for an insured employee under age 70 shall not be reduced in subsequent consecutive years of eligible employment with the same employer unless the insured employee signs and files with his employer a form provided by the Department authorizing coverage to be determined in accordance with Wis. Stats §40.72(1). The Department must receive the signed form from the employer within 60 days following the annual premium adjustment or coverage continues at the higher amount. Any reduction in coverage will take effect on the first day of the calendar month that begins on or after the date the Department receives the form.

BASIC PLAN, SUPPLEMENTAL PLAN, AND ADDITIONAL PLAN COVERAGES

This section sets forth the group life insurance on the life of each eligible employee who has enrolled for the insurance as provided in the section entitled "Enrollment for Insurance."

Basic Plan

Except as provided in the section entitled "Determining Earnings" above, Basic Plan insurance prior to attainment of the insurance reduction age is equal to 100% of the employee's previous calendar year earnings from the current employer rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments.

When an employee who is insured under the Basic Plan reaches age 70 the Basic Plan of insurance will be equal to the final reduced amount provided according to the applicable Postretirement schedule shown in the section entitled "Postretirement Basic Plan Coverage."

Pursuant to Wis. Stats. §40.70, when the governing body of an employer adopts a resolution to make insurance available to its employees for the first time, eligible employees who are age 70 or older on the effective date of the Basic Plan will receive an amount of insurance equal to the final reduced amount provided according to the applicable Postretirement schedule shown in the section entitled "Postretirement Basic Plan Coverage."

Supplemental Plan

The Supplemental Plan is available to all eligible State employees. Other participating local government employers determine whether or not to offer the Supplemental Plan to their employees.

Except as provided in the section entitled "Determining Earnings" above, Supplemental Plan insurance is equal to 100% of the employee's previous calendar year earnings rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments. Prior to April 24, 1990, an optional amount of supplemental insurance was available equal to 50% of the employee's earnings rounded to the next higher \$1,000, if earnings were not in even \$1,000 increments. An insured employee who elected the optional amount prior to April 24, 1990 may continue coverage on that basis until that coverage is terminated in accordance with the section entitled "Termination of Employee's Insurance."

Additional Plan

The Additional Plan is available to all eligible State employees. Other participating local government employers determine whether or not to offer the Additional Plan to their eligible employees. The local government employers may elect to offer 1, 2, or 3 units of insurance.

Each unit of Additional Plan insurance is equal to 100% of the employee's previous calendar year earnings rounded to the next higher \$1,000, if earnings are not in even \$1,000 increments. An eligible employee of a state employer may elect up to three units of Additional Plan insurance. An eligible employee of a participating local government employer may elect up to the number of units of Additional Plan insurance offered by that employer.

Insurance provided under the Additional Plan terminates on the earliest date specified in the section entitled "Termination of Employee's Insurance."

Except as otherwise provided, all provisions of the policy which apply to the Supplemental Plan insurance shall also apply to the Additional Plan insurance.

POSTRETIREMENT BASIC PLAN COVERAGE

Subject to Wis. Stats. §40.72(4), Basic Plan insurance will continue after attainment of the insurance reduction age in a reduced amount for the lifetime of an insured employee over age 70 or a retired employee who is 65 years old or over and the retiree meets the following requirements;

- (1) The employee's WRS coverage began before January 1, 1990, or the employee has been covered by the group life insurance plan in five calendar years beginning January 1, 1990; and
- (2) The employee qualifies under one of the following situations:
 - (a) The employee is receiving an immediate WRS annuity or meets all of the requirements for receiving an immediate WRS annuity except the filing of an application; or
 - (b) The sum of the employee's creditable service in the WRS on January 1, 1990 plus the number of calendar years after 1989 in which the employee has been covered under the group life insurance plan equals at least 20 years; or
 - (c) The employee has at least 20 years of service with the participating employer by whom the employee was employed immediately before termination.

Pursuant to Wis. Stats. §40.70, when the governing body of an employer adopts a resolution to make Basic insurance available to its employees for the first time, insured employees who retire within five years of the effective date of the Basic plan will be allowed to continue insurance under this section provided they meet the requirements of item (2) above.

Employees who participate in a pension plan other than the Wisconsin Retirement System and who are insured for life insurance under this policy may continue the Basic Plan provided the employee has at least 20 years of service with the participating employer by whom the employee was employed immediately before termination.

Insurance amounts will be as follows:

50% Postretirement Schedule

Beginning on and after the 65th birthday and before the 66th birthday.....	75%
Beginning on and after the 66th birthday to the end of life	50%

This schedule applies to the following insureds:

- (1) State employees who attain age 65 on or after July 1, 1972, except teachers as defined in Wis. Stats. §40.02(55) who are in the unclassified service of the State; and
- (2) Teachers as defined in Wis. Stats. §40.02(55), in the unclassified service of the State who attain age 65 on or after July 1, 1977; and
- (3) Teachers as defined in Wis. Stats. §40.02(55), in the unclassified service of the State who attained age 65 on or after July 1, 1972 and prior to July 1, 1977 and who retire on or after January 1, 1979; and
- (4) Local employees whose employer has elected the 50% postretirement schedule.

25% Postretirement Schedule

Beginning on and after the 65th birthday and before the 66th birthday	75%
Beginning on and after the 66th birthday and before the 67th birthday	50%
Beginning on or after the 67th birthday to the end of life	25%

This schedule applies to the following insureds:

- (1) State employees who attained age 65 prior to July 1, 1972; and
- (2) Teachers as defined in Wis. Stats. §40.02(55) of the Wisconsin Statutes, in the unclassified service of the State who attained age 65 on or after July 1, 1972 and prior to July 1, 1977, and who retired prior to January 1, 1979; and
- (3) State employees who first became insured on or after age 65 and prior to January 1, 1979; and
- (4) Local government employees whose employer has not elected the 50% postretirement benefit.

The percentages shown for the 50% and 25% Postretirement Schedules above shall be applied to the amount of Basic Plan insurance in effect on the life of the insured employee immediately before attainment of the insurance reduction age, except that if earnings calculated on the following January 1 are higher than those used for determining the insurance amount immediately before attainment of the insurance reduction age, the higher earnings will be used to determine the insurance amount effective that January 1, provided the employee is still eligible and insured on that January 1. The Postretirement Schedules do not apply to the Supplemental and Additional plans.

Death Benefit Payment

Upon receipt of written proof of the death of an insured employee, satisfactory to the Company and subject to all terms and conditions of this policy, the Company shall pay the amount of insurance set forth in the section entitled "Amounts of Life Insurance." Death benefits are payable to the beneficiary. The Department maintains beneficiary information and determines the eligible beneficiary in accordance with the following section.

BENEFICIARIES

Beneficiary designations shall be subject to Wis. Stats. §40.02(8) and §40.74 and to the administrative rules. Any employee insured under this policy may designate a beneficiary on a form approved by the Department. An employee may, from time to time, change beneficiary by filing a new designation in the same manner as the original designation. Consent of the beneficiary shall not be required for any change of beneficiary. The last written beneficiary designation shall be in effect if the designation is properly completed, dated and signed by the employee on file with and on a form approved by the Department at the time of death. A beneficiary designation filed by an insured employee shall be effective with respect to any insurance coverage provided under the policy.

A beneficiary of life insurance coverage who intentionally and unlawfully kills the person on whose life the coverage is issued may not receive any benefit from such coverage. The benefits are payable as if the killer has predeceased the decedent.

Accidental Death And Dismemberment (AD&D) Coverage

The benefits set forth in this section terminate on the date the employee attains the insurance reduction age. In no event shall the Accidental Death and Dismemberment insurance benefits continue beyond attainment of age 70.

DEFINITIONS FOR AD&D COVERAGE

Principal Sum: An amount equal to the amount of group life insurance in effect under this policy on the employee's life on the date the injury for which claim is made is sustained.

Member: Hand, foot or eye.

Loss: With regard to hand or foot, actual severance through or above the wrist or ankle joint; with regard to eye, entire and irrecoverable loss of sight; with regard to thumb and index finger, actual severance through or above the metacarpophalangeal joints (the joints closest to the palm of the hand).

Permanent and Total Loss of Use: The permanent and total loss of the ability to function because of incurable paralysis or stiffening without regard to the particular requirements of the employee's occupation or profession. Permanent and total loss of use of arm or leg shall mean permanent and total loss of use of the entire arm or leg including loss of use of the attached hand or foot.

AMOUNT OF AD&D BENEFIT

Upon receipt of due written proof that any insured employee has sustained a bodily injury which was unintended, unexpected and unforeseen, as shown by a visible contusion or wound on the exterior of the body (except in case of drowning), solely through external, violent and accidental means and has suffered any loss specified under coverage A or B below within one year from the date of the accident as a direct result of that injury and independently of all other causes,

the Company shall pay the amount of insurance specified for that loss subject to all of the limitations set forth below. The injury and loss must occur while the employee's coverage is in force.

Coverage A - Loss of Life, Limb or Sight

Loss	Benefit Payment
Life	Principal Sum
Two or More Members (in same accident)	Principal Sum
One Member	One-Half of Principal Sum
Thumb and Index Finger on Same Hand (in same accident)	One-Fourth of Principal Sum

Coverage B - Permanent and Total Loss of Use

Loss	Benefit Payment
Each Hand or Foot from Wrist or Ankle	One-Fourth of Principal Sum
Each Arm or Leg from Shoulder or Hip	One-Half of Principal Sum

BENEFICIARIES FOR AD&D COVERAGE

Benefits for loss of life are payable to the beneficiary of the employee, as provided in the section entitled "Death Benefit Payment." All other benefits are payable to the employee.

SUBSEQUENT LOSSES

If an employee who has received payment for a loss under this policy incurs a subsequent loss to a different limb(s) or member(s), due to a different accident, payment shall be made for that loss without reference to any previous loss. Under no circumstances, however, will more than one payment be made for the loss or the loss of use of the same limb(s), or part thereof, or member(s).

MULTIPLE LOSSES

If an employee suffers more than one of the losses listed in Coverages A and B because of any one accident, payment shall be made only for that one loss for which the largest amount is payable, not to exceed the Principal Sum.

LIMITATIONS

In no event will we pay the benefit where the loss is caused directly or indirectly by, results from, or there is contribution from, any of the following:

- (1) Self-inflicted injury or self destruction, whether sane or insane;
- (2) Suicide or attempted suicide, whether sane or insane;
- (3) The employee's participation in or attempt to commit a crime, assault or felony;
- (4) Bodily or mental infirmity, illness or disease;
- (5) The use of alcohol, drugs, medications, poisons, gases, fumes or other substances taken, absorbed, inhaled, ingested or injected, unless taken upon the advice of a licensed physician in the verifiable prescribed manner and dosage;
- (6) Motor vehicle collision or accident where the employee is the operator of the motor vehicle and the employee's blood alcohol level meets or exceeds the level at which intoxication is defined in the state where the collision or accident occurred, regardless of the outcome of any legal proceedings connected thereto;
- (7) Infection, other than infection occurring simultaneously with, and as a direct result of, the accidental injury;
- (8) Medical or surgical treatment or diagnostic procedures or any resulting complications;
- (9) Travel in or descent from any aircraft, except as a fare-paying passenger on a regularly scheduled commercial flight on a licensed passenger aircraft carrier or except for a state employee who is a pilot, crew member or passenger on an aircraft owned, operated or leased by a state employer and being used for business of the state employer;

(10) War or any act of war, whether declared or undeclared.

CLAIMS

Written notice of injury on which claim may be based must be received by the Company at its Home Office in Saint Paul within thirty days after the accident causing the injury. Affirmative proof of loss must be received by the Company at its Home Office within ninety days after the date of the loss. The notice and proof are conditions precedent to a valid claim. Failure to give notice or furnish proof within the time here provided shall not invalidate a claim, however, if it is shown not to have been reasonably possible to give notice or furnish proof prior to the date it is presented.

The Company shall have the right and opportunity to examine the injured employee when and so often as it may reasonably require during the pendency of a claim under this Schedule and also, where not forbidden by law, the right and opportunity to make an autopsy in case of death.

TERMINATION

Accidental Death and Dismemberment insurance will automatically terminate on the earliest of the following dates:

- (1) The date the employee's life insurance terminates; or
- (2) The date an insured reaches the insurance reduction age; or
- (3) The date this coverage is terminated.

Spouse and Dependent Coverage

Upon receipt of due written proof of the death of an insured spouse or dependent, the Company shall pay the amount of insurance set forth in this section.

ELIGIBLE SPOUSE AND DEPENDENTS

An eligible spouse or dependent is a person who satisfies the definition of this status in the section entitled "Definitions".

A child who is not dependent upon the employee for at least 50% of support and maintenance at the time that other family members are enrolled may subsequently be insured when he or she meets the definition of dependent. However, evidence of insurability is required if at any previous time the employee failed to elect Spouse and Dependent coverage when eligible for Open Enrollment as defined below.

Any previously insured dependent who ceased to be a dependent may later qualify as an insured dependent if suffering from a physical or mental disability which is expected to be of an indefinite and long duration. This disability must be supported by medical evidence. The employee must provide evidence of support of the dependent which must meet the requirements for dependent's support as required by the Federal Internal Revenue Code. Medical reports and support certifications must be provided by the employee to the Company at the time a claim is made.

ENROLLMENT

Open Enrollment

An eligible employee may enroll for Spouse and Dependent insurance by filing an application provided by the Department which must be received by the employer within 30 days after:

- (1) The date the employee first qualifies with that employer as an eligible employee under Wis. Stats. §40.02(25)(a) or (c) provided the employee enrolls in the Basic Plan.
- (2) ~~The date the insured employee first has a spouse or dependent to insure or the date the insured employee again has a spouse or dependent to insure following a period of at least 30 days during which the employee had neither a spouse nor a dependent as defined in this section. If the insured employee is on leave of absence at the time of such occurrence, then the employee is eligible to enroll upon return to work.~~ One of the following changes:
 - (a) The date of the employee's marriage.
 - (b) The date that the employee establishes a domestic partnership for Wis. Stats. Chapter 40 benefit purposes.
 - (c) The date of birth, adoption, or award of legal guardianship of the employee's dependent child.
- (3) The date an employee returns to work as an eligible employee of a participating employer if within 30 days of termination of employment, or after a leave of absence without earnings, during which time the coverage lapsed.

For purposes of this paragraph, the employee may re-enroll only for the plans of coverage that were in effect prior to termination of employment or leave of absence.

Enrollment is subject to the plan maximum, and if employed by a local government, is subject to the plans that are made available by the employee's employer. If an employee established a domestic partnership and subsequently marries the person to whom the employee had a domestic partnership, the marriage will not be considered a family status change for purposes of this section.

An employee may not enroll for Spouse and Dependent coverage through more than one employer.

Late Enrollment

An insured employee under age 70 who does not enroll within the time period specified in the preceding paragraph may obtain coverage by providing evidence of insurability satisfactory to the Company for all of the individuals who are eligible for coverage. The evidence shall be submitted on a form provided by the Department. All of the individuals eligible for coverage must be approved in order for any individual to become insured.

EFFECTIVE DATE

If an eligible employee enrolls for Spouse and Dependent coverage within the applicable 30-day period specified in the preceding section, coverage shall be effective on the first day of the calendar month which begins on or after the date the application form is received by the employer. If evidence of insurability is required, coverage shall be effective on the first day of the calendar month following the date coverage is approved by the Company.

AMOUNT OF INSURANCE

An eligible employee may elect either one or two units of coverage. The amount of insurance under each unit shall be as follows:

Spouse:\$10,000
Each Dependent Child:\$ 5,000

Whenever husband and wife or domestic partners both have enrolled for dependent coverage as employees, there will be benefit payment under each insured employee's coverage in the event of the death of a dependent.

BENEFICIARY

The beneficiary of Spouse and Dependent life Insurance benefits will be the employee. In the event of the simultaneous death of the employee and a spouse or a dependent, the principal amount of insurance shall be paid to the employee's estate. However, if the employee predeceased the insured spouse or dependent, or intentionally and unlawfully kills the insured spouse or dependent, the benefit shall be paid to the insured spouse's (or dependent's) beneficiary, determined as if Wis. Stats §40.02(8) applied to the insured spouse (or dependent), except the person who intentionally and unlawfully killed the insured may not receive any benefit and shall be treated as having predeceased the insured. If no beneficiary can be identified by applying Wis. Stats § 40.02(8), the benefit shall be paid to the insured spouse's (or dependent's) estate.

TERMINATION

Insurance on any spouse or dependent shall terminate automatically on the earliest of the following dates:

- (1) The last day of the calendar month ~~following the month~~ in which the employee terminates employment; or
- (2) The date the employee meets any of the conditions specified in the section entitled "Termination of Employee's Insurance" or reaches age 70; or
- (3) For an individual whose premiums are waived under the section entitled "Coverage During Disability – Waiver of Premium Benefit," the date the individual reaches the insurance reduction age; or
- (4) The last day of the calendar month following the month in which the employer receives a written notice of cancellation of this insurance from the employee. The notice must be on a form provided by the Department. A notice of cancellation may be withdrawn only by a written request to the employer or the Department which is received prior to the termination of coverage; or
- (5) For a dependent, the date of qualification for insurance as an eligible employee under Wis. Stats. §40.02(25); or

- (6) For a spouse, the date a divorce decree is entered; or
- (7) For a Domestic Partner, the date an Affidavit of Termination of Domestic Partnership (ET-2372) is signed by the employee; or
- (8) Ninety days after the death of the employee; or
- (9) For a dependent other than one described in (10) below, at the end of the month in which the dependent marries or at the end of the calendar year in which the dependent attains the age of 19 years if not a full-time student or at the end of the calendar year in which the dependent ceases to be a full-time student or at the end of the calendar year in which the dependent attains the age of 25 years, whichever occurs first; or
- (10) For a dependent incapable of self-support due to a physical or mental disability which can be expected to be of long-continued or indefinite duration who would not otherwise be eligible, the date disability ceases or the date of marriage, whichever occurs first; or
- (11) The date this coverage is terminated.

Insurance coverage shall be considered lapsed if an employee who is receiving earnings fails to make required premium payments during a consecutive 60-day period, commencing with the first day for which premiums have not been paid, except where the employer has elected to pay the entire premium for all its employees as described in the section entitled "Employer Contributions." Cancellation under this provision shall not preclude the employee from obtaining life insurance coverage after the 60 days have elapsed, if premiums were omitted as a result of employer payroll deduction error as defined in the section entitled "Employer Error and all past due premiums are paid."

Living Benefits

This section provides for the accelerated payment of the life insurance benefits provided under the policy under certain circumstances.

DEFINITIONS FOR LIVING BENEFIT

Immediate Family: The insured's spouse, child, parent, grandparent, grandchild, brothers and sisters and their spouses.

Living Benefit: The amount of the insured's life insurance benefits paid under this section.

Physician: An individual who is licensed to practice medicine or treat illness in the state in which treatment is received. This does not include the insured or a member of the insured's immediate family.

Terminal Condition: A condition caused by sickness or accident which directly results in a life expectancy of twelve months or less as determined by the Company.

ELIGIBILITY FOR LIVING BENEFIT

If the insured has a terminal condition the insured may request a living benefit.

The insured must provide evidence satisfactory to the Company that the insured's life expectancy, because of sickness or accident, is twelve months or less.

The evidence submitted to the Company must include certification of the insured's condition by a licensed physician. The Company reserves the right to ask for independent medical verification of the insured's condition.

AMOUNT OF LIVING BENEFIT

The insured may request any living benefit payment amount not exceeding the total amount of life insurance in force on the life of the insured, except that if the insured requests a partial living benefit which is less than the total amount of insurance in force the amount requested must be a full unit or multiple of units of coverage.

If the insured elects to receive living benefits equal to the total amount of insurance in force on the life of the insured, the insured's coverage under the policy will terminate upon payment of the benefit. If the insured is an employee who has enrolled his or her eligible spouse and dependents under the section entitled "Spouse and Dependent Coverage," coverage of the insured's eligible spouse and dependents shall continue in accordance with the section entitled "Coverage During Disability – Waiver of Premium Benefit," but in no event beyond ninety days after the death of the insured.

If the insured elects to receive a partial living benefit, the amount of insurance on the life of the insured will be reduced by the amount of the living benefit payment. Payment to an employee shall be made first from the Additional Plan coverage, if any, then from the Supplemental Plan coverage, if any, and lastly from the Basic Plan coverage. The remaining amount

of insurance shall continue in force subject to all provisions of the policy. If the insured is an employee who has not attained the insurance reduction age, any required premiums will be reduced to reflect the remaining amount of insurance. If the insured is a spouse or dependent insured under the section entitled "Spouse and Dependent Coverage," the premiums required for any remaining coverage that section will not be reduced.

The insured may reapply for the payment of any remaining amount of insurance at any time. However, the Company reserves the right to ask for further satisfactory evidence that the insured meets all requirements for the living benefit.

The amount of life insurance eligible for a living benefit payment shall be the total amount of insurance in force on the life of the insured on the date the Company receives the application for a living benefit payment. During the review period extending from that date through the date the Company either pays or determines to deny the living benefit, no increases or reductions shall be made in the insured's amount of life insurance. If the insured dies during the review period, the amount payable as a death benefit shall be the coverage amount in effect at the beginning of the review period. Any amount of life insurance which remains in force after the review period ends shall be subject to increases or reductions in accordance with all provisions of the policy.

The maximum amount of living benefits payable to an insured during his or her lifetime is limited to the coverage amount in effect on the date the Company receives the first application which is approved, together with any increases on the remaining coverage amount which occur between the date of a partial payment and the date all coverage terminates. If the insured is reenrolled for coverage after a living benefit has been paid, such reenrollment does not increase the maximum living benefits that may be paid.

REQUESTING A LIVING BENEFIT

An eligible insured may request the payment of a living benefit on a form provided by the Department. The insured's life insurance must be in force and all required premiums must have been fully paid. The request for a living benefit must be voluntary. A living benefit is not intended to cause the insured to involuntarily reduce the death proceeds ultimately payable to the named beneficiary. Therefore:

- (1) If the insured is required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise, the insured is not eligible for this benefit.
- (2) If the insured is required by a government agency to use this option in order to apply for, obtain or keep a government benefit or entitlement, the insured is not eligible for this benefit.

PAYMENT OF LIVING BENEFIT

Upon receipt of satisfactory evidence of the insured's qualifying condition as defined in this section, the Company will pay the living benefit in one lump sum or in any other mutually agreeable manner. The Company's determination regarding the applicant's eligibility for the living benefit is final. All living benefits will be paid to the insured subject to Wis. Stats. §40.08 (9) and (9m) and applicable administrative rules. If the insured dies before all payments have been made, the Company will pay the remainder to the insured's beneficiary in one lump sum. The Company retains the right to have the insured medically examined at its own expense to verify the insured's medical condition. The Company may do this as often as reasonably required while living benefits are being considered or paid.

Conversion to Pay Health or Long-Term Care Insurance Premiums

Subject to ETF 60.60, an insured employee who has health or long-term care insurance through the Department and whose Basic life insurance has been reduced to its final amount under the postretirement schedule may elect to convert the present value of his or her Basic life insurance coverage to pay premiums for the health or long-term care insurance. The Company will determine the present value of the Basic life insurance coverage using a basis approved by the Department. State employees must exhaust their accumulated sick leave before being eligible for this conversion provision with regard to health insurance premiums. If an employee elects to make this conversion, he or she will no longer be eligible for Basic insurance under this policy, nor can he or she become eligible again in the future, regardless of status as an eligible employee of a participating employer. The election is permanent and cannot be withdrawn.

Coverage During Disability – Waiver of Premium Benefit

Waiver of premiums during disability shall be subject to Wis. Stats. §40.72(7).

This benefit provides for continued coverage without further payment of premiums for an employee who becomes totally disabled while insured under this policy and prior to attaining age 70.

TOTAL DISABILITY

An insured employee is totally disabled if, as a result of bodily injury or disease, he or she is wholly prevented from performing any work or engaging in any occupation for remuneration or profit and is likely to remain so disabled for an indefinite period of time. The employee is required to submit medical evidence acceptable to the Company showing the date that total disability began or was diagnosed and that the employee is totally disabled from any gainful occupation and is likely to remain disabled for an indefinite period.

An employee shall also be deemed to be disabled for the purposes of this policy if the employee has qualified for a disability annuity under Wis. Stats. §40.63(1) or an LTDI benefit under ETF 50.50, Wisconsin Administrative Code, for as long as the insured qualifies for a disability annuity or LTDI benefit, any provision of the policy to the contrary notwithstanding. Further proof of disability shall not be required while the insured qualifies for LTDI or disability annuity benefits.

An employee is ineligible for a waiver of premium if employment was terminated for reasons other than disability.

FILING A WAIVER OF PREMIUM CLAIM

A claim for waiver of premium must be submitted to the Company on a form provided by the Department within 36 calendar months after the last day for which earnings are paid. An insured employee who becomes disabled while on union service leave of more than 36 months duration is not disqualified from receiving a waiver of premium more than 36 months after the last day for which earnings were paid. Insured employees who are on a leave of absence are eligible to submit a claim if they become disabled as defined in this section during the leave of absence.

If the claim is approved, the effective date of the premium waiver will be the first of the month following the date the disability began, or the date the employee is no longer receiving earnings or other earned income from any gainful occupation, whichever is later. An insured employee will be granted a waiver of premium only if he or she becomes totally disabled as defined above while coverage is in force at the time the disability commences and prior to age 70. Coverage must have been in force continuously from the date of onset of the disability to the date the waiver of premium is approved.

The employer must continue to remit premiums for employer-paid coverage and the employee must continue to remit premium payments for all amounts of employee-paid coverage until the Company approves the claim. Premiums that were paid after the effective date of the premium waiver will be refunded. The insurance shall remain in force while the premiums are waived. Insurance shall continue during the continuance of disability even if the person insured ceases to be an employee of a participating employer.

Except for those who qualified for a disability annuity or LTDI benefit as described above, the employee shall submit proof of disability to the Company at the Company's request. The Company shall also have the right and opportunity to have medical examiners designated by the Company examine the employee when and as often as it may reasonably require during the employee's disability, but not more than once each year after insurance has been extended under this section.

AMOUNT OF CONTINUED INSURANCE

During the period of disability in which premiums are waived under this section, the amount of insurance shall be the same as the amount of insurance at the date of onset of the disability, except that errors may be corrected as provided in the section entitled "Employer Error." However, if earnings calculated on the following January 1 are higher than those used for determining the insurance amount at the date of onset of the disability, the higher earnings will be used to determine the insurance amount effective that January 1, provided the employee is still eligible and insured on that January 1. If an employee's insurance is continued in force under this section, any spouse and dependent life insurance shall also continue in force without payment of premium.

For purposes of determining the amount of postretirement coverage, it shall be assumed that a person Insured under this section retires upon attainment of the insurance reduction age. The amount of Basic Insurance shall then be reduced according to the postretirement schedules in the section entitled "Postretirement Basic Plan Coverage" and in accordance with Wis. Stats. §40.72(2) and (3). All other insurance will terminate upon the date the insured reaches the insurance reduction age if it has not already terminated or been cancelled.

If the insured dies while waiver of premium is in effect and while remaining continuously disabled, then upon due proof of death, the Company will pay under this section of the policy the amount of insurance as determined by Wis. Stats. §40.72.

TERMINATION OF WAIVER OF PREMIUM BENEFIT

If the insured employee is receiving an LTDI benefit as provided under ETF 50.56, Wisconsin Administrative Code or a disability annuity benefit as provided under Wis. Stats. §40.63, premiums shall be waived for all insurance under this section until the date the insured's LTDI benefit is terminated, or disability annuity is terminated, unless the insured submits proof of disability to the Company. However, if the insured employee attains the insurance reduction age while

receiving an LTDI benefit or disability annuity benefit, the waiver or premium ends and the insured may be covered under the Postretirement Basic Life benefit.

If the insured is not receiving an LTDI benefit or disability annuity benefit, then premiums shall be waived for all insurance under this section until the earliest of:

- (1) The date the insured is able to return to gainful occupation; or
- (2) 60 days after a request by the Company for an examination or proof of disability if the insured refuses to be examined as required above or fails to furnish proof of continued total disability, unless it can be shown conclusively not to have been reasonably possible to undergo such examination or to provide such proof and the Company's request for an examination or proof is complied with as soon as reasonably possible; or
- (3) The end of the month in which the employee attains the insurance reduction age. If eligible, the insured may then be covered under the Postretirement Basic Life benefit.

If the extension of insurance without payment of premiums under this section is terminated because disability ceases, the employee shall be entitled to the rights and benefits under the section entitled "Conversion Privilege," together with insurance protection during the 31-day period allowed for conversion as if employment had then terminated, unless during that period the insured returns to work, continues to be on an approved leave of absence or qualifies for continuation of insurance as provided in Wis. Stats. §40.72(4).

If the policy is discontinued in accordance with the section entitled "Discontinuance of the Policy," the Company will retain the liability for all disabled employees who satisfy the requirements of this section as of the date that this policy is discontinued.

Coverage During Employment Gaps

An insured employee may continue insurance coverage during any approved unpaid leave of absence for up to 36 months. Insurance coverage may be continued beyond 36 months if the approved leave is a union service leave as provided under Wis. Stats. §40.02(56) and §40.03(6)(g).

In order to continue the insurance in force during an approved unpaid leave of absence, the employee premium contributions must be paid in advance and each payment must be received by the employer at least 31 days prior to the end of the period for which premiums had previously been paid.

Except in instances of employer error as provided in the section entitled "Employer Error," the amount of insurance for an employee on an approved unpaid leave of absence shall be the same as that in effect immediately preceding the approved unpaid leave of absence. The required employee premium contributions shall be determined in accordance with the section entitled "Employee Contributions".

An insured employee who is employed during a normal school year period shall be considered to be in employee status during summer vacation, and the employee's insurance shall continue in force during that vacation. The premium for each month or portion of a month which falls within that vacation shall be paid either in advance or on a monthly basis by the employer. Employee status for those on a school summer vacation shall be considered terminated pursuant to ETF 10.08(2) and (3) on the date an application for benefits is received by the Wisconsin Retirement System except that school year employees who are permitted to continue their coverage during summer vacation without renewing their contracts will be deemed to be terminated at the earlier of the effective date of the retirement annuity or the end of the month for which advance premiums have been paid for the vacation period. The employer may allow a teacher who has not renewed a contract to continue insurance in force and to remit the premiums for the summer vacation period as if the employee had renewed a contract with that employer for the following school year.

Coverage During Appeal From Removal or Discharge

An insured employee who exercises his or her right to appeal within 30 days of removal or discharge from the employee's position or office may continue to be insured after the date the employee is notified of the contested removal or discharge, if an initial premium payment is received by the employer or the Department within 30 days of the date of the removal or discharge. The initial payment shall be sufficient to pay the premiums for a period of three months. The employee may elect to continue coverage beyond the initial three-month period by making additional payment for periods of at least three months, until a final determination is reached.

If the appeal determination is adverse to the employee, the employment termination date, for purposes of terminating the insurance on the employee, shall be the last day of the month in which the determination becomes final. Any premiums which have been paid for any period after that date shall be refunded to the employee.

The premium payments which the employee is required to make under the provisions of this section are the total of the employee premium contributions and the employer premium contributions. If the employee's appeal is sustained, the employer shall refund to the employee any amounts paid by the employee in excess of the normal employee premium contributions.

Termination of Employee's Insurance

The insurance coverage on any employee insured under this policy shall terminate automatically on the earliest of the following dates:

- (1) The last day of the calendar month ~~following the month~~ in which the employee terminated employment from the employer if this occurs before the employee becomes entitled to insurance as provided in the section entitled "Coverage During Disability – Waiver of Premium Benefit," or before the employee qualifies for continuation of insurance pursuant to Wis. Stats. §40.72(4). If premiums are due under Wis. Stats. §40.05(6)(d), coverage will not be continued unless the employee either a) begins a Wisconsin Retirement annuity which is effective within 31 days after insurance under this policy terminates or b) applies to continue group life insurance coverage on an application form which is received by the Department within 31 days after insurance under this policy terminates.
- (2) Thirty days after the date of expiration of an authorized unpaid leave for the period permitted under the section entitled "Coverage During Employment Gaps."
- (3) The last day of the calendar month following the month in which the employer receives a written notice of cancellation from the employee or the Department receives a written notice from the retired employee. The notice must be on a form provided by the Department. A notice of cancellation may be withdrawn only by a written request to the employer or the Department which is received prior to the termination of coverage.
- (4) The date to which employee premiums are paid if an employee who is not receiving earnings or a former employee who is continuing coverage under Wis. Stats. §40.72(4), fails to pay the required employee premiums within 30 days thereafter.
- (5) For coverage continuing under Wis. Stats. §40.72(4), the date to which premiums are paid for the continuing coverage after the insured again becomes employed by a participating employer and enrolls for coverage as an eligible employee as provided in the section entitled "Enrollment for Insurance." In no instances can someone be insured simultaneously under continuing coverage and coverage as a new employee.
- (6) The 70th birthday for active employees, except for Basic insurance and Additional insurance. Additional insurance terminates on the date the employee terminates employment, unless otherwise canceled or terminated as provided in this section.
- (7) The date this policy is terminated, except as provided under the section entitled "Coverage During Disability – Waiver of Premium Benefit."

Insurance coverage shall be considered lapsed if an employee who is receiving earnings fails to make required premium payments during a consecutive 60-day period, commencing with the first day for which premiums have not been paid, except where the employer has elected to pay the entire premium for all its employees as described in the section entitled "Employer Contributions." Cancellation under this provision shall not preclude the employee from obtaining life insurance coverage after the 60 days have elapsed, if premiums were omitted as a result of employer payroll deduction error as defined in the section entitled "Enrollment for Insurance and all past due premiums are paid.

An insured may cancel any of the life insurance plans in the Program without canceling other plans except for the Basic Plan which if canceled will automatically cancel all of the other life coverages.

Unless canceled or otherwise terminated as provided above, all Supplemental and Additional Plan insurance shall automatically terminate on the date a retired employee attains his or her insurance reduction age.

Coverage After Employer's Withdrawal

If an employer withdraws from the group life insurance plan pursuant to Wis. Stats. §40.70(4), insurance on the following employees shall continue in accordance with the provisions of the policy:

- (1) A retired employee under age 65 whose insurance is being continued pursuant to Wis. Stats. §40.05(6)(d).
- (2) A retired employee who has attained age 65 and whose insurance is being continued without further premium contributions, in accordance with the sections entitled "Postretirement Basic Plan Coverage" and "Employee Contributions" of the policy.

- (3) A totally disabled employee who is entitled to a waiver of premiums under the section entitled "Coverage During Disability – Waiver of Premium Benefit" of the policy, providing:
 - (a) The employer's participation under Wis Stats. §40.70 terminates after the inception of the disability; and
 - (b) The employer remits the employer and employee premium payments until the employee's earnings cease.

Spouse and dependent coverage of those disabled employees described above shall be continued during the employee's disability if such spouse and dependents are insured at the inception of the employee's disability.

An employer may withdraw from any of the group life insurance plans in the Program without affecting any of the other plans in effect except that Basic Plan withdrawal will automatically remove the employer from participation in all other plans.

Continuation

This section applies to insured employees who are eligible pursuant to Wis. Stats. §40.72(4) to continue group life insurance coverage after terminating employment and who meet the following requirements:

- (1) The employee's WRS coverage began before January 1, 1990, or the employee has been covered by the group life insurance plan in five calendar years beginning January 1, 1990; and
- (2) The employee qualifies under one of the following situations:
 - (a) The employee is receiving an immediate WRS annuity or meets all of the requirements for receiving an immediate WRS annuity except the filing of an application; or
 - (b) The sum of the employee's creditable service in the WRS on January 1, 1990 plus the number of calendar years after 1989 in which the employee has been covered under the group life insurance plan equals at least 20 years; or
 - (c) The employee has at least 20 years of service with the participating employer by whom the employee was employed immediately before termination.

If premiums are due under Wis. Stats. §40.05(6)(d), the employee must either:

- (1) Begin a WRS annuity which is effective within 31 days after insurance under this policy terminates; or
- (2) Apply to continue group life insurance coverage on an application form which is received by the Department within 31 days after insurance under this policy terminates.

The amount of insurance for any insured employee under age 65 who continues group insurance coverage after termination of employment shall be the same as the amount in force on the date employment terminated, except that if earnings calculated on the following January 1 are higher than those used for determining the insurance amount in force on the date employment terminated, the higher earnings will be used to determine the insurance amount effective that January 1, provided the employee is still eligible and insured on that January 1. Upon attainment of age 65, Basic Plan coverage will continue in a reduced amount for the lifetime of the insured individual as specified in the section entitled "Postretirement Basic Plan Coverage." The Accidental Death and Dismemberment and Loss of Use coverage, as well as any Supplemental Plan and Additional Plan insurance coverage, will terminate at age 65. Spouse and Dependent coverage may not be continued under this section.

If the employee's WRS annuity is effective within 31 days after insurance coverage terminates, premiums will automatically be deducted from the annuity check. Otherwise, premiums will be billed directly by the Company. Premiums will cease at the beginning of the month in which the employee reaches age 65.

Conversion Privilege

Any employee who was insured continuously for the entire six months preceding termination of coverage under paragraph number 1 or 2 of the section entitled "Termination of Employee's Insurance" shall be entitled to an individual policy of life insurance. The individual policy shall be issued without evidence of insurability. This right shall be subject to the following conditions:

- (1) The individual policy shall not include a disability benefit.
- (2) The individual policy shall be equal to or, at the option of the employee, less than the amount of insurance under this policy.

- (3) The individual policy shall be upon one of the forms then customarily issued by the Company, except term insurance,
- (4) Written application for the individual policy and payment of the first premium must be received by the Company within 31 days after termination of insurance under this policy.
- (5) The premium for the individual policy shall be at the Company's then customary rate applicable to the form and amount of the individual policy, the class of risk to which the employee belongs and the age at nearest birthday of the employee on the date of issue of the individual policy.

Insurance under the individual policy shall become effective at the end of the 31-day period during which application for the individual policy may be made. In the event of the death of the employee during the 31-day period, the Company shall pay to the beneficiary as a death benefit the maximum amount of insurance for which the individual policy could have been issued under this provision, whether or not the employee has made written application for an individual policy or the first premium has been paid.

If an employee to whom an individual policy is issued under this section fulfills requirements for rights under the section entitled "Coverage During Disability – Waiver of Premium Benefit," within the required time, those rights shall be granted in exchange for surrender of the individual policy without claim except for a refund of premium.

Accidental Death and Dismemberment coverage shall not be convertible.

Any spouse or dependent who was insured continuously for the entire six months preceding termination of coverage shall be entitled to an individual policy of insurance. The individual policy shall be issued without evidence of insurability. This right shall be subject to the conditions specified in this section and, in addition, when termination is due to the death of the employee, written application for the individual policy and payment of the first premium must be received by the Company within 90 days after the employee's death. Insurance under the individual policy shall become effective at the end of the period during which application for the individual policy may be made. In the event of the death of the insured spouse or dependent during that period, the Company shall pay to the beneficiary as a death benefit the maximum amount of insurance for which an individual policy could have been issued under this provision, whether or not the insured spouse or dependent has made written application for an individual policy or the first premium has been paid.

Premiums

The total monthly premium due from an employer for each plan shall be the sum of the total monthly premium rates shown in the Addendum, "Premium Rates," multiplied by the life insurance in force for that month on insured employees, spouses and dependents. Premiums will be collected for all time periods during which coverages have been in effect. No premiums are due for the Postretirement Basic Plan and Accidental Death and Dismemberment coverages.

State agencies and local government employers shall submit premium remittances and reports required in the administration of group life insurance to the Company no later than the 20th day of the calendar month for coverage in the following month.

EMPLOYEE CONTRIBUTIONS

The monthly employee contribution will be determined by the rates provided in the Addendum, "Premium Rates," and will be paid in conformance with Wis. Stats. §40.05(6). In the process of determining monthly premium rates, the applicable age for the ensuing one-year period will be determined as of April 1 for State employees and July 1 for local government employees or on other dates as approved by the Board.

Except for insurance which has lapsed in accordance with the section entitled "Termination of Employee's Insurance," whenever the proper life insurance premium is not paid by an insured employee in any month, the deficiency shall be deducted from earnings by the employer or from the monthly annuity beginning with the payroll following discovery of nonpayment or improper payment. An insured employee who is making premium payments directly to the insurer will be billed by the insurer for any premium deficiency. If there is a premium deficiency at the time of an insured's death, the premium deficiency may be recovered from the death benefit.

If an excess deduction of life insurance premium has been made for any employee, the excess shall be adjusted by reducing subsequent life insurance premiums for that employee, or if there is no later payroll payment then a refund shall be issued to the person making the overpayment.

If premiums have been paid by an employee after Spouse and Dependent insurance coverage has terminated on all previously insured persons, the employee may file a request with the employer for a refund of such premium payments. Upon approval by the Department of the termination date of all coverage, premiums paid after the termination date shall be refunded to the employee, except that in no event shall a refund be made of premiums paid before the first day of the calendar year immediately preceding the year in which the request is filed.

Unless waived under the section entitled "Coverage During Disability – Waiver of Premium Benefit," because of disability, employee contributions are due from each insured employee until the earliest of the following:

- (1) The end of the month ~~following the month~~ in which employment terminates, unless coverage is continued as a retired employee pursuant to Wis. Stats. §40.72(4), then premium will be due in accordance with Wis. Stats. §40.05(6)(d), or
- (2) The beginning of the month in which age 65 is attained if coverage was continued as a retired employee pursuant to Wis. Stats. §40.72(4), or
- ~~(3) The end of the month following termination of employment for employees who are age 65 through 69; or~~
- (3) The beginning of the month in which an insured employee attains age 70 or an insured retired employee attains the age of 65 pursuant to Wis. Stats. §40.05(6)(b). This does not apply to Supplemental and Additional Insurance, for which premiums payments must be continued until the date the insured terminates employment.

EMPLOYER CONTRIBUTIONS

The employer contribution toward payment of premiums shall be the difference between the total monthly premium rates and the employee premium rates in the Addendum, "Premium Rates," in accordance with Wis. Stats. §40.03(6)(b). However, the employer may elect to pay the entire premium for all of its employees pursuant to Wis. Stats. §40.05(6)(e). Employers, other than the State, will pay the premium applicable to a 25% postretirement benefit. They may elect to provide a 50% postretirement benefit and pay the premium applicable to that benefit.

All employer contributions are waived when an insured employee's premiums are waived in accordance with the section entitled "Coverage During Disability – Waiver of Premium Benefit."

Employer contributions are due if an insured employee continues insurance during an approved paid or unpaid leave of absence.

GRACE PERIOD

A grace period of 31 days or of such longer period as the Company may allow (with or without interest charge after the first 31 days as the Company may determine) shall be granted to the Policyholder for the payment of any premium due, provided the Policyholder has not previously given written notice to the Company that this policy is to be discontinued as of the due date of the premium. This policy shall continue in force during the grace period.

If the Policyholder fails to pay any premium within the grace period, this policy shall be discontinued at the end of the last day of the grace period. The Policyholder shall, nevertheless, be liable to the Company for the payment of all premiums then due and unpaid, together with the premiums for the grace period.

If written notice is given by the Policyholder to the Company during the grace period that this policy is to be discontinued before the expiration of the grace period, this policy shall be discontinued as of the date of receipt of the written notice by the Company or the date specified by the Policyholder for discontinuance, whichever date is later. The Policyholder shall be liable to the Company for the payment of all premiums then due and unpaid, together with the pro rata premium for the period commencing with the last due date and ending with the date the policy is discontinued.

Settlement Options

The terms of payment shall be in accordance with those the Company is customarily offering at the time of the election. Information concerning the terms and conditions of the available optional modes of settlement will be furnished by the Department or the Company upon request. All sums payable by the Company under this policy shall be payable from its Home Office in Saint Paul, Minnesota.

INSTALLMENTS

After the death of an insured, the beneficiary or other person entitled to receive payments of insurance amounts due at the death of the insured may elect to have all or part of the insurance paid in installments instead of in one sum. The election must be submitted in writing to the Company on a form provided by the Company. When the election is properly submitted to the Company, it shall take effect as of the date it is signed by the beneficiary or other person entitled to receive payments, except as to any payment made before the request is received by the Company.

ANNUITY

The beneficiary of an insured, or other person entitled to receive payment of amounts due on the death of the insured, shall be entitled to apply the death benefit under this policy to provide an annuity in any form offered by the Company at

the time the death benefit is payable, on the basis that the present value of the annuity is 98% of the purchase price then quoted in the Company's rate book.

Additional Information

AGE CORRECTION

If the age of any insured has been misstated, the amount payable under this policy will be the full amount of insurance to which the insured is entitled at the insured's true age. A premium adjustment may be made so that the Policyholder shall pay the actual premium required at the true age of the insured. Correction of overpayment or underpayment of premiums due to misstatement of age is limited to the premiums due in the current year and the immediately preceding calendar year.

ASSIGNMENT

The insured's insurance is not assignable. No payment of insurance benefits is assignable, either in law or equity, or subject to execution, levy, attachment, garnishment or other legal process in accordance with Wis. Stats. §40.08(1).

EXPERIENCE CREDITS

Each year the Company will determine if this policy will receive an experience credit.

CERTIFICATES

The Company will issue to the Policyholder a certificate-booklet setting forth a statement as to the insurance protection to which an insured is entitled under the terms of this policy, and the rights of the insured described in the section entitled "Conversion Privilege."

The Policyholder shall make the certificate-booklet available to each participating employer for distribution to its insureds.

RENEWAL OF THE POLICY

This policy is issued for a period of five (5) years commencing with the date of issue and may, except as provided in the section entitled "Discontinuance of the Policy," automatically be renewed for up to two (2) successive one-year periods.

DISCONTINUANCE OF THE POLICY

This policy may be discontinued by the Policyholder at any time, as provided in Article III (Contract Default and Termination) of the Administrative Agreement.

This policy may be discontinued by the Company if a change in Wis. Stats. §20.515 or Chapter 40 of the Wisconsin Statutes should make continuance infeasible, in which case discontinuance shall take effect, unless otherwise mutually agreed between the Policyholder and the Company, on the effective date of the change in the law or the date 180 days after receipt of written notice by the Policyholder of the Company's intention to discontinue, whichever is later.

CONTRACT – INCONTESTABILITY

The contract between the parties shall include the administrative agreement, its exhibits and any amendments, and this policy, its addendum and any amendments and riders. The validity of this policy shall not be contested except for fraud or nonpayment of premiums after it has been in force for two years from its date of issue.

Except for fraud and extended by periods of disability, no statement made by an insured relating to the insured's insurability shall be used in contesting the validity of the insurance with respect to which the statement was made after the insurance has been in force for a period of two years during the insured's lifetime. In the case of an increase in insurance amount, the two year contestable period shall begin with the effective date of the increase.

AGENTS - AMENDMENTS

No agent of the Company is authorized to alter or amend this policy or to waive any conditions or restrictions in this policy or to extend the time for paying a premium.

This policy may be amended at any time by mutual agreement between the Policyholder and the Company without consent of the individuals insured under this policy or of their beneficiaries but without prejudice to any claim incurred prior to the date to which premiums have been paid. No person except the President, a Vice President, the Secretary or an Assistant Secretary of the Company has authority on behalf of the Company to modify the policy or to waive or lapse any of the Company's rights or requirements.

CONFORMITY TO LAW

Any provision that is required by the Wisconsin Statutes or administrative rules to be contained in this policy shall be deemed part of this policy. Any provision of this policy which is in conflict with any statute or rule relating to group life insurance now or hereafter contained in Chapter 40 of the Wisconsin Statutes or in the Administrative Rules shall be deemed amended to conform to such statute or administrative rules on the effective date of the statute or rule.

As an employer and a provider of services to Wisconsin Retirement System participants and beneficiaries, the Company shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA) of 1990. Evidence of compliance with ADA shall be made available to the Department upon request.

RECORDS - INFORMATION TO BE FURNISHED - DETERMINATION BY THE POLICYHOLDER

The Policyholder shall make available to the Company such information concerning insureds under this policy as may reasonably be considered to have a bearing on the insurance, subject to the provisions of Wis. Stats. §40.07. The records of the Policyholder which have a bearing on the insurance under this policy shall be open for inspection by the Company at any time.

For the purposes of this policy, determination by the Policyholder of the following shall be conclusive:

- (1) The classification of any person as being within the definition of ***Employee, Retired Employee, or Domestic Partner***.
- (2) The fact and date of (a) separation of an employee from service of the State and (b) a status of leave of absence during which no earnings are received.
- (3) The annual earnings of any employee.
- (4) The fact that any employee is entitled to continue insurance under this policy with or without the requirement of any contribution toward premiums.
- (5) Beneficiary.