



State of Wisconsin
Department of Employee Trust Funds
4822 Madison Yards Way
Madison, WI 53705-9100
P. O. Box 7931
Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Third Party Administration of the Wisconsin
Public Employers Group Life Insurance Program

Contract No./Request for Proposal No:

ETI0047

Authorized Board: Group Insurance Board

Contract Period: January 1, 2022 – December 31, 2028 with the option for renewal for two (2) additional 2-year periods.

1. This Contract is entered into by the State of Wisconsin Department of Employee Trust Funds (Department) on behalf of the State of Wisconsin Group Insurance Board (Board), and Minnesota Life Insurance Company (Contractor), whose address and principal officer appear below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and Contractor agrees to supply the Contract requirements in accordance with the documents specified in the order of precedence below, which are hereby made a part of this Contract by reference.
3. For purposes of administering this Contract, the order of precedence is:
 - (a) This Contract;
 - (b) The attached Group Insurance Policy No. 2832-G effective January 1, 2022, issued by Contractor to the Board, including all exhibits, attachments, and amendments;
 - (c) The attached Administrative Agreement dated June 18, 2021, which replaces RFP Appendix 6-Program Requirements;
 - (d) The Department Terms and Conditions dated February 8, 2021 included in the attached Administrative Agreement dated June 18, 2021, which replaces RFP Appendix 2-Department Terms and Conditions dated May 1, 2019;
 - (e) Request for Proposal (RFP) ETI0047 dated January 31, 2020, and Addendum #1 and Addendum #2 thereto;
 - (f) Contractor's proposal dated May 22, 2020.

State of Wisconsin Department of Employee Trust Funds
Authorized Board: State of Wisconsin Group Insurance Board
By (Name): Herschel Day, Chair, State of Wisconsin Group Insurance Board
Signature: /s/
Date of Signature: 6/24/2021

Contact ETFsmbProcurement@etf.wi.gov if questions arise.

Contractor
Legal Company Name: Minnesota Life Insurance Company
Trade Name or dba: Securian Financial
Taxpayer Identification Number: 41-0417830
Contractor Address (Street Address, City, State, Zip): 400 Robert Street North, St. Paul, MN 55101-2098
Name & Title (print name and title of person authorized to legally sign for and bind Contractor): Susan Munson-Regala Vice President & Actuary-Affinity Solutions
Signature: /s/
Date of Signature: 6/23/2021

**THE STATE OF WISCONSIN
PUBLIC EMPLOYERS GROUP LIFE INSURANCE PROGRAM
MINNESOTA LIFE and THE WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS
ADMINISTRATIVE AGREEMENT**

Rev. 06/18/2021

TABLE OF CONTENTS

Contents

ARTICLE I. DEFINITIONS	3
ARTICLE II. FINANCIAL AGREEMENT	5
2.1 Separation of Finances	5
2.2 Responsibilities of MINNESOTA LIFE and the DEPARTMENT	5
2.3 Expense Charges	7
2.4 Stop-Loss Provision	7
2.5 Reserves	7
2.6 Sufficiency of Funds	8
2.7 Interest Credits and Charges	9
2.8 Financial Provisions in Event of Cancellation of the Policy	9
ARTICLE III. RESPONSIBILITIES OF MINNESOTA LIFE	11
3.1 Technical Assistance/Staffing	11
3.2 Administrative Responsibilities	12
3.3 Promotional Materials and Forms MINNESOTA LIFE shall:	16
3.4 Customer Service	16
3.5 Reports and Files	17
ARTICLE IV. PERFORMANCE STANDARDS AND PENALTIES	18
4.1 Performance Standards	18
4.2 Penalties	18
ARTICLE V. RESPONSIBILITIES OF THE DEPARTMENT	19
5.1 Communication	19
5.2 PROGRAM Administration	19
5.3 Premium Payment and Reporting	20
5.4 Reports	20
ARTICLE VI. AUDIT PROVISIONS AND FINANCIAL REPORTING REQUIREMENTS	21
6.1 Audit of MINNESOTA LIFE's Financial Condition	21
6.2 Annual POLICY YEAR Report of the PROGRAM	21
6.3 STATE and Federal Tax Reporting Requirements	21

ARTICLE VII. MAINTAINING PROGRAM RECORDS	21
7.2 Ownership and Access	22
7.3 Duplicate Records	22
7.4 Contingency Plan/Disaster Recovery	23
ARTICLE VIII. TERMINATION OF CONTRACT	23
8.1 MINNESOTA LIFE's Responsibilities Upon Termination.....	23
ARTICLE IX. MISCELLANEOUS PROVISIONS	23
9.1 Notices	23
9.2 Standard Terms and Conditions	24
EXHIBIT A - ANNUAL EXPERIENCE CALCULATION	25
EXHIBIT B - CLAIM CHARGES	27
EXHIBIT C - STATE PREMIUM TAX CHARGE	29
EXHIBIT D - MINNESOTA LIFE EXPENSE CHARGE.....	30
EXHIBIT E – RISK CHARGE	32
EXHIBIT F – STOP-LOSS PROVISION.....	34
EXHIBIT G – INVESTMENT YEAR INTEREST CREDITING METHOD FOR RESERVES	40
EXHIBIT H – INTEREST CREDITS AND CHARGES ON CASH FLOW	42
EXHIBIT I – PERFORMANCE STANDARDS AND PENALTIES.....	44
EXHIBIT J – DEPARTMENT TERMS AND CONDITIONS.....	46

Group Policy No. 2832-G

THE STATE OF WISCONSIN
PUBLIC EMPLOYERS GROUP LIFE INSURANCE PROGRAM
MINNESOTA LIFE and THE WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS
ADMINISTRATIVE AGREEMENT

Rev. 06/18/2021

ARTICLE I. DEFINITIONS

The following terms, when used and capitalized herein or in any supplements, amendments, endorsements, or riders thereto, are defined as follows and limited to that meaning only:

- 1.1 **ADMINISTRATIVE RULES:** means the 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.
- 1.2 **ASSETS:** means all the funds of any nature that arise out of the policy which MINNESOTA LIFE receives, holds, and disburses under the policy including, but not limited to, any and all premiums, experience credits, principal, and interest.
- 1.3 **BOARD:** means the State of Wisconsin Group Insurance Board.
- 1.4 **CONTRACT:** the CONTRACT includes the RFP, MINNESOTA LIFE'S proposal dated May 22, 2020 submitted in response to the RFP, this Administrative Agreement, the CONTRACT cover sheet signed by the DEPARTMENT and MINNESOTA LIFE, Policy No. 2832-G, any addenda, amendments and riders agreed to by the DEPARTMENT and MINNESOTA.
- 1.5 **DEPARTMENT:** The Wisconsin Department of Employee Trust Funds.
- 1.6 **DOMESTIC PARTNER:** Person with whom an employee meets the definition of a domestic partnership in Wis. Stat. §40.02(21d) and with whom an employee has submitted an Affidavit of Domestic Partnership (ET-2371) to the Department before September 23, 2017. All references to "spouse" in this Administrative Agreement shall also include a domestic partner when referring to beneficiary standard sequence and not eligibility.
- 1.7 **EARNINGS:** means wages or salary paid to persons for personal services rendered by an EMPLOYER which participates in the PROGRAM as prescribed in Wis. Stats. §40.02(22) and 40.72(1). For EMPLOYEES covered by a private pension plan, earnings means taxable compensation as reported to the Internal Revenue Service.
- 1.8 **ELIGIBLE EMPLOYEE:** As defined in Wis. Stats. §40.02(25)(a) and (c).
- 1.9 **EMPLOYEE:** As defined in Wis. Stats. §40.02(26).
- 1.10 **EMPLOYER AVIATION AD&D INSURANCE:** means the accidental death and

dismemberment insurance coverage for an EMPLOYEE who is a pilot, crew member or passenger on an aircraft owned, operated or leased by a STATE or local government EMPLOYER and being used for business of that EMPLOYER.

- 1.11 EMPLOYER: As defined in Wis. Stats. §40.02(28).
- 1.12 EXTENDED INSURANCE: means insurance that is being continued for disabled EMPLOYEES without payment of premium according to the waiver of premium provisions of Policy No. 2832-G.
- 1.13 INSURANCE REDUCTION AGE: means the later of an EMPLOYEE's 65th birthday or termination of employment but in no event beyond the EMPLOYEE's 70th birthday.
- 1.14 LOCAL GOVERNMENT EMPLOYEE PLAN: means all insurance coverages on the lives of EMPLOYEES and RETIRED EMPLOYEES of participating public EMPLOYERS other than the STATE.
- 1.15 LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN: means all insurance coverages on the lives of spouses and dependents of EMPLOYEES of participating public EMPLOYERS other than the STATE.
- 1.16 MINNESOTA LIFE: means Minnesota Life Insurance Company.
- 1.17 PAYROLL CENTER: means the benefits department of a participating STATE agency that is responsible for completing business processes associated with PROGRAM enrollment and changes, payroll deductions, leave benefit administration, and terminations.
- 1.18 POLICY YEAR: means the period of time from one policy anniversary date to the next policy anniversary date.
- 1.19 POLICY YEAR PREMIUM: means all EMPLOYEE, RETIRED EMPLOYEE, and EMPLOYER premium contributions attributable to the POLICY YEAR.
- 1.20 POSTRETIREMENT INSURANCE: means the Basic Plan insurance coverage provided to an insured EMPLOYEE or RETIRED EMPLOYEE after he or she attains the INSURANCE REDUCTION AGE.
- 1.21 PRERETIREMENT INSURANCE: means the insurance coverage provided to an insured EMPLOYEE before he or she attains the INSURANCE REDUCTION AGE plus the Additional Plan insurance coverage provided to an insured EMPLOYEE after he or she attains the INSURANCE REDUCTION AGE.
- 1.22 PROGRAM: means the Wisconsin Public Employers Group Life Insurance Program, the group term life insurance offered by the State of Wisconsin to eligible EMPLOYEES of the STATE and participating public EMPLOYERS established and administered pursuant to Wis. Stats. §40.70, 40.72, and 40.03(6)(b).
- 1.23 RECORDS: means the financial information maintained by MINNESOTA LIFE to satisfy

the terms and conditions of the CONTRACT.

- 1.24 RFP: means Request for Proposals ET10047 titled Third Party Administration of the Wisconsin Public Employers Group Life Insurance Program and all attachments thereto, released on January 31, 2020 on behalf of the BOARD to select a company to insure and administer the PROGRAM for the period of the CONTRACT beginning January 1, 2022. The RFP includes RFP Addendum #1 and RFP Addendum #2.
- 1.25 RETIRED EMPLOYEE: means the same as prescribed under Wis. Stats. §40.02(49).
- 1.26 SEPARATION: means the termination of all rights to benefits under the Wisconsin Retirement System as prescribed in Wis. Stats. §40.25(3).
- 1.27 STATE: means the State of Wisconsin.
- 1.28 STATE EMPLOYEE PLAN: means all insurance coverages on the lives of EMPLOYEES and RETIRED EMPLOYEES of the STATE.
- 1.29 STATE SPOUSE AND DEPENDENT PLAN: means all insurance coverages on the lives of spouses and dependents of EMPLOYEES of the STATE.
- 1.30 WRS: means the Wisconsin Retirement System.

ARTICLE II. FINANCIAL AGREEMENT

2.1 Separation of Finances

MINNESOTA LIFE shall maintain separate and independent financial RECORDS for the ASSETS related to the STATE EMPLOYEE PLAN for EMPLOYEES, the STATE EMPLOYEE PLAN for RETIRED EMPLOYEES, the LOCAL GOVERNMENT EMPLOYEE PLAN for EMPLOYEES, the LOCAL GOVERNMENT EMPLOYEE PLAN for RETIRED EMPLOYEES, the STATE SPOUSE AND DEPENDENT PLAN, and the LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN. MINNESOTA LIFE shall also maintain activity for pre-age 65 retirees and post-age 65 retirees separately.

ASSETS shall be invested in the general account of MINNESOTA LIFE. If requested by the DEPARTMENT, MINNESOTA LIFE agrees that, during the term of the CONTRACT, the DEPARTMENT and MINNESOTA LIFE will jointly study the issues related to transferring the ASSETS to a segregated account. The DEPARTMENT may request such a transfer when, in its judgment, a transfer would be in the long-term interests of the PROGRAM. The details of the transfer of ASSETS and its effect on the provisions of the CONTRACT shall be negotiated by the DEPARTMENT and MINNESOTA LIFE at the time a transfer to a segregated account is requested by the DEPARTMENT.

2.2 Responsibilities of MINNESOTA LIFE and the DEPARTMENT

A. MINNESOTA LIFE shall:

1. Annually by March 15 present to the DEPARTMENT reasonable estimated data sufficient to complete the DEPARTMENT's annual financial report.
2. Annually by May 31 present to the DEPARTMENT a final report summarizing plan finances for the most recent POLICY YEAR.
3. Perform an annual experience calculation as described in Exhibit A – Annual Experience Calculation as the basis for the annual POLICY YEAR report.
4. Immediately upon receipt, credit EMPLOYEE and RETIRED EMPLOYEE premium contributions as premiums, credit a percentage of EMPLOYER premium contributions intended to pay for current year EMPLOYEE claims or for EMPLOYER AVIATION AD&D INSURANCE as premiums, and deposit all other EMPLOYER premium contributions in a premium deposit fund as described in Article II, Section 2.5, "Reserves."
5. Examine and act upon all claims submitted for benefits under the policy. Exhibit B – Claims Charges describes the basis for determining the charges against the policy for such claims attributable to a POLICY YEAR.
6. Pay all STATE premium taxes related to premiums under the policy for the PROGRAM as required by Wis. Stats. §76.65, and its successors. Exhibit C – State Premium Tax Charge describes the basis for determining the charges against the policy for such premium taxes attributable to a POLICY YEAR.
7. Annually reimburse the DEPARTMENT for life insurance administrative expenses incurred by the DEPARTMENT in connection with the PROGRAM.
8. As authorized and requested by the DEPARTMENT, pay expenses incurred in connection with the PROGRAM directly to vendors, such as actuarial and compliance audit expenses. MINNESOTA LIFE will provide copies of invoices for such expenses to the DEPARTMENT for review and approval prior to paying the invoice.
9. Conduct periodic satisfaction surveys of the STATE and local EMPLOYERS which participate in the PROGRAM. See surveys listed in Exhibit I – Performance Standards and Penalties - Qualitative Standards.

B. The DEPARTMENT shall:

1. Annually report to MINNESOTA LIFE the life insurance administrative expenses incurred by the DEPARTMENT in connection with the PROGRAM. The DEPARTMENT shall instruct MINNESOTA LIFE as to how to allocate the corresponding expense charges among the plans included in the PROGRAM.
2. Forward to MINNESOTA LIFE in a timely fashion all RETIRED EMPLOYEE

premium contributions (deducted from annuity payments) required to be paid under the policy. (The PAYROLL CENTERS and participating local government EMPLOYERS will forward to MINNESOTA LIFE all EMPLOYEE and EMPLOYER premium contributions required to be paid under the policy.)

2.3 Expense Charges

A. MINNESOTA LIFE Expense Charge

MINNESOTA LIFE shall assess an annual expense charge to the PROGRAM as described in Exhibit D – MINNESOTA LIFE Expense Charge. MINNESOTA LIFE shall provide a detailed report to the DEPARTMENT to support how the expense charge was calculated.

B. Risk Charge

MINNESOTA LIFE shall assess an annual risk charge to the PROGRAM as described in Exhibit E – Risk Charge. MINNESOTA LIFE shall provide a detailed report to support how the risk charge was calculated.

2.4 Stop-Loss Provision

The financial liability of the DEPARTMENT for claim charges, the STATE premium tax charge, the MINNESOTA LIFE expense charge and risk charge for a POLICY YEAR shall be limited by the stop-loss provision. Exhibit F – Stop-Loss Provision describes the basis for determining and applying the POLICY YEAR stop-loss limit.

2.5 Reserves

A. Premium Deposit Fund

MINNESOTA LIFE shall deposit and hold EMPLOYER premium contributions and pre-age 65 experience credits intended to pay for POSTRETIREMENT INSURANCE claims in a premium deposit fund to the credit of the PROGRAM for the purpose of funding future insurance claims and expenses.

B. Stabilization Reserve

On the EMPLOYEE PRERETIREMENT INSURANCE, EMPLOYER AVAIATION AD&D INSURANCE and spouse and dependent insurance plans, premiums in excess of charges are held in a stabilization reserve. This reserve is maintained to minimize the impact on the plans of fluctuations in claims experience and to stabilize premium rates. If the EMPLOYER AVAIATION AD&D INSURANCE stabilization reserve is in a deficit position, such deficit shall be reduced to zero through a transfer from the EMPLOYEE stabilization reserve before any EMPLOYEE stabilization reserve is transferred to the RETIRED EMPLOYEE insurance plan.

C. Disability Claim Reserves

MINNESOTA LIFE shall calculate the disability claims reserve in accordance with an actuarial reserve basis adopted by MINNESOTA LIFE and accepted by the DEPARTMENT for as long as the policy continues in force. The reserve basis shall be based on a published waiver of premium claim experience study, shall reflect adjustments based on experience among disabled EMPLOYEES under the PROGRAM, and may be modified from time to time by MINNESOTA LIFE.

D. Guarantee by MINNESOTA LIFE

MINNESOTA LIFE shall guarantee the principal amounts of the reserves described above, including all interest previously credited thereto, for as long as the policy is in force. After cancellation of the policy, MINNESOTA LIFE makes no guarantee regarding the value of the unallocated reserves which will be credited to the PROGRAM as described in Article II, Section 2.8.E, "Distribution of Unallocated Reserves."

2.6 Sufficiency of Funds

A. Guarantee by MINNESOTA LIFE

MINNESOTA LIFE guarantees that payment of the POLICY YEAR premium of each POLICY YEAR shall be sufficient to provide for PRERETIREMENT INSURANCE coverage plus waiver of premium for disability and coverage under the spouse and dependent insurance plans. MINNESOTA LIFE does not guarantee that the funds accumulated for the POSTRETIREMENT INSURANCE shall be sufficient.

B. Annual Actuarial Valuation

MINNESOTA LIFE shall annually perform an actuarial valuation of the insurance plans available under the PROGRAM using reasonable actuarial assumptions of interest, mortality, withdrawals and salary scales as recommended by MINNESOTA LIFE and as approved by the BOARD. Subject to the requirements of Article II, Section 2.8, "Financial Provisions in Event of Cancellation of the Policy," the STATE and MINNESOTA LIFE shall agree upon the actuarial assumptions for the annual valuation. Note that the actuarial valuation is unrelated to the annual Governmental Accounting Standards Board (GASB) valuations for the retiree plans, and MINNESOTA LIFE will not be performing the GASB valuations. MINNESOTA LIFE is required to provide data to the DEPARTMENT and the DEPARTMENT's actuary for the GASB valuation and work with the DEPARTMENT's actuary to complete such valuation.

MINNESOTA LIFE shall annually advise the STATE of the results of this actuarial valuation including both the estimated excess of the present value of future benefits to RETIRED EMPLOYEES over the present value of future premiums to be paid by these RETIRED EMPLOYEES, and the estimated excess of the present value of future POSTRETIREMENT INSURANCE benefits to current EMPLOYEES over the present value of future EMPLOYER premiums to be paid on behalf of these EMPLOYEES.

2.7 Interest Credits and Charges

A. On Reserves

MINNESOTA LIFE shall credit interest on the PROGRAM reserves held by MINNESOTA LIFE in accordance with the investment year interest crediting method. Exhibit G – Investment Year Interest Crediting Method for Reserves describes the investment year interest crediting method.

B. On Cash Flow

MINNESOTA LIFE shall calculate interest credits and charges on cash flow each POLICY YEAR as described in Exhibit H – Interest Credits and Charges on Cash Flow.

2.8 Financial Provisions in Event of Cancellation of the Policy

A. Allocation of Reserves for Continuing Coverage

If either the spouse and dependent insurance or the EMPLOYER AVIATION AD&D INSURANCE is cancelled by the DEPARTMENT, either independently or as part of the cancellation of the policy/policies under the PROGRAM, MINNESOTA LIFE shall combine the balance of the stabilization reserve held for spouse and dependent insurance or for EMPLOYER AVIATION AD&D INSURANCE with the balance of the stabilization reserve held for EMPLOYEE insurance.

B. EMPLOYEES and RETIRED EMPLOYEES Beyond Insurance Reduction Age

If the policy is cancelled by the DEPARTMENT, MINNESOTA LIFE shall, subject to the limitations imposed by Article II, Section 2.6, "Sufficiency of Funds," immediately allocate a portion of the combined stabilization reserve and premium deposit fund to provide for insurance on insured EMPLOYEES and RETIRED EMPLOYEES beyond the INSURANCE REDUCTION AGE on the date of cancellation. Such funds shall continue to be held by MINNESOTA LIFE.

C. Disabled EMPLOYEES

After cancellation of the policy, the premium waiver for EXTENDED INSURANCE for basic insurance on disabled EMPLOYEES under the INSURANCE REDUCTION AGE at discontinuance of the policy shall continue in effect as provided by the policy. The EXTENDED INSURANCE for supplemental and additional insurance on disabled EMPLOYEES under the INSURANCE REDUCTION AGE at discontinuance of the policy shall cease upon their attainment of the INSURANCE REDUCTION AGE as provided by the policy. Disability claim reserves shall be recomputed on the date of cancellation as described further in this section, and any additional amounts required for disability claim reserves as a result of cancellation of the policy shall be included as claim charges in the final annual experience calculation. However, for the purpose of Article II, Section 2.4, "Stop-Loss Provision," and Exhibit F, reserves shall still be

calculated in accordance with Exhibit G – Investment Year Interest Crediting Method for Reserves. The disability claim reserves for disabled EMPLOYEES under the INSURANCE REDUCTION AGE at discontinuance of the policy shall continue to be held by MINNESOTA LIFE.

D. Initial Reserve Determination and Financial Accounting

Upon cancellation of the policy, MINNESOTA LIFE shall perform a final accounting for each plan under the PROGRAM within nine (9) months of the cancellation date to determine the reserves to be held by MINNESOTA LIFE for claim liabilities incurred prior to the termination date. These liabilities include:

- Future benefits for retirees as of the termination date
- Future benefits for waiver of premium claims incurred prior to the termination date

The DEPARTMENT, its independent actuary and MINNESOTA LIFE shall agree upon the actuarial assumptions and calculations for determining these reserves.

If, upon cancellation of the policy, existing reserves are less than the liability determined in the calculation described above, the entire existing stabilization reserve and premium deposit fund shall be held by MINNESOTA LIFE to be used to fund the liability determined in the calculation described above.

MINNESOTA LIFE shall annually perform an experience calculation including the experience of insured disabled EMPLOYEES, and an experience calculation including the experience of insured EMPLOYEES and RETIRED EMPLOYEES beyond the INSURANCE REDUCTION AGE. The experience calculations shall include claim charges, expense charges, and interest credits and charges, consistent with the provisions of this agreement, and an actuarial valuation of the reserves required to be held for all remaining insured EMPLOYEES and RETIRED EMPLOYEES, using assumptions agreed upon by the STATE, its independent actuary and MINNESOTA LIFE.

In each calculation, if the sum of all annual charges to the plan plus the increase in required reserves is greater than the interest credits, the excess shall be paid as premium to MINNESOTA LIFE by the STATE. If the sum of all annual charges to the plan plus the increase in required reserves is less than the interest credits, the excess shall be declared as an experience credit and paid to the STATE by MINNESOTA LIFE. During the first three (3) years following cancellation, the remaining unallocated reserve balance described in Article II, Section 2.8.E, "Distribution of Unallocated Reserves" may be used to cover any excess charges or to receive any available experience credits.

E. Distribution of Unallocated Reserves

After determination of the portion of the stabilization reserve and premium deposit fund to be held by MINNESOTA LIFE upon cancellation of the policy as described in the preceding section, MINNESOTA LIFE shall pay the remaining unallocated stabilization reserve and premium deposit fund to the DEPARTMENT within three (3)

years of the final accounting.

Upon cancellation of the policy, MINNESOTA LIFE shall provide the DEPARTMENT with a detailed report of the current PROGRAM ASSETS. As MINNESOTA LIFE sells the ASSETS, MINNESOTA LIFE shall provide the DEPARTMENT with detailed monthly cashflow reports on the sale and transfer of the ASSETS.

ARTICLE III. RESPONSIBILITIES OF MINNESOTA LIFE

3.1 Technical Assistance/Staffing

MINNESOTA LIFE's local office personnel shall work with the DEPARTMENT as needed on all administrative matters required for the efficient and effective operation of the PROGRAM. If local office personnel cannot provide requested services within a reasonable timeframe, MINNESOTA LIFE's corporate office personnel shall be available to provide assistance. MINNESOTA LIFE personnel duties and responsibilities shall include, but not be limited to the following:

- A. Develop, revise, and implement PROGRAM policies and procedures, under the direction of the DEPARTMENT, as may be required to comply with changes in federal or STATE law or regulations.
- B. Comply with all applicable STATE and federal insurance laws and ADMINISTRATIVE RULES affecting the operation of the PROGRAM.
- C. Provide counsel and defense for MINNESOTA LIFE when MINNESOTA LIFE has been named as a defendant by a plaintiff. In accordance with Wis. Stat. §40.03(3), this representation shall not extend to the STATE, DEPARTMENT or BOARD absent a special, express agreement for that purpose.
- D. Fully cooperate with the DEPARTMENT and the BOARD regarding any claim or litigation against any or all of the STATE, DEPARTMENT or BOARD regarding a matter pertaining to the PROGRAM, including but not limited to providing relevant records, technical assistance and witnesses if necessary to the defense of such litigation. With respect to any litigation to which the DEPARTMENT or BOARD is not a party, MINNESOTA LIFE shall keep the DEPARTMENT and BOARD fully apprised concerning particulars of any litigation or threatened litigation directly concerning the PROGRAM or benefits thereunder, including settlement discussions. In litigation to which the DEPARTMENT or BOARD is not a party, MINNESOTA LIFE shall have sole responsibility regarding any claim or litigation filed by an insured or the insured's beneficiary.
- E. Within reasonable limitations given its staff and resources, upon the request of the DEPARTMENT, provide assistance to the DEPARTMENT on legal matters associated with the PROGRAM, including technical and legal questions that relate to proposed legislation, ADMINISTRATIVE RULE and code changes, CONTRACT changes and DEPARTMENT and BOARD recommendations.
- F. Provide all renewal information and attend all renewal meetings as determined by the

DEPARTMENT.

- G. Maintain a claims and service office located in Dane County, Wisconsin to adequately serve participating EMPLOYERS and insured EMPLOYEES and RETIRED EMPLOYEES of the PROGRAM.
- H. Designate a "program manager" who shall be available to the DEPARTMENT as needed to confer in person or by telephone regarding current questions on PROGRAM operations, claims, and unusual problems.
- I. Assist any STATE department or agency, or any local public EMPLOYER which is eligible to participate or participates in the PROGRAM with such technical, administrative, and other services as necessary for the EMPLOYER to offer the PROGRAM to its EMPLOYEES. A response to such request for assistance shall be provided within thirty (30) calendar days of the request.
- J. Provide staff assistance pertaining to the PROGRAM to the DEPARTMENT. Perform tasks and schedule assistance in a mutually agreed upon manner.
- K. Provide hardware and software necessary for local office staff to access the DEPARTMENT's electronic records, and ensure that its staff is trained to use this system to obtain employment, salary, and related information on insureds participating in the PROGRAM.
- L. Cooperate with the DEPARTMENT's designated data warehouse vendor by submitting a standard file on a regular basis, on a schedule to be determined by the DEPARTMENT. Follow the data transmission instructions provided by the DEPARTMENT's data warehouse vendor, which shall include industry-standard electronic methods via secure internet technology.
- M. Cooperate with the DEPARTMENT's insurance administration system vendor by submitting a standard file on a regular basis, on a schedule to be determined by the DEPARTMENT.
- N. Share data and provide strategic coordination with the DEPARTMENT's contractors and/or third party administrators, such as the DEPARTMENT's data warehouse vendor, participating health insurers and the Board's consulting actuary.
- O. Perform other duties as agreed upon between MINNESOTA LIFE and the DEPARTMENT which are necessary for the efficient and effective operation of the Program.

3.2 Administrative Responsibilities

MINNESOTA LIFE's responsibilities shall include, but not be limited to, the following administrative duties for the PROGRAM. These responsibilities apply to both the STATE and local plans unless otherwise stated. MINNESOTA LIFE shall:

Enrollment

- A. Process applications for Program insurance, including verification of eligibility and coverage amount. Request corrections if necessary.
- B. Process and underwrite late enrollments, including requests to add coverage. Communicate results to the EMPLOYER, the EMPLOYEE, and the DEPARTMENT.
- C. Process cancellation forms.
- D. In a mutually agreed upon time frame and in collaboration with the DEPARTMENT, develop a system permitting participants to enroll in PROGRAM insurance coverage electronically.
- E. Maintain insurance coverage and premium information for insured EMPLOYEES and RETIRED EMPLOYEES.
- F. Support determination of fact of coverage and certify amount of coverage and other required information as delegated by the DEPARTMENT when an insured individual retires, and work with DEPARTMENT staff and EMPLOYERS to manage and coordinate premium collection and coverage issues related to the transition from active to retiree status.
- G. Administer the Life to Health/Long-Term Care Conversion Program. MINNESOTA LIFE shall determine the present value, remit monthly health insurance premiums to the DEPARTMENT and work with DEPARTMENT staff to ensure that health insurance coverage is properly continued. For long-term care, MINNESOTA LIFE is responsible for remitting monthly long-term care premiums, working with the long-term care provider(s) to ensure that the proper amount of premium is remitted, tracking the balance of the insured's account, notifying the insured of the remaining balance annually and assisting in the transition to another premium source when the account is depleted.

Premium Reporting/Membership Information

- H. Maintain a billing and membership information system for STATE and local EMPLOYEES, and provide on-line access to authorized STATE and local EMPLOYERS participating in the PROGRAM to view their EMPLOYEE'S insurance information; provide authorized DEPARTMENT staff with on-line access to EMPLOYEE coverage and premium records. Such system must accommodate both the needs of STATE agency payroll personnel and PROGRAM requirements for accurate and complete membership and premium billing and payment information.
- I. MINNESOTA LIFE'S membership information/billing system must contain, at a minimum, the following Information:
 - a. The full name and social security number or member ID number of each insured and formerly insured EMPLOYEE and RETIRED EMPLOYEES.
 - b. The insured's gender, date of birth, date of hire, and employment status (active or retiree).
 - c. The insured's EMPLOYER(S).

- d. The types of coverage the insured elected.
 - e. The amount of coverage for each type of coverage.
 - f. The date through which premiums have been paid.
 - g. The dates of last change to coverage or other updates.
 - h. Social Security numbers may be incorporated into the insured's data file and may be used for identification purposes only and not disclosed or used for any other purpose. MINNESOTA LIFE must always keep a record of Social Security numbers for providing data and other reports to the DEPARTMENT or its authorized contractors and track the unique employee identification number that is assigned by the DEPARTMENT and/or PAYROLL CENTER. Any costs incurred by the DEPARTMENT because of MINNESOTA LIFE'S failure to comply with this requirement shall be paid by MINNESOTA LIFE.
- J. For each EMPLOYER, MINNESOTA LIFE'S system must:
- a. Contain EMPLOYER name, address, and EMPLOYER number.
 - b. Contain the insured's gender, date of birth, date of hire, and employment status.
 - c. Be capable of retrieving a list of current insured EMPLOYEES of each EMPLOYER.
 - d. List the insured's total coverage in force and premium collected for each coverage level.
- K. On an annual or semi-annual basis, direct-bill certain RETIRED EMPLOYEES and other former EMPLOYEES who cannot pay group insurance premiums by deduction from their WRS annuity.
- L. Bill STATE and local EMPLOYERS monthly for EMPLOYER premiums, via paper bill or electronically, and maintain payment records for each insured EMPLOYEE. MINNESOTA LIFE will provide the DEPARTMENT monthly reports that identify EMPLOYERS who are late to pay premiums owed, including the month(s) in which the premiums were late, and amount of premiums that are past due.
- M. Assist the DEPARTMENT in transitioning an insured from active to retiree status in the PROGRAM. Assist the DEPARTMENT with the following tasks: certification of POSTRETIREMENT INSURANCE coverage, determination of premium amounts, notification to the EMPLOYER, the insured, and the DEPARTMENT Benefit Payments unit, coordination of premium collection between the EMPLOYER and the DEPARTMENT, and adjustments resulting from changes in retirement date, prior year EARNINGS reporting, etc.
- N. Conduct an annual renewal census for STATE and local EMPLOYERS to update coverage and premium information for each insured EMPLOYEE.
- O. Provide the DEPARTMENT with an annual ingest file to automatically update premium deduction and coverage amounts for WRS Annuitants who have life insurance premiums deducted from their annuities.
- P. Perform a monthly comparison of MINNESOTA LIFE'S premium and coverage records with the DEPARTMENT's annuity deduction records and provide to the DEPARTMENT. Report any discrepancies to the DEPARTMENT and work with the

DEPARTMENT to resolve.

Claims Administration

- Q. Administer and pay claims for life insurance, living benefits, accidental death and dismemberment and aviation accidental death and dismemberment insurance under the PROGRAM. As delegated by the DEPARTMENT, upon receipt of claim and beneficiary information from the DEPARTMENT, MINNESOTA life shall verify enrollment, coverage, amount of insurance and beneficiary using the DEPARTMENT's records and MINNESOTA LIFE'S records. MINNESOTA LIFE will provide death notices and located beneficiaries to the DEPARTMENT upon the DEPARTMENT's request. MINNESOTA LIFE will provide all service pertaining to the investigation, approval, or denial of claims, make claims payment(s) to the beneficiary(ies) and notify the DEPARTMENT as to the disposition of each claim.
- R. Review and approve or disapprove medical evidence when an insured applies for a living benefit; pay approved benefit and maintain record of remaining death benefit, if any.
- S. Document, certify, and audit death claims using the DEPARTMENT's paper and electronic records.
- T. Notify the DEPARTMENT of deaths reported to MINNESOTA LIFE by parties other than the DEPARTMENT.
- U. Hold the life insurance payment for a reasonable time if notified by the DEPARTMENT of the need to recover funds. MINNESOTA LIFE will pay the DEPARTMENT life insurance payments equal to or under the benefit amount, as instructed.
- V. Identify unpaid claims for which no beneficiary is found and make every reasonable effort to locate beneficiaries including the use of locating services and provide a list of unclaimed life insurance policies to the DEPARTMENT to be posted to the DEPARTMENT's internet site with periodic updates as claims are paid or additional unclaimed policies are identified.

Waiver of Premium

- W. Review and approve or disapprove medical evidence for a STATE or local EMPLOYER's request for a waiver of premium due to disability. Follow up periodically on medical condition of persons whose premiums have been waived due to disability but not more frequently than annually. Those persons approved for a DEPARTMENT-administered permanent disability benefit are exempt from the requirement for medical condition updates.

Conversion

- X. Provide individual policies for persons eligible to convert group coverage upon termination of employment; review and process conversion applications; bill for premiums.

3.3 Promotional Materials and Forms MINNESOTA LIFE shall:

- A. Issue to the DEPARTMENT in a mutually agreeable format certificate-booklets setting forth the provisions of the policy to which the EMPLOYEE is entitled.
- B. Submit to the DEPARTMENT for approval, drafts of all literature, forms, or video presentations regarding the PROGRAM to be provided to insureds and EMPLOYERS. All PROGRAM literature and other written or visual aids, prepared by MINNESOTA LIFE for use with the PROGRAM shall at all times be the property of the STATE, and MINNESOTA LIFE shall not obtain or reserve any proprietary or literary rights on its own with respect thereto and, upon requests of the BOARD, shall execute any assignments necessary to release any such proprietary rights. Provide customized promotional materials that are mutually agreed upon by MINNESOTA LIFE and the DEPARTMENT.
- C. Prepare, submit to the DEPARTMENT for approval, and print in adequate numbers, enrollment applications, evidence of insurability applications, brochures, informational plan descriptions, and other selected forms for the PROGRAM.
- D. Work with the DEPARTMENT, other STATE agencies and local EMPLOYERS to communicate benefits through bulletins, brochures, benefits fairs and other appropriate channels including electronic channels.
- E. Upon DEPARTMENT request, develop and implement a plan for offering the PROGRAM to nonparticipating local EMPLOYERS, to inform the EMPLOYERS of plan features and changes, requirements, and estimated costs.

3.4 Customer Service

MINNESOTA LIFE shall:

- A. Cooperate with the DEPARTMENT in preparing additional information for distribution to ELIGIBLE EMPLOYEES or EMPLOYERS as may be necessary for the proper administration of the PROGRAM.
- B. Provide non-discriminatory services to participants that include services for the physically and hearing impaired.
- C. Provide adequate access by telephone, local office, internet, or other appropriate means.
- D. Conduct surveys to solicit information from participants or EMPLOYERS and analyze results, upon request by the BOARD or the DEPARTMENT.
- E. Provide a toll-free telephone number for customer service for STATE and local EMPLOYERS, DEPARTMENT staff and insureds to handle claims and other service related issues.

- F. Maintain communications with STATE and participating local governments regarding PROGRAM procedures, billing, coverage issues and questions.
- G. Communicate frequently with the DEPARTMENT to review current questions on PROGRAM operations, claims and issues.

3.5 Reports and Files

MINNESOTA LIFE shall provide the following reports to the DEPARTMENT. Monthly reports shall be provided to the DEPARTMENT within thirty (30) calendar days from the end of each month; quarterly reports shall be provided to the DEPARTMENT within thirty (30) calendar days from the end of the calendar quarter.

- A. A monthly report for Life to Health and Long-Term Care conversions.
- B. A monthly report showing the comparison of MINNESOTA LIFE'S premium and coverage records with the DEPARTMENT's annuity deduction records. Discrepancies must be noted.
- C. A final POLICY YEAR report of the financial status of the PROGRAM, disclosing value of program assets, liabilities, analysis of cash receipts and disbursements, and other relevant information as may be reasonably requested by the DEPARTMENT, annually by May 31.
- D. An annual recommendation on the next year's premium rates to the DEPARTMENT for its concurrence. If acceptable to the DEPARTMENT, the DEPARTMENT will present this recommendation to the BOARD for approval.
- E. A quarterly report on MINNESOTA LIFE'S performance, based on the performance standards in EXHIBIT I.
- F. A periodic report on the satisfaction survey of participating EMPLOYERS.
- G. Actuarial and administrative studies on the feasibility and/or cost of proposed legislative or procedural changes, as requested by the DEPARTMENT.
- H. A list of RETIRED EMPLOYEES enrolled in the PROGRAM, whose premiums are being deducted from their WRS annuity, in a format and timeframe that is mutually acceptable to the DEPARTMENT and MINNESOTA LIFE.
- I. Death reports: an annual report due by May 31 showing 12 months of claims; a semi-annual death report due by November 31 showing 6 months of claims.
- J. Annually, on a date mutually agreed upon by MINNESOTA LIFE and the DEPARTMENT, a copy of MINNESOTA LIFE'S Soc 1 Type 2 and Soc 2 Type 2 reports.
- K. An annual census file showing participant data, including gender, date of birth, date of

hire, employment category (i.e. active EMPLOYEE or RETIRED EMPLOYEE), coverage amounts, employer ID number by March 1.

- L. An annual contribution file showing the portion of contributions attributed to the POSTRETIREMENT INSURANCE by EMPLOYER, by April 1.
- M. Annual data or files needed by the DEPARTMENT in compiling financial statements in accordance with Generally Accepted Accounting Principles, by March 15.

ARTICLE IV. PERFORMANCE STANDARDS AND PENALTIES

4.1 Performance Standards

Quantitative and qualitative performance standards and penalties are listed in Exhibit I – Performance Standards and Penalties. The performance standards and penalties may be modified as circumstances warrant, by mutual agreement of the DEPARTMENT and MINNESOTA LIFE.

4.2 Penalties

- A. MINNESOTA LIFE will meet or exceed the performance standards listed in Exhibit I – Performance Standards and Penalties. For each standard not achieved during the POLICY YEAR, MINNESOTA LIFE will be assessed a penalty as described in Exhibit I.
- B. Penalties identified for noncompliance of performance standards shall be assessed at the close of the POLICY YEAR based on the annual performance results.
- C. The DEPARTMENT, at its discretion, may waive any penalty.
- D. Penalty amounts assessed shall be accompanied by documentation from the DEPARTMENT identifying the specific area of noncompliance.
 - 1. MINNESOTA LIFE shall have fifteen (15) calendar days from the receipt of the DEPARTMENT's penalty documentation to respond in writing to the DEPARTMENT.
 - 2. If MINNESOTA LIFE agrees with the facts and penalty amount calculated, the penalty shall be assessed as stated above.
 - 3. If MINNESOTA LIFE disagrees with the facts and/or penalty calculation, MINNESOTA LIFE shall provide a defense or explanation of the issue.
 - 4. If the DEPARTMENT disagrees with MINNESOTA LIFE's explanation, the DEPARTMENT and MINNESOTA LIFE shall meet within fifteen (15) calendar days to resolve the disagreement.
- E. In the event of termination of MINNESOTA LIFE services, the DEPARTMENT penalties shall be determined as provided above except that any penalty payment to

the DEPARTMENT shall be due from MINNESOTA LIFE immediately upon resolution.

ARTICLE V. RESPONSIBILITIES OF THE DEPARTMENT

5.1 Communication

The DEPARTMENT shall assist MINNESOTA LIFE in communicating the provisions of the PROGRAM to all EMPLOYEES eligible to participate or who are participating in the PROGRAM. The DEPARTMENT's responsibilities include, but are not limited to, the following:

- A. In consultation with MINNESOTA LIFE, revise all forms, EMPLOYER manuals, and brochures as needed, and print and distribute EMPLOYER manuals and selected forms.
- B. Counsel EMPLOYEES and retirees on their benefits under the PROGRAM.
- C. Counsel EMPLOYERS interested in participating in the PROGRAM; approve new EMPLOYERS; respond to routine and unusual EMPLOYER questions about PROGRAM provisions and requirements.
- D. Publish official notice in its Employer Bulletin on premium rates, statutory or CONTRACT changes, policies and procedures pertaining to the PROGRAM. Publish information for PROGRAM participants in its Trust Fund News.
- E. Review and approve or disapprove all descriptive literature, advertising material and visual aids proposed by MINNESOTA LIFE as a means for communicating and presenting the PROGRAM to the eligible EMPLOYERS.

5.2 PROGRAM Administration

The DEPARTMENT shall:

- A. Require an EMPLOYER seeking group life insurance coverage pursuant to Wis. Stats. §40.03(6)(b) or §40.70 to adopt and file a resolution under terms and conditions determined by the BOARD and on forms prescribed by the DEPARTMENT.
- B. Maintain records from which may be determined the names of all STATE EMPLOYEES and RETIRED EMPLOYEES insured under Policy No. 2832-G. The DEPARTMENT shall make available to MINNESOTA LIFE such information concerning insureds under the policy as may reasonably be considered to have a bearing on the insurance, subject to the provisions of Wis. Stat. §40.07. The records of the DEPARTMENT which have a bearing on the insurance under the policy shall be open for inspection by MINNESOTA LIFE at any time.
- C. Maintain WRS participant and EMPLOYER records and make these records available to MINNESOTA LIFE as necessary for the administration of the PROGRAM, subject to statutory restrictions.

- D. Be responsible for making all decisions, or providing MINNESOTA LIFE with the BOARD's decisions, that are necessary for the appropriate operation of the PROGRAM, including determinations regarding:
 - 1. The classification of any person as being within the definition of "EMPLOYEE" or "ELIGIBLE EMPLOYEE" in Article I.
 - 2. The fact and date of (a) SEPARATION of an EMPLOYEE from service of the STATE and (b) a status of leave or temporary layoff during which no EARNINGS are received.
 - 3. The annual EARNINGS of any EMPLOYEE.
 - 4. The application of statutes and CONTRACT provisions regarding the fact of coverage, whether an EMPLOYEE is entitled to enroll or to continue coverage after termination of employment, and similar matters.
 - 5. To the extent not delegated to MINNESOTA LIFE, the review and approval or denial of requests from EMPLOYERS for enrollment of EMPLOYEES based on EMPLOYER error.
- E. Accept and maintain all beneficiary designations and provide proper designations and system access to MINNESOTA LIFE at the time of a claim. When necessary, assist MINNESOTA LIFE to determine eligible beneficiary(ies) under Wis. Stat. §40.02(8). All decisions relating to determination of eligible beneficiary(ies) will be the responsibility of the DEPARTMENT.
- F. Administer the appeal process by which interested parties may contest the DEPARTMENT's determinations related to the PROGRAM. These appeals are ultimately decided by the BOARD.
- G. Fully cooperate with MINNESOTA LIFE regarding any claim or litigation against any or all of the DEPARTMENT, the BOARD and MINNESOTA LIFE including but not limited to providing relevant records, technical assistance and witnesses if necessary, to the defense of such litigation.

5.3 Premium Payment and Reporting

- A. The DEPARTMENT shall require each EMPLOYER to remit to MINNESOTA LIFE directly the total monthly premium due for its active insured EMPLOYEES. The total monthly premium due shall be as described in Policy No. 2832-G under "Premiums."
- B. The DEPARTMENT shall deduct premiums from annuities of insured retirees under age 65 and remit to MINNESOTA LIFE.

5.4 Reports

The DEPARTMENT shall provide the following reports to MINNESOTA LIFE:

- A. Prior-year salary information in electronic format for each EMPLOYEE of participating local government units by March 1 and each EMPLOYEE of the STATE by February 1.
- B. Monthly Annuitant premium file.

ARTICLE VI. AUDIT PROVISIONS AND FINANCIAL REPORTING REQUIREMENTS

6.1 Audit of MINNESOTA LIFE's Financial Condition

MINNESOTA LIFE agrees to furnish the DEPARTMENT with an annual audited statement of its financial condition certified by an independent certified public accountant within one hundred twenty (120) calendar days of the end of the calendar year.

6.2 Annual POLICY YEAR Report of the PROGRAM

MINNESOTA LIFE shall furnish a POLICY YEAR report to the DEPARTMENT, as provided in Article III, Section 3.5.C.

6.3 STATE and Federal Tax Reporting Requirements

MINNESOTA LIFE shall be responsible for preparing and filing all reports required by federal and STATE taxing authorities including those required for the last year of the CONTRACT and filed the year after the termination of the CONTRACT or any extension thereof.

ARTICLE VII. MAINTAINING PROGRAM RECORDS

7.1 Record Retention

In addition to the records retention requirements specified in RFP Appendix 2 – Department Terms and Conditions, MINNESOTA LIFE shall retain information/documents/RECORDS related to the PROGRAM according to the DEPARTMENT's records retention schedules, which may change from time to time. As of the date of this document, those schedules are as listed below:

RDA #00138 Life Insurance Billing Files: 7 years after reconciled and audited - Destroy confidential. Includes: monthly premium billings submitted to MINNESOTA LIFE by Local Government WRS EMPLOYERS.

RDA #0114A Life Insurance Claim Files – Death & Disability (Electronic): 10 years after claim is paid - Destroy confidential. Includes life insurance claim files for death and disability claims. Claim files consist of various forms and correspondence used in paying out the claim. Per Wis. Stat. § 137.20, the original paper applications will be imaged by MINNESOTA LIFE and subjected to MINNESOTA LIFE'S review to ensure the images of these applications are electronically stored correctly and the quality of the images is acceptable. Upon verification of the quality and retention of the electronic images, the paper documents will be kept on site (at MINNESOTA LIFE's location) for two years for

audit/quality control purposes and then confidentially destroyed by MINNESOTA LIFE.

RDA # 00139 Life Insurance Annual Renewal Census Files: 7 years after created - Destroy confidential. Includes: annual renewal census schedule and exception reports which are maintained by MINNESOTA LIFE for the PROGRAM.

RDA # 00117A Life Insurance Underwriting Files: 10 years after created - Destroy confidential. Includes: MINNESOTA LIFE's underwriting files maintained electronically in MINNESOTA LIFE's imaging system. These files consist of correspondence, underwriting forms, medical records, etc. per Wis. Stat. § 137.20, the original paper applications will be imaged by the MINNESOTA LIFE and subjected to review, to ensure the images of these applications are electronically stored and the quality of these images is acceptable. Upon verification of the quality and retention of the electronic images, the paper documents will be kept on site (at MINNESOTA LIFE's location) for two years for audit/quality control purposes and then confidentially destroyed by MINNESOTA LIFE.

RDA # 00037 Life Remittance Reports and Transmittals: 7 years after reconciled and audited - Destroy confidential: Includes: WRS Employer monthly remittance reports for transmittal of coverage data and funds for the PROGRAM.

RDA # 00076 State Agency Insurance Programs Allocation and Documentation: 7 years after closed – Destroy. Includes: remittance documents showing allocation of contributions by fund/appropriation resulting from the depositing of State agency life premiums; maintained by month.

7.2 Ownership and Access

All hardware, software, computer tapes or disks purchased and/or developed by MINNESOTA LIFE relative to the PROGRAM, whether past, present or future, shall, unless otherwise agreed upon, at all times remain the property of MINNESOTA LIFE. All materials, records, documents, accounting records, software, computer tapes or disks purchased or developed by the DEPARTMENT or its agents, shall at all times remain the property of the DEPARTMENT. Any software, computer tapes or disks jointly purchased or developed by MINNESOTA LIFE and the DEPARTMENT shall be jointly owned with each party hereby agreeing not to provide, assign, transfer, copy or replicate any such software, computer tapes or disks to any third party without the other party's consent.

All materials, records, documents, accounting records and any other information provided by the DEPARTMENT to MINNESOTA LIFE for purposes of enabling MINNESOTA LIFE to perform its contractual obligations and the administrative duties as herein agreed upon, shall remain the property of the DEPARTMENT.

7.3 Duplicate Records

MINNESOTA LIFE shall produce duplicate electronic files of all RECORDS being maintained by MINNESOTA LIFE in connection with its administration of the PROGRAM. Duplicate RECORDS shall, at all times, be kept in a place of safekeeping as approved by the DEPARTMENT.

7.4 Contingency Plan/Disaster Recovery

MINNESOTA LIFE shall maintain on file a written contingency plan which will be made available for review by the DEPARTMENT upon request. Said plan shall include detail of a contingency plan for disaster recovery of MINNESOTA LIFE's electronic data processing equipment that assures the system shall be back in operation within thirty (30) calendar days of a disaster and the method used for providing services in the event of an emergency including but not limited to a natural or man-made disaster, or temporary staffing due to a strike.

ARTICLE VIII. TERMINATION OF CONTRACT

8.1 MINNESOTA LIFE's Responsibilities Upon Termination

- A. At the termination of the CONTRACT, MINNESOTA LIFE shall turn over all physical files and all required data pertaining to the PROGRAM in an electronic media format, acceptable to the DEPARTMENT, that includes a record layout and data description of the information contained on the electronic media or in an alternative format mutually agreeable to the DEPARTMENT and MINNESOTA LIFE. MINNESOTA LIFE shall release all files and data to the DEPARTMENT or the DEPARTMENT's designee in a mutually agreeable time frame but in no case later than ninety (90) calendar days after notification of nonrenewal of the CONTRACT. MINNESOTA LIFE shall cooperate with both the DEPARTMENT and the new PROGRAM administrator in meeting any reasonable requests.
- B. MINNESOTA LIFE shall provide the DEPARTMENT one final report and file for each of the reports and files defined in Article III, Section 3.5 with information provided for the period from the last report or file date to the CONTRACT end date within one hundred eighty (180) calendar days from the CONTRACT end date.
- C. MINNESOTA LIFE shall provide an independent audit of the PROGRAM prepared by a Certified Public Accounting firm that is acceptable to the BOARD for the business reporting period from the last PROGRAM audit to the CONTRACT termination date that provides an audit of all business activities for that period and financial position as of the CONTRACT termination date.

ARTICLE IX. MISCELLANEOUS PROVISIONS

9.1 Notices

All notices, requests, demands or other communications provided for or required by the CONTRACT (or any instrument or document delivered pursuant to the CONTRACT) shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested. Notices to MINNESOTA LIFE shall be addressed to Vice President, Group Insurance Division, 400 Robert Street N, St. Paul MN 55101-2098; notices to the BOARD shall be sent in care of the Secretary, Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931. Each party may designate a

different address by sending written notice to the other party, to be effective within ten calendar days of the date of the notice.

9.2 Standard Terms and Conditions

During the term of the Contract the Department Terms and Conditions will apply. See Exhibit J

EXHIBIT A - ANNUAL EXPERIENCE CALCULATION

The annual experience calculation shall be performed separately for the active EMPLOYEES (PRERETIREMENT INSURANCE only), RETIRED EMPLOYEES (including both PRERETIREMENT INSURANCE and POSTRETIREMENT INSURANCE), and spouse and dependent insurance. Under the STATE EMPLOYEE PLAN, a separate annual experience calculation shall also be performed for the EMPLOYER AVIATION AD&D INSURANCE.

ACTIVE EMPLOYEE INSURANCE

The annual experience calculation for the PRERETIREMENT INSURANCE on active EMPLOYEES shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include items A and B (life and AD&D pooled claim charges), items C and D (death and AD&D claims), item E (living benefit claims), item J (disability claim reserves), and item K (conversion charge), and the total of these charges shall be reduced by any catastrophic loss for the POLICY YEAR to produce the net claim charge for the POLICY YEAR. To the net claim charge shall be added the STATE internal administration expense, the payments to the STATE'S consulting actuary, the STATE premium taxes, the MINNESOTA LIFE expense charge, and the risk charge, and any deficit balance existing at the end of the preceding POLICY YEAR.

If the sum of all charges to the plan is greater than the sum of the EMPLOYEE premium and the interest credits, the premium deficiency shall be withdrawn from the stabilization reserve. If the premium deficiency exceeds the balance in the stabilization reserve, the deficiency will be carried forward as a charge to the following POLICY YEAR. Interest shall be charged on the deficiency balance on the same basis used to credit interest on a stabilization reserve balance.

If the sum of these charges is less than the sum of the EMPLOYEE premium and the interest credits, the excess shall be deposited in the stabilization reserve.

RETIRED EMPLOYEE INSURANCE

The annual experience calculation for the PRERETIREMENT INSURANCE and POSTRETIREMENT INSURANCE on RETIRED EMPLOYEES shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include item F (life pooled claim charge), items G and H (death claims), and item I (living benefit claims). To the claim charges shall be added the STATE premium taxes, the MINNESOTA LIFE expense charge, and the risk charge. The sum of these charges in excess of the PRERETIREMENT INSURANCE premium paid by RETIRED EMPLOYEES shall be withdrawn from the premium deposit fund and cleared as premium.

EXHIBIT A - ANNUAL EXPERIENCE CALCULATION (cont'd)

The value of all postretirement life insurance converted to pay premiums for health insurance or long-term care insurance shall be withdrawn from the premium deposit fund.

EMPLOYER AVIATION AD&D INSURANCE UNDER THE STATE EMPLOYEE PLAN

Under the STATE EMPLOYEE PLAN, the annual experience calculation for the EMPLOYER AVIATION AD&D INSURANCE shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include item P (AD&D pooled claim charges), and items Q and R (AD&D claims), and the total of these charges shall be reduced by any catastrophic loss for the POLICY YEAR to produce the net claim charge for the POLICY YEAR. To the net claim charge shall be added the STATE premium taxes and the risk charge.

If the sum of all charges to the plan is less than the sum of the premium and the interest credits reduced by any prior deficits accumulated at interest, the excess shall be deposited in the stabilization reserve. If the sum of all charges is greater than the sum of the premium and the interest credits, the premium deficiency shall be withdrawn from the stabilization reserve. If the premium deficiency exceeds the balance in the stabilization reserve, the remainder shall be carried forward as a deficit charge against the stabilization reserve.

Spouse and Dependent Insurance

The annual experience calculation for the spouse and dependent insurance plan shall begin with a determination of all charges to the plan. Pursuant to Exhibit B of this agreement (Claim Charges), claim charges shall include items L and M (death claims), item N (living benefit claims) and item O (conversion charge), and the total of these charges shall be reduced by any catastrophic loss for the POLICY YEAR to produce the net claim charge for the POLICY YEAR. To the net claim charge shall be added the STATE internal administration expense, the STATE premium taxes, the MINNESOTA LIFE expense charge and the risk charge.

If the sum of all charges to the plan is less than the sum of the premium and the interest credits reduced by any prior deficits accumulated at interest, the excess shall be deposited in the stabilization reserve. If the sum of all charges is greater than the sum of the premium and the interest credits, the premium deficiency shall be withdrawn from the stabilization reserve. If the premium deficiency exceeds the balance in the stabilization reserve, the remainder shall be carried forward as a deficit charge against the stabilization reserve.

EXHIBIT B - CLAIM CHARGES

Except as provided under Article II, Section 2.4 and Exhibit F of this agreement (Stop-Loss Provision), claim charges attributable to a POLICY YEAR shall be equal to the sum of the following items:

- A. A pooled claim charge for all amounts of life insurance above the pooling level in the active EMPLOYEE plan. The pooling level for life insurance shall be \$500,000.
- B. A pooled claim charge for all amounts of AD&D insurance above the pooling level in the active EMPLOYEE plan. The pooling level for AD&D insurance shall be \$500,000.
- C. Up to the pooling level, all reported death and AD&D claims under the active EMPLOYEE plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- D. Up to the pooling level, all reported death and AD&D claims under the active EMPLOYEE plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous policy year report, including any interest paid to beneficiaries on such claims.
- E. Up to the pooling level, all living benefit claims under the active EMPLOYEE plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.
- F. A pooled claim charge for all amounts of life insurance above the pooling level in the RETIRED EMPLOYEE plan. The pooling level for life insurance shall be \$500,000.
- G. Up to the pooling level, all reported death claims under the RETIRED EMPLOYEE plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- H. Up to the pooling level, all reported death claims under the RETIRED EMPLOYEE plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous POLICY YEAR report, including any interest paid to beneficiaries on such claims.
- I. Up to the pooling level, all living benefit claims under the RETIRED EMPLOYEE plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.
- J. Up to the pooling level, the reserves on the last day of the POLICY YEAR less the reserves on the last day of the previous POLICY YEAR for reported disability claims, such reserves to be established in accordance with Article II, Section 2.5.D and Exhibit I of this agreement (Disability Claim Reserves) for insured EMPLOYEES whose onset of disability occurred prior to the most recent policy anniversary.

EXHIBIT B - CLAIM CHARGES (cont'd)

- K. A conversion charge assessed by MINNESOTA LIFE to cover anticipated future excess mortality on terminating EMPLOYEES converting to individual insurance policies during the POLICY YEAR.
- L. All reported death claims under the spouse and dependent insurance plan which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- M. All reported death claims under the spouse and dependent insurance plan which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous policy year report, including any interest paid to beneficiaries on such claims.
- N. All living benefit claims under the spouse and dependent insurance plan which have a date of payment during the POLICY YEAR, including any interest paid on such claims.
- O. A conversion charge assessed by MINNESOTA LIFE to cover anticipated future excess mortality on spouses and dependents converting to individual insurance policies during the POLICY YEAR.
- P. A pooled claim charge for all amounts of EMPLOYER AVIATION AD&D INSURANCE above the pooling level. The pooling level for EMPLOYER AVIATION AD&D INSURANCE shall be \$500,000.
- Q. Up to the pooling level, all reported employer aviation AD&D claims which have a date of death during the POLICY YEAR, including any interest paid to beneficiaries on such claims.
- R. Up to the pooling level, all reported employer aviation AD&D claims which have a date of death in a prior POLICY YEAR and were reported after compilation of the previous policy year report, including any interest paid to beneficiaries on such claims.

Death, AD&D and living benefit claims include claims for EMPLOYEES whose coverage was being continued under the waiver of premium disability benefit at the time of death or of living benefit payment.

Death, AD&D and disability claims included in the annual experience calculation for a given POLICY YEAR shall include all claims reported to MINNESOTA LIFE prior to March 1 of the following POLICY YEAR. Living benefit claims included in the annual experience calculation for a given POLICY YEAR shall include all claims paid during the POLICY YEAR.

EXHIBIT C - STATE PREMIUM TAX CHARGE

The STATE premium tax charge to the plans shall be equal to the annual license fee paid by MINNESOTA LIFE to the State of Wisconsin on plan premiums for the POLICY YEAR. Section 76.65 of the Wisconsin Statutes sets the annual Wisconsin license fee for "foreign insurers" at two percent of gross premiums less experience credits paid out or applied to pay premiums within the year following the year they were apportioned.

The charge for a POLICY YEAR for active EMPLOYEES shall be equal to two percent (2%) of the following:

- A. EMPLOYEE and EMPLOYER premium contributions for the POLICY YEAR,
- B. Plus any withdrawals from the premium deposit fund cleared as premium for active EMPLOYEES.
- C. Less any dividend deposited in the premium deposit fund for RETIRED EMPLOYEE insurance, except that the credit for this deposit cannot exceed the amount of the withdrawal from the premium deposit fund to pay premiums for RETIRED EMPLOYEES for the POLICY YEAR.

The charge for the POLICY YEAR for RETIRED EMPLOYEES shall be equal to two percent (2%) of the following:

- A. RETIRED EMPLOYEE premium contributions for the POLICY YEAR,
- B. Plus any withdrawals from the premium deposit fund cleared as premium for RETIRED EMPLOYEES.

The charge for the POLICY YEAR for the spouse and dependent insurance shall be equal to two percent of the POLICY YEAR PREMIUM for spouse and dependent insurance.

The charge for the POLICY YEAR for the EMPLOYER AVIATION AD&D INSURANCE shall be equal to two percent of the POLICY YEAR PREMIUM for EMPLOYER AVIATION AD&D INSURANCE.

EXHIBIT D - MINNESOTA LIFE EXPENSE CHARGE

The MINNESOTA LIFE expense charge (including a charge for reinsurance expenses) for a POLICY YEAR shall be as follows:

- A. For PRERETIREMENT INSURANCE on the STATE EMPLOYEE PLAN, 3.61% of POLICY YEAR PREMIUM.
- B. For PRERETIREMENT INSURANCE on the LOCAL GOVERNMENT EMPLOYEE PLAN, 8.05% of POLICY YEAR PREMIUM.
- C. For POSTRETIREMENT INSURANCE on the STATE EMPLOYEE PLAN, \$.15 per \$1,000 of POSTRETIREMENT INSURANCE in force on December 31 of the POLICY YEAR plus 1.0% of POSTRETIREMENT INSURANCE claim charges for the POLICY YEAR.
- D. For POSTRETIREMENT INSURANCE on the LOCAL GOVERNMENT EMPLOYEE PLAN, \$.30 per \$1,000 of POSTRETIREMENT INSURANCE in force on December 31 of the POLICY YEAR plus 2.0% of POSTRETIREMENT INSURANCE claim charges for the POLICY YEAR.
- E. For the STATE SPOUSE AND DEPENDENT PLAN, 2.05% of POLICY YEAR PREMIUM.
- F. For the LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN, 5.80% of POLICY YEAR PREMIUM.
- G. For reinsurance expenses of MINNESOTA LIFE related to EMPLOYEE insurance, 0.01% of all POLICY YEAR PREMIUM for PRERETIREMENT INSURANCE.
- H. For reinsurance expenses of the reinsurers on the STATE EMPLOYEE PLAN, 0.25% of the reinsured portion of POLICY YEAR PREMIUM for PRERETIREMENT INSURANCE.
- I. For reinsurance expenses of the reinsurers on the LOCAL GOVERNMENT EMPLOYEE PLAN, 0.28% of the reinsured portion of POLICY YEAR PREMIUM for PRERETIREMENT INSURANCE.
- J. The actual amounts of any special or unusual costs incurred by MINNESOTA LIFE under the direction and authorization of the STATE. This charge shall be excluded from the MINNESOTA LIFE expense charge only for the purposes of the stop-loss provision described in Article II, Section 2.4 and Exhibit F STOP LOSS PROVISION of this Administrative Agreement.
- K. The actual amounts of any costs, disbursements or fees paid by MINNESOTA LIFE as a result of and in defense of legal actions resulting from payment to the DEPARTMENT of sums certified and requested under Wis. Stats. §40.08(4). This charge shall include amounts paid to the STATE as reimbursement of its costs. This charge shall be excluded from the MINNESOTA LIFE expense charge only for the purposes of the stop-loss provision described in Article II, Section 2.4 and Exhibit F –

STOP LOSS PROVISION of this Administrative Agreement.

- L. A charge or credit which makes the POLICY YEAR financial results after federal income tax for MINNESOTA LIFE and the reinsurers equal to what the results would be in the absence of Section 848 of the Internal Revenue Code of 1986 as amended (as in effect on September 4, 1991). This section, titled "Capitalization of Certain Policy Acquisition Expenses," sets forth what is commonly referred to as the DAC tax for life insurers. The amount of the POLICY YEAR charge or credit shall be calculated based on the amount by which IRC Section 848 decreases or increases POLICY YEAR deductible expenses for federal income tax purposes.

The charge set forth in this exhibit is based on the administrative responsibilities performed by MINNESOTA LIFE on the effective date of this agreement. Assumption of additional responsibilities by MINNESOTA LIFE shall be subject to adjustments to the charge as agreed to by the STATE and MINNESOTA LIFE.

The charge set forth in this exhibit is based on the EMPLOYEE and EMPLOYER premium contribution rates which are effective on January 1, 2022 on the STATE EMPLOYEE PLAN, the rates which are effective January 1, 2022 on the LOCAL GOVERNMENT EMPLOYEE PLAN, and the rates in effect on January 1, 2022 on the STATE SPOUSE AND DEPENDENT PLAN and the LOCAL GOVERNMENT SPOUSE AND DEPENDENT PLAN (the base rates). For any period during which premium rates other than the base rates are in effect, the MINNESOTA LIFE expense charge shall be adjusted in order to maintain a fixed relationship between the MINNESOTA LIFE expense charge and the POLICY YEAR PREMIUM calculated using the base rates.

Except as described in the preceding paragraphs or as otherwise authorized by the STATE, no change shall be made in the MINNESOTA LIFE expense charge prior to January 1, 2028. After the expiration of that guarantee period, no change shall be made in the MINNESOTA LIFE expense charge unless notice is given to the STATE at least 90 calendar days prior to the beginning of the POLICY YEAR in which the change shall apply.

EXHIBIT E – RISK CHARGE

The annual risk charge for the EMPLOYEE insurance plans shall be equal to the sum of the following items:

For the STATE EMPLOYEE PLAN for active EMPLOYEES

- A. No more than .675% and no less than 0.0% of the total POLICY YEAR PREMIUM in each POLICY YEAR to accumulate the risk reserve as described below.
- B. 1.35% of the reinsured POLICY YEAR PREMIUM for each reinsurer whose accumulated risk reserve is less than its proportionate share (equal to its reinsurance percentage) of the accumulated risk reserve.

For the LOCAL GOVERNMENT EMPLOYEE PLAN for active EMPLOYEES

- A. No more than .7125% and no less than 0.0% of the total POLICY YEAR PREMIUM in each POLICY YEAR to accumulate the risk reserve as described below.
- B. 1.425% of the reinsured POLICY YEAR PREMIUM for each reinsurer whose accumulated risk reserve is less than its proportionate share (equal to its reinsurance percentage) of the accumulated risk reserve.

The annual risk charge for the EMPLOYEE insurance plans for active EMPLOYEES shall be accumulated as a risk reserve until the risk reserve has accumulated to a maximum. In determining the maximum for each of the plans, the following definitions shall be used:

- "Largest POLICY YEAR PREMIUM" means the largest POLICY YEAR PREMIUM for any single POLICY YEAR during the plan's existence.
- "Largest historical premium" means the largest POLICY YEAR PREMIUM for a single POLICY YEAR prior to the effective date of this agreement.
- "Maximum historical risk reserve" means the maximum risk reserve calculated prior to the effective date of this agreement.

The maximum accumulated risk reserve for the STATE EMPLOYEE PLAN for active EMPLOYEES shall equal the maximum historical risk reserve plus 2.65% of the largest POLICY YEAR PREMIUM in excess of the largest historical premium.

The maximum accumulated risk reserve for the LOCAL GOVERNMENT EMPLOYEE PLAN for active EMPLOYEES shall equal the maximum historical risk reserve plus 3.55% of the largest POLICY YEAR PREMIUM in excess of the largest historical premium.

The annual risk charge for the RETIRED EMPLOYEE insurance plans shall be accumulated as a risk reserve.

EXHIBIT E – RISK CHARGE (cont'd)

The accumulated risk reserve for the STATE EMPLOYEE PLAN for RETIRED EMPLOYEES shall equal the historical risk reserve plus \$0.34 per \$1,000 of the largest RETIRED EMPLOYEE volume in excess of the largest historical volume.

The accumulated risk reserve for the LOCAL EMPLOYEE PLAN for RETIRED EMPLOYEES shall equal the historical risk reserve plus \$0.20 per \$1,000 of the largest RETIRED EMPLOYEE volume in excess of the largest historical volume.

The risk reserve shall be diminished by a catastrophic loss as described in Section 4.5 and Exhibit F of this agreement (Stop-Loss Provision). However, in no event shall a catastrophic loss reduce the risk reserve below zero. If the catastrophic loss exceeds the risk reserve, the excess amount of the catastrophic loss shall be absorbed by MINNESOTA LIFE and the reinsurers. If a catastrophic loss shall diminish the risk reserve, MINNESOTA LIFE shall restore the risk reserve to its former level through additional risk charges. However, the risk charge in any one year shall not exceed the amount described above. In the event of termination of the policy, all risk reserves shall be retained by MINNESOTA LIFE and the reinsurers.

On the spouse and dependent insurance plan, the annual risk charge shall be 0.2% of POLICY YEAR PREMIUM.

On the EMPLOYER AVIATION AD&D INSURANCE plan, the annual risk charge shall be 0.675% of POLICY YEAR PREMIUM for EMPLOYER AVIATION AD&D INSURANCE.

No change shall be made in the risk charge unless notice is given to the STATE at least 90 calendar days prior to the beginning of a POLICY YEAR in which the change shall apply.

EXHIBIT F – STOP-LOSS PROVISION

Active EMPLOYEE Insurance

For the active EMPLOYEE insurance plans, MINNESOTA LIFE shall compute a monthly stop-loss limit by applying the schedule of monthly rates shown below to the amounts of preretirement life insurance for active EMPLOYEES in force under the policy. The rates for the STATE EMPLOYEE PLAN incorporate the EMPLOYER AVIATION AD&D INSURANCE.

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

STATE EMPLOYEE PLAN (Active EMPLOYEE)

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$0.03	45	\$0.11	73	\$1.53
18	0.03	46	0.11	74	1.77
19	0.03	47	0.12	75	2.03
20	0.03	48	0.14	76	2.31
21	0.03	49	0.15	77	2.61
22	0.03	50	0.17	78	2.96
23	0.03	51	0.18	79	3.39
24	0.03	52	0.20	80	3.84
25	0.03	53	0.22	81	4.34
26	0.03	54	0.24	82	4.89
27	0.03	55	0.26	83	5.74
28	0.03	56	0.29	84	6.83
29	0.03	57	0.31	85	7.99
30	0.04	58	0.34	86	9.02
31	0.04	59	0.36	87	10.05
32	0.04	60	0.40	88	11.03
33	0.04	61	0.43	89	12.11
34	0.04	62	0.47	90	13.29
35	0.05	63	0.52	91	14.58
36	0.05	64	0.57	92	16.00
37	0.05	65	0.67	93	17.60
38	0.06	66	0.74	94	19.35
39	0.06	67	0.82	95	21.28
40	0.07	68	0.91	96	23.40
41	0.07	69	1.02	97	25.73
42	0.08	70	1.12	98	43.10
43	0.09	71	1.23	99	47.41
44	0.09	72	1.35	100	52.15

EXHIBIT F – STOP-LOSS PROVISION (cont'd)

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

LOCAL GOVERNMENT EMPLOYEE PLAN (Active EMPLOYEE)

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$0.03	45	\$0.09	73	\$1.37
18	0.03	46	0.10	74	1.58
19	0.03	47	0.11	75	1.82
20	0.03	48	0.12	76	2.07
21	0.03	49	0.14	77	2.34
22	0.03	50	0.15	78	2.65
23	0.03	51	0.16	79	3.04
24	0.03	52	0.18	80	3.44
25	0.03	53	0.20	81	3.88
26	0.03	54	0.22	82	4.38
27	0.03	55	0.23	83	5.14
28	0.03	56	0.26	84	6.12
29	0.03	57	0.28	85	7.16
30	0.03	58	0.30	86	8.08
31	0.03	59	0.32	87	9.01
32	0.03	60	0.36	88	9.88
33	0.04	61	0.39	89	10.85
34	0.04	62	0.42	90	11.90
35	0.04	63	0.46	91	13.06
36	0.04	64	0.51	92	14.34
37	0.05	65	0.60	93	15.77
38	0.05	66	0.67	94	17.34
39	0.05	67	0.73	95	19.07
40	0.06	68	0.81	96	20.96
41	0.06	69	0.91	97	23.05
42	0.07	70	1.00	98	38.61
43	0.08	71	1.10	99	42.47
44	0.08	72	1.21	100	46.72

EXHIBIT F – STOP-LOSS PROVISION (cont'd)

RETIRED EMPLOYEE Insurance

For the RETIRED EMPLOYEE insurance plans, MINNESOTA LIFE shall compute a monthly stop-loss limit by applying the schedule of monthly rates shown below to the amounts of preretirement and postretirement life insurance for RETIRED EMPLOYEES in force under the policy.

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

STATE EMPLOYEE PLAN (RETIRED EMPLOYEE)

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$0.03	45	\$0.10	73	\$1.45
18	0.03	46	0.11	74	1.67
19	0.03	47	0.12	75	1.91
20	0.03	48	0.13	76	2.17
21	0.03	49	0.14	77	2.46
22	0.03	50	0.16	78	2.79
23	0.03	51	0.17	79	3.20
24	0.03	52	0.19	80	3.62
25	0.03	53	0.21	81	4.09
26	0.03	54	0.23	82	4.61
27	0.03	55	0.25	83	5.41
28	0.03	56	0.27	84	6.44
29	0.03	57	0.29	85	7.54
30	0.04	58	0.32	86	8.51
31	0.04	59	0.34	87	9.48
32	0.04	60	0.38	88	10.41
33	0.04	61	0.41	89	11.42
34	0.04	62	0.44	90	12.53
35	0.04	63	0.49	91	13.76
36	0.05	64	0.54	92	15.10
37	0.05	65	0.63	93	16.60
38	0.05	66	0.70	94	18.26
39	0.06	67	0.77	95	20.07
40	0.06	68	0.85	96	22.08
41	0.07	69	0.96	97	24.27
42	0.07	70	1.05	98	40.65
43	0.08	71	1.16	99	44.72
44	0.09	72	1.28	100	49.19

EXHIBIT F – STOP-LOSS PROVISION (cont'd)

SCHEDULE OF MONTHLY STOP-LOSS RATES PER \$1,000 OF INSURANCE

(Rates for Insurance of a Greater or Lesser Amount will be Proportionate)

LOCAL GOVERNMENT EMPLOYEE PLAN (RETIRED EMPLOYEE)

<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>	<u>Attained Age</u>	<u>Rate</u>
17	\$0.03	45	\$0.10	73	\$1.44
18	0.03	46	0.11	74	1.66
19	0.03	47	0.12	75	1.90
20	0.03	48	0.13	76	2.17
21	0.03	49	0.14	77	2.45
22	0.03	50	0.16	78	2.78
23	0.03	51	0.17	79	3.18
24	0.03	52	0.19	80	3.61
25	0.03	53	0.21	81	4.07
26	0.03	54	0.23	82	4.60
27	0.03	55	0.24	83	5.39
28	0.03	56	0.27	84	6.42
29	0.03	57	0.29	85	7.51
30	0.04	58	0.32	86	8.48
31	0.04	59	0.34	87	9.45
32	0.04	60	0.38	88	10.37
33	0.04	61	0.40	89	11.38
34	0.04	62	0.44	90	12.49
35	0.04	63	0.49	91	13.71
36	0.05	64	0.54	92	15.04
37	0.05	65	0.63	93	16.54
38	0.05	66	0.70	94	18.19
39	0.06	67	0.77	95	20.00
40	0.06	68	0.85	96	21.99
41	0.07	69	0.95	97	24.19
42	0.07	70	1.05	98	40.51
43	0.08	71	1.15	99	44.56
44	0.09	72	1.27	100	49.01

EXHIBIT F – STOP-LOSS PROVISION (cont'd)

For the purpose of this section, the EMPLOYER AVIATION AD&D INSURANCE shall be combined with the active STATE EMPLOYEE insurance for calculating the POLICY YEAR stop-loss limit and the claim charges. If a catastrophic loss exists as a result of the calculations in this section, it shall be allocated between the EMPLOYEE insurance and the EMPLOYER AVIATION AD&D INSURANCE in direct proportion to the claim charges for each coverage used in the calculations.

The schedule of monthly premium rates shown in the Addendum, "Premium Rates," of the policy shall be applied to the PRERETIREMENT INSURANCE in force to produce the estimated monthly POLICY YEAR PREMIUM. Monthly, the POLICY YEAR PREMIUM paid for that month shall be divided by the estimated monthly premium. The resulting proportion shall be multiplied by the estimated monthly stop-loss limit for PRERETIREMENT INSURANCE. The product shall be accumulated for all twelve months in the POLICY YEAR and shall be defined as the "POLICY YEAR stop-loss limit for PRERETIREMENT INSURANCE."

Monthly, the POSTRETIREMENT INSURANCE in force shall be divided by the POSTRETIREMENT INSURANCE in force used in determining the estimated monthly stop-loss limit for POSTRETIREMENT INSURANCE. The resulting proportion shall be multiplied by the estimated monthly stop-loss limit for POSTRETIREMENT INSURANCE. The product shall be accumulated for all twelve months in the POLICY YEAR and shall be referred to as the POLICY YEAR stop-loss limit for POSTRETIREMENT INSURANCE.

The POLICY YEAR stop-loss limit for the EMPLOYEE and RETIRED EMPLOYEE insurance plans shall be equal to the sum of the monthly stop-loss limits. The POLICY YEAR stop-loss limit for EMPLOYEE insurance for active EMPLOYEES is approximately 140% of POLICY YEAR expected claims. The POLICY YEAR stop-loss limit for RETIRED EMPLOYEE insurance is approximately 120% of POLICY YEAR expected claims.

For the purpose of this section and pursuant to Exhibit B of this agreement (Claim Charges), claim charges for the EMPLOYEE and RETIRED EMPLOYEE insurance plans shall include items A, B, F and P (life and AD&D pooled claim charges), items C, G and Q (death and AD&D claims), items E and I (living benefit claims), item J (disability claim reserves), and item K (conversion charge). In subsequent annual experience reports, items C, G and Q of these claim charges shall be adjusted to reflect claims which have a date of death or dismemberment in the POLICY YEAR and were reported after compilation of the POLICY YEAR report. If these claim charges in a given POLICY YEAR exceed the POLICY YEAR stop-loss limit less STATE premium taxes, the risk charge, and the MINNESOTA LIFE expense charge, such excess shall be defined as a "catastrophic loss". A catastrophic loss shall not be charged against the POLICY YEAR PREMIUM. If the policy is discontinued, all disability claim reserves used in calculating item G of the claim charges shall for the purpose of this section continue to be calculated in accordance with Exhibit G of this agreement.

Spouse and Dependent Insurance

The POLICY YEAR stop-loss limit for the STATE SPOUSE AND DEPENDENT insurance plan shall be equal to 130% of POLICY YEAR PREMIUM. The POLICY YEAR stop-loss limit for the LOCAL GOVERNMENT SPOUSE AND DEPENDENT insurance plan shall be

equal to 145% of POLICY YEAR PREMIUM.

For the purpose of this section and pursuant to Exhibit B of this agreement (Claim Charges), claim charges for the spouse and dependent insurance plans shall include item L (death claims), item N (living benefit claims), and item O (conversion charge). In subsequent annual experience reports, item L of these claim charges shall be adjusted to reflect claims which have a date of death in the POLICY YEAR and were reported after compilation of the POLICY YEAR report. If these claim charges in a given POLICY YEAR exceed the POLICY YEAR stop-loss limit less STATE premium taxes, the risk charge, and the MINNESOTA LIFE expense charge, such excess shall be defined as a "catastrophic loss". A catastrophic loss shall not be charged against the POLICY YEAR PREMIUM.

EXHIBIT G – INVESTMENT YEAR INTEREST CREDITING METHOD FOR RESERVES

At the end of each calendar year MINNESOTA LIFE shall establish the interest rate, after investment expense, earned on the net increase in its general account invested ASSETS in that year. Such rate shall be re-established at the end of each subsequent calendar year to reflect any reinvestment of such ASSETS. Interest rates shall be established for the net increase in the invested ASSETS in each of the ten most recent calendar years. A single interest rate shall be established for all ASSETS originating ten years or more before the most recent calendar year.

For the purpose of calculating interest credits and charges on reserves, the average date of payment means the date which represents the arithmetic mean of all the payment dates of the specified item, weighted by the size of each payment. A payment date is the date on which a payment is received by or disbursed by MINNESOTA LIFE.

Premium Deposit Fund

The premium deposit fund established by this agreement shall be subdivided into net increments (deposits plus interest credits less withdrawals less interest charges) occurring in each POLICY YEAR in the most recent ten policy years. Any funds accrued before the ten most recent policy years shall be treated as a single increment.

The total interest credits and charges on the premium deposit fund at the end of each POLICY YEAR shall be on the following basis:

- A. Interest credits on each increment to the premium deposit fund for prior policy years.
- B. Interest credits on premium deposit fund deposits during the current POLICY YEAR at the current POLICY YEAR interest rate calculated from the average date of deposit during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the withdrawals from the premium deposit fund of the converted values of postretirement life insurance at the current POLICY YEAR interest rate, calculated from the average date of withdrawal during the POLICY YEAR until the last day of the POLICY YEAR.
- D. Interest charges on the withdrawals from the premium deposit fund for PRERETIREMENT INSURANCE on RETIRED EMPLOYEES at the current POLICY YEAR interest rate, calculated from the average date of payment of death, AD&D and living benefit claims for PRERETIREMENT INSURANCE during the POLICY YEAR as specified in Exhibit A of this agreement (Annual Experience Calculation) until the last day of the POLICY YEAR.
- E. Interest charges on the withdrawals from the premium deposit fund for POSTRETIREMENT INSURANCE at the current POLICY YEAR interest rate, calculated from the average date of payment of death and living benefit claims for POSTRETIREMENT INSURANCE during the POLICY YEAR until the last day of the POLICY YEAR.

Disability Claim Reserve

Increments in the reserves for reported disability claims, as described in Exhibit B of this agreement

(Claim Charges), shall occur annually on the last day of the POLICY YEAR. The total disability claim reserves established by this agreement shall be subdivided into increments occurring in each POLICY YEAR in the ten most recent policy years. All annual increments before the ten most recent policy years shall be treated as a single increment.

The total interest credits on the disability claim reserve at the end of each POLICY YEAR shall equal the sum of the interest credits on increments for prior policy years.

Stabilization Reserve

Deposits to the stabilization reserves for the active EMPLOYEE, employer aviation AD&D and spouse and dependent insurance plans occur annually on the last day of the POLICY YEAR. The stabilization reserves established by this agreement shall be subdivided into net increments (deposits plus interest credits less withdrawals less interest charges) occurring in each POLICY YEAR in the most recent ten policy years. Any reserve or deficit accrued before the ten most recent policy years shall be treated as a single increment.

The total interest credits and charges on the stabilization reserve at the end of each POLICY YEAR shall be on the following basis:

- A. Interest credits on each increment to the stabilization reserve for prior policy years.
- B. Interest charges on the withdrawals from the stabilization reserve at the current POLICY YEAR interest rate calculated from the average date of payment of death and living benefit claims under the active EMPLOYEE, employer aviation AD&D and spouse and dependent insurance plans during the POLICY YEAR as specified in Exhibit A of this agreement (Annual Experience Calculation) until the last day of the POLICY YEAR.

EXHIBIT H – INTEREST CREDITS AND CHARGES ON CASH FLOW

This exhibit describes the method for determining interest credits and charges on cash flow, including all receipts and disbursements by MINNESOTA LIFE. For the purpose of calculating interest credits and charges on cash flow, the average date of payment means the date which represents the arithmetic mean of all the payment dates of the specified item, weighted by the size of each payment. At the end of each calendar year MINNESOTA LIFE shall establish the interest rate based on the short-term interest environment.

A payment date is the date on which a payment is received by or disbursed by MINNESOTA LIFE.

ACTIVE EMPLOYEE INSURANCE

On each policy anniversary, interest credits and charges for active EMPLOYEES shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on EMPLOYEE and EMPLOYER premiums calculated from their average date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.
- B. Interest charges on death, AD&D and living benefit claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE internal administration expense charge, the actuarial service charge, the STATE premium taxes, the risk charge, the pooled claim charge, and the conversion charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.

RETIRED EMPLOYEE INSURANCE

On each policy anniversary, interest credits and charges for RETIRED EMPLOYEES shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on RETIRED EMPLOYEE premiums calculated from their average date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.
- B. Interest charges on preretirement death, AD&D and living benefit claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE internal administration expense charge, the actuarial service charge, the STATE premium taxes, the risk charge, the pooled claim charge, and the conversion charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.
- D. Interest credits on the withdrawals from the premium deposit fund for PRERETIREMENT INSURANCE as specified in Exhibit A of this agreement (Annual Experience Calculation), calculated from the average date of payment calculated in "B" above until the last day of the policy year.

EXHIBIT H – INTEREST CREDITS AND CHARGES ON CASH FLOW (cont'd)

Spouse and Dependent Insurance

On each policy anniversary, interest credits and charges on the spouse and dependent insurance plan shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on premiums calculated from their average date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.
- B. Interest charges on spouse and dependent death and living benefit claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the MINNESOTA LIFE expense charge, the STATE internal administration expense charge, the actuarial service charge, the STATE premium taxes, the risk charge, and the conversion charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.
- D. Interest credits on the withdrawals from the stabilization reserve as specified in Exhibit A of this agreement (Annual Experience Calculation), calculated from the average date of payment calculated in "B" above until the last day of the POLICY YEAR.

EMPLOYER AVIATION AD&D INSURANCE

On each policy anniversary, interest credits and charges on the EMPLOYER AVIATION AD&D INSURANCE plan shall be calculated at the interest rates declared by MINNESOTA LIFE on the following basis:

- A. Interest credits on premiums calculated from the date of payment to MINNESOTA LIFE during the POLICY YEAR until the last day of the POLICY YEAR.
- B. Interest charges on employer aviation AD&D claims and interest on such claims paid during the POLICY YEAR, calculated from their average date of payment during the POLICY YEAR until the last day of the POLICY YEAR.
- C. Interest charges on the STATE premium taxes and the risk charge during the POLICY YEAR, calculated from July 1 of the POLICY YEAR until the last day of the POLICY YEAR on the assumption that, on the average, these charges are incurred on July 1 of the POLICY YEAR.
- D. Interest credits on the withdrawals from the stabilization reserve as specified in Exhibit A of this agreement (Annual Experience Calculation), calculated from the average date of payment calculated in "B" above until the last day of the POLICY YEAR.

EXHIBIT I – PERFORMANCE STANDARDS AND PENALTIES

QUANTITATIVE STANDARDS

PERFORMANCE MEASURE	PENALTY	
	For each whole percentage point below the performance standard	Maximum Annual Amount
A. Pay 95% of all death and dismemberment claims within 10 calendar days after receipt of all necessary proof	\$20,000	\$100,000
B. Mail 99% of all initial requests for death certificates, verification of beneficiary forms, medical evidence of dismemberment or loss of use forms, and any other required documentation within 7 calendar days of receipt of Notice of Death (ET-6301) and other documentation from the DEPARTMENT	\$10,000	\$50,000
C. Approve or reject 99% of all applications eligible for processing within 7 calendar days after the receipt of the completed application	\$6,000	\$30,000
D. Approve or request additional information deemed necessary for making an underwriting decision on 98% of all applications requiring evidence of insurability within 7 calendar days after receipt of the completed application	\$6,000	\$30,000
E. Make a final disposition of 95% of all evidence of insurability applications (with notification mailed to the applicant) within 7 calendar days after receipt of all necessary information	\$10,000	\$50,000
F. For new waiver of premium disability claims, request additional information for 99% of such claims within 7 calendar days after receipt of claim	\$6,000	\$30,000
G. Make final disposition of 95% of new waiver of premium disability claims within 10 calendar days after receipt of all necessary information	\$8,000	\$40,000
H. Make final disposition of 95% of continuing waiver of premium disability claims within 10 calendar days after receipt of all necessary information	\$6,000	\$30,000
I. Include 95% of all Life to Health applications, amendments and cancellations received by the fifth day of a month in the remittance due on the twentieth day of the same month	\$8,000	\$40,000

Reports and Files: MINNESOTA LIFE shall provide the DEPARTMENT with the reports and files listed in this Administrative Agreement, on the timeframes listed in this Administrative Agreement. The penalty for late reports/files shall be as follows:

Provide the reports and files required by the due date specified	\$1,000 per day late fee	\$5,000 per late report per due date
------------------------------------------------------------------	--------------------------	--------------------------------------

EXHIBIT I – PERFORMANCE STANDARDS AND PENALTIES (cont'd)

QUALITATIVE STANDARDS

<p>Surveys: MINNESOTA LIFE shall conduct a biennial satisfaction survey of the STATE and local EMPLOYERS that participate in the PROGRAM, to include, but not be limited to, questions regarding MINNESOTA LIFE’s customer service, PROGRAM enrollment, evidence of insurability and claims payments. With respect to the EMPLOYER satisfaction surveys, MINNESOTA LIFE shall achieve the following satisfaction measures:</p>		
SATISFACTION MEASURE	PENALTY	
	For each whole percentage point below the performance standard	Maximum Annual Amount
A. 90% customer satisfaction with overall service	\$8,000	\$40,000
B. 90% customer satisfaction with processing of enrollments and evidence of insurability	\$4,000	\$20,000
C. 90% customer satisfaction with processing of claims	\$4,000	\$20,000
D. 90% customer satisfaction with support and training	\$4,000	\$20,000

EXHIBIT J – DEPARTMENT TERMS AND CONDITIONS

Contract ET10047

Rev. Date: 02-08-2021

- 1.0 ENTIRE AGREEMENT:** The following terms and conditions are hereby made a part of the underlying contract. These Department Terms and Conditions, the underlying contract, its exhibits, subsequent amendments and other documents incorporated by order of precedence in the contract encompass the entire contract (“Contract”) and contain the entire understanding between the Wisconsin Department of Employee Trust Funds (“Department”) and the contractor named in the Contract (“Contractor”) on the subject matter hereof, and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect. The Contract supersedes any other oral or written agreement entered into between the Department and the Contractor on the subject matter hereof. The terms “State” and “Department” may be used interchangeably herein.

The Contract may be amended at any time by written mutual agreement of the Department and Contractor, but any such amendment shall be without prejudice to any claim arising prior to the date of the change. No one, except duly authorized officers or agents of the Contractor and the Department, shall alter or amend the Contract. No change in the Contract shall be valid unless evidenced by an amendment that is signed by such officers of the Contractor and the Department.

- 2.0 COMPLIANCE WITH THE CONTRACT AND APPLICABLE LAW:** In the event of a conflict between the Contract and any applicable federal or state statute, administrative rule, or regulation; the statute, rule, or regulation will control.

In connection with the performance of work under the Contract, the Contractor agrees not to discriminate against employees or applicants for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in Wis. Stat. § 51.01(5); sexual orientation as defined in Wis. Stat. § 111.32(13m), or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the Contractor further agrees to take affirmative action to ensure equal employment opportunities.

Pursuant to 2019 Wisconsin Executive Order 1, the Contractor agrees it will hire only on the basis of merit and will not discriminate against any persons performing a contract, subcontract or grant because of military or veteran status, gender identity or expression, marital or familial status, genetic information or political affiliation.

Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan by the Contractor. Contractors with an annual work force of less than fifty (50) employees are exempt from this requirement. Contractor shall provide the plan to the Department within fifteen (15) business days of the Department’s request for such plan after the award of the Contract.

The Contractor 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.

The Contractor acknowledges that Wis. Stat. § 40.07 specifically exempts information related to individuals in the records of the Department of Employee Trust Funds from the Wisconsin Public Records Law. Contractor shall treat any such records provided to or accessed by Contractor as non-public records as set forth in Wis. Stat. § 40.07.

Contractor will comply with the provisions of Wis. Stat. § 134.98 Notice of Unauthorized Acquisition of Personal Information.

- 3.0 LEGAL RELATIONS:** The Contractor shall at all times comply with and observe all federal and State laws, local laws, ordinances, and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct. This includes but is not limited to laws regarding compensation, hours of work, conditions of employment and equal opportunities for employment.

In carrying out any provisions of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor accepts full liability and agrees to hold harmless the State, the Department’s governing boards, the Department, its employees, agents and contractors for any act or omission of the Contractor, or any of its employees, in connection with the Contract.

No employee of the Contractor may represent himself or herself as an employee of the Department or the State.

- 4.0 CONTRACTOR:** The Contractor will be the sole point of contact with regard to contractual matters, including the performance of services specified in the Contract (the “Services”) and the payment of any and all charges resulting from contractual obligations.

None of the Services to be provided by the Contractor shall be subcontracted or delegated to any other organization, subdivision, association, individual, corporation, partnership or group of individuals, or other such entity without prior written notification to, and acknowledgement of, the Department. If the Department has concerns regarding the subcontractors a meeting will be scheduled to discuss a resolution.

Contractor may contract for incidental supplies or equipment, or services that may include, but are not limited to, the printing of materials and forms, purchasing of data processing equipment, or paramedical services for employees who are applying for coverage requiring evidence of insurability without notifying or receiving acknowledgment from the Department.

After execution of the Contract, the Department and the Contractor will provide each other with the name of their designated contact persons.

The Contractor shall be solely responsible for its actions and those of its agents, employees or subcontractors under the Contract. The Contractor will be responsible for Contract performance when subcontractors are used. Subcontractors must abide by all terms and conditions of the Contract.

Neither the Contractor nor any of the foregoing parties has the authority to act or speak on behalf of the State.

The Contractor will be responsible for payment of any losses by its subcontractors or agents.

Any notice required or permitted to be given shall be deemed to have been given on the date of delivery or three (3) business days after mailing by the United States Postal Service, certified or registered mail-receipt requested. In the event the Contractor moves or updates contact information, the Contractor shall inform the Department of such changes in writing within ten (10) business days. The Department shall not be held responsible for payments delayed due to the Contractor's failure to provide such notice.

- 5.0 CONTRACTOR PERFORMANCE:** Work under the Contract shall be performed in a timely, professional and diligent matter by qualified and efficient personnel and in conformity with the strictest quality standards mandated or recommended by all generally-recognized organizations establishing quality standards for the work of the type specified in the Contract. The Contractor shall be solely responsible for controlling the manner and means by which it and its employees or its subcontractors perform the Services, and the Contractor shall observe, abide by, and perform all of its obligations in accordance with all legal and Contract requirements.

Without limiting the foregoing, the Contractor shall control the manner and means of the Services so as to perform the work in a reasonably safe manner and comply fully with all applicable codes, regulations and requirements imposed or enforced by any government agencies. Notwithstanding the foregoing, any stricter standard provided in plans, specifications or other documents incorporated as part of the Contract shall govern.

The Contractor shall provide the Services with all due skill, care, and diligence, in accordance with accepted industry practices and legal requirements, and to the Department's satisfaction; the Department's decision in that regard shall be final and conclusive.

All Contractor's Services under the Contract shall be performed in material compliance with the applicable federal and state laws and regulations in effect at the time of performance, except when imposition of a newly enacted or revised law or regulation would result in an unconstitutional impairment of the Contract.

The Contractor will make commercially reasonable efforts to ensure that Contractor's professional and managerial staff maintain a working knowledge and understanding of all federal and state laws, regulations, and administrative code appropriate for the performance of their respective duties, as well as contemplated changes in such law which affect or may affect the Services delivered under the Contract.

The Contractor shall maintain a written contingency plan describing in detail how it will continue operations and Services under the Contract in certain events including, but not limited to, strike and disaster, and shall submit it to the Department upon request.

- 6.0 AUDIT PROVISION:** The Contractor and its authorized subcontractors are subject to audits by the State, the Legislative Audit Bureau (LAB), an independent Certified Public Accountant (CPA), or other representatives as authorized by the State. The Contractor will cooperate with such efforts and provide all requested information permitted under the law.

6.1 SOC 1/Type 2 Report: If the Department requires Contractor to provide a Service Organization Control (SOC) audit report, Contractor will furnish the Department with a copy of Contractor's annual independent service auditor's report on management's description of Contractor's system and the suitability of the design and operating effectiveness of controls (SOC 1, Type 2). This independent audit of the Contractor's controls must be completed in accordance with the American Institute of Certified Public Accountants' (AICPA) Statements on Standards for Attestation Engagements (SSAE) No. 18 (SOC 1, Type 2). The SSAE 18 (SOC 1, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 1, Type 2) audit covers less than twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 1, Type 2) audit. In addition, the Department requires Contractor to submit a letter of attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors, when applicable.

6.2 SOC 2/Type 2 Report: If the Department requires Contractor to provide a SOC audit report, Contractor will furnish the Department with a copy of Contractor's annual independent service auditor's report on Contractor's controls relevant to security, availability, processing integrity, confidentiality, and privacy. The SOC audit report must be a type 2 report that includes management's description of Contractor's system and the suitability of the design controls set forth in AICPA Trust Services Criteria Section 100 (2017). This independent audit of the Contractor's controls must be completed in accordance with the AICPA SSAE No. 18 (SOC 2, Type 2). The SSAE 18 (SOC 2, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 2, Type 2) audit covers less than twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 2, Type 2) audit. In addition, the Department requires Contractor to submit a letter of attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors.

6.3 Contract Compliance Audit: The Department may schedule and arrange for an independent certified public accountant to perform agreed upon procedures or consulting work related to the Contractor's compliance with the Contract on a periodic basis, as determined by the Department. The audit scope will be determined by the Department and may include recordkeeping,

participant account activity, claims processing, administrative performance standards, and any other relevant areas to the programs under the Contract. The timeline of the audit will be mutually agreed upon by the Department and the Contractor. A minimum ten (10) business day notice is required.

6.4 Open Access: All Contractor books, records, ledgers, data, and journals relating to the programs under the Contract will be open for inspection and audit by the Department, its designees, or the State of Wisconsin Legislative Audit Bureau, at any time during normal working hours. A minimum ten (10) business day notice will be provided. Records or data requested shall be provided electronically in a format mutually agreed upon by the Department and Contractor. The Department shall have access to interview any employee and authorized agent of the Contractor involved with the Contract in conjunction with any audit, review, or investigation deemed necessary by the Department or the State.

6.5 LAB Audit: The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wis. Stat. § 13.94(1)(dd). The Contractor agrees to provide necessary information related to any such audit for all programs under the Contract, as requested by the Department or auditor.

7.0 CRIMINAL BACKGROUND VERIFICATION: The Department follows the provisions in the Wisconsin Human Resources Handbook Chapter 246, Securing Applicant Background Checks (see: https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH_Ch_246.pdf). The Contractor is expected to perform background checks that, at a minimum, adhere to those standards. This includes the criminal history record from the Wisconsin Department of Justice (DOJ), Wisconsin Circuit Court Automation Programs (CCAP), and other state justice departments for persons who have lived in a state(s) other than Wisconsin. More stringent background checks are permitted. Details regarding the Contractor's background check procedures should be provided to the Department regarding the measures used by the Contractor to protect the security and privacy of program data and participant information. A copy of the results of the criminal background checks the Contractor conducted must be made available to the Department upon request. The Department reserves the right to conduct its own criminal background checks on any or all employees or subcontractors of and referred by the Contractor for the delivery or provision of Services.

8.0 COMPLIANCE WITH ON-SITE PARTY RULES AND REGULATIONS: Contractor and the Department agree that their employees, while working at or visiting the premises of the other party, shall comply with all internal rules and regulations of the other party, including security procedures, and all applicable federal, state, and local laws and regulations applicable to the location where said employees are working or visiting.

The Department is responsible for allocating building and equipment access, as well as any other necessary services available from the Department that may be used by the Contractor. Any use of the Department facilities, equipment, internet access, and/or services shall only be to assist Contractor in providing the Services, as authorized by the Department. The Contractor will provide its own personal computers, which must comply with the Department security policies before connection to the Department's local computer network.

9.0 SECURITY OF PREMISES, EQUIPMENT, DATA AND PERSONNEL: The Department shall have the right, acting by itself or through its authorized representatives, to enter the premises of the Contractor at mutually agreeable times to inspect and copy the records of the Contractor and the Contractor's compliance with this Section. In the course of performing Services under the Contract, the Contractor may have access to the personnel, premises, equipment, and other property, including data files, information, or materials (collectively referred to as "data") belonging to the Department.

The Contractor shall be responsible for damage to the Department's equipment, workplace, and its contents, or for the loss of data, when such damage or loss is caused by the Contractor, contracted personnel, or subcontractors, and shall reimburse the Department accordingly upon demand. This remedy shall be in addition to any other remedies available to the Department by law or in equity.

10.0 BREACH NOT WAIVER: A failure to exercise any right, or a delay in exercising any right, power or remedy hereunder on the part of either party shall not operate as a waiver thereof. Any express waiver shall be in writing and shall not affect any event or default other than the event or default specified in such waiver. A waiver of any covenant, term or condition contained herein or in the Contract shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The making of any payment to the Contractor under the Contract shall not constitute a waiver of default, evidence of proper Contractor performance, or acceptance of any defective item or Services furnished by the Contractor.

11.0 SEVERABILITY: The provisions of the Contract shall be deemed severable and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. If any provision of the Contract, for any reason, is declared to be invalid, unenforceable, or illegal, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

12.0 LIQUIDATED DAMAGES: The Contractor and the Department acknowledge that it can be difficult to ascertain actual damages when a Contractor fails to carry out its responsibilities under the Contract. Because of that, the Contractor and the Department will negotiate liquidated damages, as required by the Department, for the Contract. The Contractor agrees that the Department shall have the right to liquidate such damages, through deduction from the Contractor's invoices, in the amount equal to the damages incurred, or by direct billing to the Contractor.

The Department shall notify the Contractor in writing of any claim for liquidated damages pursuant to this Section within thirty (30) calendar days after the Contractor's failure to perform in accordance with the terms and conditions of the Contract.

Notwithstanding the foregoing language, when necessary, the Department will identify in the Contract, specific financial penalties for failure of the Contractor to meet performance standards and guarantees. If the Contract was established through a Department solicitation, such performance standards and guarantees may have been set forth in the solicitation.

13.0 CONTRACT DISPUTE RESOLUTION: In the event of a dispute between the parties under the Contract, whether with respect to the interpretation of any provision of the Contract, or with respect to the performance of either party thereto, except for breach of Contractor's intellectual property rights, each party shall reserve the right to appoint a representative to meet for the purpose of endeavoring to resolve such dispute or negotiate for an adjustment to such provision.

Contractor shall continue without delay to carry out all its responsibilities under the Contract, which are not affected by the dispute. Should Contractor fail to perform its responsibilities under the Contract that are not affected by the dispute without delay, the Department reserves the right to pursue recovery of any and all additional costs incurred by the Department as a result of such failure to proceed. Any costs incurred by the Contractor shall be borne by the Contractor and the Contractor shall not make any claim against the Department for such costs. The Department's non-payment of fees in breach of the Contract that are overdue by sixty (60) calendar days is a dispute that will always be considered to affect Contractor's responsibilities.

No legal action of any kind, except for the seeking of equitable relief in the case of the public's health, safety or welfare, may begin in regard to the dispute until this dispute resolution procedure has been elevated to the Contractor's highest executive authority and the equivalent executive authority within the Department, and either of the representatives in good faith concludes, after a good faith attempt to resolve the dispute, that amicable resolution through continued negotiation of the matter at issue does not appear likely.

The party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by delivering written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by the Contract. After such notice, the parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between authorized negotiators for the parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute:

Level	Contractor	Department	Allotted Time
First	Level 1 entity	Level 1 entity	20 business days
Second	Level 2 entity	Level 2 entity	30 business days

The allotted time for the First Level negotiations shall begin on the date the Invoking Party's notice is received by the other party. Subsequent allotted time is the number of days from the date that the Invoking Party's notice was originally received by the other party. If the Second Level parties cannot resolve the issue within thirty (30) business days of the Invoking Party's original notice, then the issue shall be designated as a dispute at the discretion of the Invoking Party and, if so, shall be resolved in accordance with the appropriate Sections herein. The allotted time periods above are in addition to those periods for a party to cure provided elsewhere herein or in the Contract, and do not apply to claims for equitable relief (e.g., injunction to prevent disclosure of Confidential Information). The Department may withhold payments on disputed items pending resolution of the dispute.

14.0 CONTROLLING LAW: All questions as to the execution, validity, interpretation, construction and performance of the Contract shall be construed in accordance with the laws of the State of Wisconsin, without regard to any conflicts of laws or choice of law principles. Any court proceeding arising or related to the Contract or a party's obligations under the Contract shall be exclusively brought and exclusively maintained in the State of Wisconsin, Dane County Circuit Court, or in the District Court of the United States Western District (if jurisdiction is proper in federal court), or upon appeal to the appellate courts of corresponding jurisdiction, and Contractor hereby consents to the exclusive jurisdiction and exclusive venue therein and waives any right to object to such jurisdiction or venue. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, the same.

15.0 RIGHT TO SUSPEND OPERATIONS: If, at any time during the period of the Contract, the Department determines that the best interest of the Department or its governing boards would be best served by the Contractor temporarily suspending all Services, the Department will promptly notify the Contractor. Upon receipt of such notice, the Contractor shall suspend all Services.

16.0 TERMINATION OF THE CONTRACT: The Department may terminate the Contract at any time at its sole discretion by delivering one-hundred eighty (180) calendar days written notice to the Contractor.

Upon termination, the Department's liability shall be limited to the prorated cost of the Services performed as of the date of termination plus expenses incurred with the prior written approval of the Department.

If the Contractor terminates the Contract, the Contractor shall refund all payments made under the Contract by the Department to the Contractor for work not completed or not accepted by the Department. Such termination shall require written notice to that effect to be delivered by the Contractor to the Department not less than one-hundred eighty (180) calendar days prior to said termination.

Upon any termination of the Contract, the Contractor shall perform the Services specified in a transition plan if so requested by the Department; provided, however, that except as expressly set forth otherwise herein, the Contractor shall not be obligated to perform such Services unless all amounts due to the Contractor under the Contract, including payment for the transition Services, have been paid. Failure of the Contractor to comply with a transition plan upon the Department's request and upon payment shall constitute a separate breach for which the Contractor shall be liable.

Upon the expiration or termination of the Contract for any reason, each party shall be released from all obligations to the other arising after the expiration date or termination date, except for those that by their terms survive such termination or expiration.

17.0 TERMINATION FOR CAUSE: If the Contractor fails to perform any material requirement of the Contract, breaches any material requirement of the Contract, or if the Contractor's full and satisfactory performance of the Contract is substantially endangered, the Department may terminate the Contract. Before terminating the Contract, the Department shall give written notice of its intent to terminate to Contractor after a thirty (30) calendar day written notice and cure period.

The Department reserves the right to cancel the Contract in whole or in part without penalty in the event one (1) or more of the following occurs:

- (a) If the Contractor intentionally furnished any statement, representation, warranty, or certification, in connection with the Contract which is materially false, incorrect, or incomplete;
- (b) If applicable, if the Contractor fails to follow the sales and use tax certification requirements of Wis. Stat. § 77.66;
- (c) If the Contractor incurs a delinquent Wisconsin tax liability;
- (d) If the Contractor fails to submit a non-discrimination or affirmative action plan per the requirements of Wis. Stat. § 16.765 and Wis. Stat. § 111 Subchapter II, Wisconsin's Fair Employment Law, as required herein;
- (e) If the Contractor is presently identified on the list of parties excluded from State of Wisconsin procurement and non-procurement contracts;
- (f) If the Contractor becomes a state or federal debarred Contractor, or becomes excluded from State contracts;
- (g) If the Contractor fails to maintain and keep in force all required insurance, permits and licenses as required per the Contract;
- (h) If the Contractor fails to maintain the confidentiality of the Department's information that is considered to be Confidential Information or Protected Health Information;
- (i) If the Contractor files a petition in bankruptcy, becomes insolvent, or otherwise takes action to dissolve as a legal entity;
- (j) If at any time the Contractor's performance threatens the health or safety of a State employee, citizen, or customer;
- (k) If the Contractor violates any requirements in Section 22.0 below regarding Confidential Information; or
- (l) If the Department or State fails to appropriate funds for the project described in the Contract.

In the event of a termination for cause by the Department, the Department shall be liable for payments for any work accepted by the Department prior to the date of termination.

17.1 BREACH BY PATTERN OR PRACTICE: The Department has the right to terminate the Contract and/or pursue all available legal and equitable remedies if the Contractor, by pattern or practice, materially breaches any provision of the Contract. Actions that shall constitute a material breach include, but are not limited to, neglect, failure, or refusal to perform in accordance with any of the terms of the Contract. The Department may provide the Contractor with an opportunity to cure the material breach. Such cure period would be thirty (30) calendar days after the Contractor's receipt of the Department's written notice, as noted above. If Contractor's efforts to cure are unsuccessful, as determined by the Department in its sole discretion, the Department may terminate the Contract as soon as administratively feasible and/or pursue all available legal and equitable remedies.

18.0 REMEDIES OF THE DEPARTMENT: The Department shall be free to invoke any and all remedies permitted under Wisconsin law. In particular, if the Contractor fails to perform as specified in the Contract, the Department may issue a written notice of default providing for at least a thirty (30) business day period in which the Contractor shall have an opportunity to cure, provided that cure is possible, feasible, and approved in writing by the Department. Time allowed for cure of a default shall not diminish or eliminate the Contractor's liability. If the default remains, after opportunity to cure, then the Department may: (1) exercise any remedy provided in law or in equity and/or (2) terminate Contractor's Services.

If the Contractor fails to remedy any delay or other problem in its performance of the Contract after receiving reasonable notice from the Department to do so, the Contractor shall reimburse the Department for all reasonable costs incurred as a direct consequence of the Contractor's delay, action, or inaction.

In case of failure to deliver Services in accordance with the Contract, or services from other sources as necessary to fulfill the Contract, the Contractor shall be responsible for the additional cost of such services, including purchase price and administrative fees. This remedy shall be in addition to any other legal remedies available to the Department.

19.0 TRANSITIONAL SERVICES: Upon cancellation, termination, or expiration of the Contract for any reason, the Contractor shall provide reasonable cooperation, assistance and Services, and shall assist the Department to facilitate the orderly transition of the work under the Contract to the Department and/or to an alternative contractor selected for the transition upon written notice to the Contractor at least thirty (30) business days prior to termination or cancellation, and subject to the terms and conditions set forth in the Contract.

20.0 ADDITIONAL INSURANCE RESPONSIBILITY: The Contractor shall exercise due diligence in providing the Services under the Contract. In order to protect the Department's governing boards and any Department employee against liability, cost, or expenses (including reasonable attorney fees), which may be incurred or sustained as a result of Contractor's errors or other failure to comply with the terms of the Contract, the Contractor shall maintain errors and omissions insurance including coverage for network and privacy risks, breach of privacy and wrongful disclosure of information in an amount acceptable to the Department with a minimum of **\$1,000,000** per claim and **\$5,000,000** aggregate in force during the Contract period and for a period of three (3) years thereafter for Services completed. Contractor shall furnish the Department with a certificate of insurance for such amount. Further, this certificate shall designate the State of Wisconsin Department of Employee Trust Funds and its affiliated boards as additional insured parties. The Department reserves the right to require higher or lower limits where warranted.

21.0 OWNERSHIP OF MATERIALS: Except as otherwise provided in Section 22, Subsection (v), all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of Services under the Contract shall be furnished to the Contractor and shall be returned to the Department upon completion of the Contract. The Contractor shall not use such materials for any purpose other than carrying out the work described in the Contract.

The Department will be furnished without additional charge all data, models, information, reports, and other materials associated with and generated under the Contract by the Contractor.

The Department shall solely own all customized software, documents, and other materials developed under the Contract. Use of such software, documents, and materials by the Contractor shall only be with the prior written approval of the Department.

The Contract shall in no way affect or limit the Department's rights to use, disclose or duplicate, for any purpose whatsoever, all information and data pertaining to the Department, employees or members and generated by the claims administration and other Services provided by Contractor under the Contract.

All files (paper or electronic) containing any Wisconsin plan member, claimant or employee information and all records created and maintained in the course of the work specified by the Contract are the sole and exclusive property of the Department. Contractor may maintain copies of such files during the term of the Contract as may be necessary or appropriate for its performance of the Contract. Moreover, Contractor may maintain copies of such files after the term of the Contract (i) for one hundred twenty (120) days after termination, after which all such files shall be transferred to the Department or destroyed by Contractor, except for any files as to which a claim has been made, and (ii) for an unlimited period of time after termination for Contractor's use for statistical purposes, if Contractor first deletes all information in the records from which the identity of a claimant or employee could be determined and certifies to the Department that all personal identifiers have been removed from the retained files.

22.0 CONFIDENTIAL INFORMATION, PRIVACY AND HIPAA BUSINESS ASSOCIATE AGREEMENT: This Section is intended to cover handling of Confidential Information under State and federal law, including, where applicable, the requirements of the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and Clinical Health Act (HITECH), the Genetic Information Nondiscrimination Act (GINA), and the federal implementing regulations for those statutes requiring a written agreement with business associates.

(a) DEFINITIONS: As used herein, unless the context otherwise requires:

- (1) Business Associate. "Business Associate" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Contractor.
- (2) Confidential Information. "Confidential Information" means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Personally Identifiable Information under Wis. Stat. § 19.62(5); (iii) Protected Health Information under HIPAA, 45 CFR 160.103; (iv) proprietary information; (v) non-public information related to the State of Wisconsin's employees, customers, technology (including databases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (vi) information expressly designated as confidential in writing by the State of Wisconsin; (vii) all information that is restricted or prohibited from disclosure by state or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. §§ 40.07, ETF 10.70(1) and ETF 10.01(3m); or (viii) any material submitted by the Contractor in response to a Department solicitation that the Contractor designates confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36(5) or material which can be kept confidential under the Wisconsin public records law.
- (3) Covered Entity. "Covered Entity" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Department of Employee Trust Funds.
- (4) HIPAA Rules. "HIPAA Rules" mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.
- (5) Individual Personal Information. "Individual Personal Information" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1).
- (6) Medical Record. "Medical Record" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.01(3m).
- (7) Protected Health Information. "Protected Health Information" has the meaning ascribed to it under 45 CFR 160.103.

- (b) **PROVISION OF CONFIDENTIAL INFORMATION FOR CONTRACTED SERVICES:** The Department, a different business associate of the Department or a contractor performing services for the Department may provide Confidential Information to the Contractor under the Contract as the Department determines is necessary for the proper administration of the Contract, as provided by Wis. Stat. § 40.07 (1m) (d) and (3).
- (c) **DUTY TO SAFEGUARD CONFIDENTIAL INFORMATION:** The Contractor shall safeguard Confidential Information supplied to the Contractor or its employees under the Contract. In addition, the Contractor will only share Confidential Information with its employees on a need-to-know basis. Should the Contractor fail to properly protect Confidential Information, any cost the Department pays to mitigate the failure will be subtracted from the Contractor's invoice(s).
- (d) **USE AND DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor shall:
- (1) Not use or disclose Confidential Information for any purpose other than as permitted or required by the Contract or as required by law. Contractor shall not use or disclose member or employee names, addresses, or other information for any purpose other than specifically provided for in the Contract;
 - (2) Make uses and disclosures and requests for any Confidential Information following the minimum necessary standard in the HIPAA Rules;
 - (3) Use appropriate safeguards to prevent use or disclosure of Confidential Information other than as provided for by the Contract, and with respect to Protected Health Information, comply with Subpart C of 45 CFR Part 164;
 - (4) Not use or disclose Confidential Information in a manner that would violate Subpart E of 45 CFR Part 164 or Wis. Stat. § 40.07;
 - (5) If applicable, be allowed to use or disclose Confidential Information for the proper management and administration of the Contractor or to carry out the legal responsibilities of the Contractor, provided the disclosures are required by law, or Contractor obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Contractor of any instances of which it is aware the confidentiality of the information has been or is suspected of being breached;
 - (6) Not use for its own benefit Confidential Information or any information derived from such information; and
 - (7) If required by a court of competent jurisdiction or an administrative body to disclose Confidential Information, Contractor will notify the Department in writing immediately upon receiving notice of such requirement and prior to any such disclosure, to give the Department an opportunity to oppose or otherwise respond to such disclosure (unless prohibited by law from doing so).
- (e) **REQUIREMENT TO KEEP CONFIDENTIAL INFORMATION WITHIN THE UNITED STATES:** The Contractor's transmission, transportation or storage of Confidential Information outside the United States, or access of Confidential Information from outside the United States, is prohibited except on prior written authorization by the Department.
- (f) **COMPLIANCE WITH ELECTRONIC TRANSACTIONS AND CODE SET STANDARDS:** The Contractor shall comply with each applicable requirement of 45 C.F.R. Part 162 if the Contractor conducts standard transactions, as that term is defined in HIPAA, for or on behalf of the Department.
- (g) **MANDATORY REPORTING:** Contractor shall report to the Department in the manner set forth in Subsection 22(m) any use or disclosure or suspected use or disclosure of Confidential Information not provided for by the Contract, of which it becomes aware, including breaches or suspected breaches of unsecured Protected Health Information as required at 45 CFR 164.410.
- (h) **DESIGNATED RECORD SET:** Contractor shall make available Protected Health Information in a designated record set to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.524.
- (i) **AMENDMENT IN DESIGNATED RECORD SET:** Contractor shall make any amendment to Protected Health Information in a designated record set as directed or agreed to by the Department pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy the Department's obligations under 45 CFR 164.526.
- (j) **ACCOUNTING OF DISCLOSURES:** Contractor shall maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.528.
- (1) Contractor shall keep all HIPAA logs (logs of any systems that have information relating to HIPAA) for six (6) years.
- (k) **COMPLIANCE WITH SUBPART E OF 45 CFR 164:** To the extent Contractor is to carry out one or more of the Department's obligations under Subpart E of 45 CFR Part 164, Contractor shall comply with the requirements of Subpart E that apply to a covered entity in the performance of such obligation.
- (l) **INTERNAL PRACTICES:** Contractor shall make its internal practices, books, and records available to the Secretary of the United States Department of Health and Human Services for purposes of determining compliance with the HIPAA Rules.

(m) CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:

- (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure, Contractor shall notify in writing the Department Privacy Officer at ETFSMBPrivacyOfficer@etf.wi.gov, and the Department Program Manager. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's response. Sufficient details include, without limitation:

 - a. The nature of the unauthorized access, use or disclosure;
 - b. A list of any persons affected (if available);
 - c. A description of the information included in the breach, impermissible use, or impermissible disclosure;
 - d. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
 - e. The date of the discovery by Contractor;
 - f. A list of the proactive steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
 - g. Contact information at Contractor for affected persons who contact the Department regarding the issue.
- (2) Not less than one (1) business day before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
- (3) Within thirty (30) business days after Contractor makes the initial report under this Section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:

 - a. A complete list of any persons affected (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
 - b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
 - c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
 - d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
 - e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
 - f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.

(n) COORDINATION OF BREACH RESPONSE ACTIVITIES:

- (1) Contractor will fully cooperate with the Department's investigation of any breach of Confidential Information involving Contractor, including but not limited to making witnesses, documents, HIPAA logs, systems logs, video recordings, or other pertinent or useful information available immediately upon Contractor's reporting of the breach and throughout the investigation. Contractor's full cooperation will include but not be limited to Contractor:

 - a. Immediately preserving any potential forensic evidence relating to the breach, and remedying the breach as quickly as circumstances permit;
 - b. Within forty-eight (48) hours designating a contact person to whom the Department will direct inquiries, and who will communicate Contractor responses to Department inquiries; Contractor will designate a Privacy Officer and Security Officer to serve as contacts for the Department;
 - c. As rapidly as circumstances permit, applying appropriate resources to remedy the breach condition, investigate, document, restore the Department service(s) as directed by the Department, and undertake appropriate response activities such as working with the Department, its representative, and law enforcement to identify the breach, identify the perpetrator(s), and take appropriate actions to remediate the security vulnerability;
 - d. Providing status reports to the Department at least every two (2) hours until the root cause of the breach is identified and a plan is devised to fully remediate the breach;

- e. Once the root cause of the breach is identified and a plan is devised to fully remediate the breach, providing status reports to the Department daily or at mutually agreed upon timeframes, to the Department on breach response activities, findings, analyses, and conclusions;
 - f. Coordinating all media, law enforcement, or other breach notifications with the Department in advance of such notification(s), unless expressly prohibited by law; and
 - g. Ensuring that knowledgeable Contractor staff is available on short notice, if needed, to participate in Department-initiated meetings and/or conference calls regarding the breach.
- (o) **CLASSIFICATION LABELS:** Contractor shall ensure that all data classification labels contained on or included in any item of Confidential Information shall be reproduced by Contractor on any reproduction, modification, or translation of such Confidential Information. Contractor shall make a reasonable effort to add a proprietary notice or indication of confidentiality to any tangible materials within its possession that contain Confidential Information of the Department, as directed by the Department.
- (p) **SUBCONTRACTORS:** If applicable, in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit Confidential Information on behalf of Contractor agree to the same restrictions, conditions, and requirements that apply to Contractor with respect to such information.
- (q) **NOTICE OF LEGAL PROCEEDINGS:** If Contractor or any of its employees, agents, or subcontractors is legally required in any administrative, regulatory or judicial proceeding to disclose any Confidential Information, Contractor shall give the Department prompt notice (unless it has a legal obligation to the contrary) so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order is not obtained, Contractor shall furnish only that portion of the information that is legally required and shall disclose the Confidential Information in a manner reasonably designed to preserve its confidential nature.
- (r) **MITIGATION:** The Contractor shall take immediate steps to mitigate any harmful effects of the suspected or actual unauthorized use, disclosure, or loss of any Confidential Information provided to Contractor under the Contract. The Contractor shall reasonably cooperate with the Department's efforts to comply with the breach notification requirements of HIPAA, to seek appropriate injunctive relief or otherwise prevent or curtail such suspected or actual unauthorized use, disclosure or loss, or to recover its Confidential Information, including complying with a reasonable corrective action plan, as directed by the Department.
- (s) **COMPLIANCE REVIEWS:** The Department may conduct a compliance review of the Contractor's security procedures before and during the Contract term to protect Confidential Information.
- (t) **AMENDMENT:** The parties agree to take such action as is necessary to amend the Contract as necessary for compliance with the HIPAA Rules and other applicable law.
- (u) **SURVIVAL:** The obligations of Contractor under this Section shall survive the termination of the Contract.
- (v) **RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:** Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:
- (1) Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
 - (2) Return to the Department or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
 - (3) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
 - (4) Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out under Subsection 22(d) which applied prior to termination;
 - (5) Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
 - (6) If required by the Department, transmit the Confidential Information to another contractor of the Department.
- (w) **ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS:** Contractor will make itself and any employees, subcontractors, or agents assisting Contractor in the performance of its obligations available to the Department at no cost to the Department to testify as witnesses, or otherwise, in the event of a breach or other unauthorized disclosure of Confidential Information caused by Contractor that results in litigation, governmental investigations, or administrative proceedings against the Department, its directors, officers, agents or employees based upon a claimed violation of laws relating to security and privacy or arising out of these Terms and Conditions or the Contract.

23.0 INDEMNIFICATION:

- 23.1 SCOPE OF INDEMNIFICATION FOR INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT:** In the event of a claim against the parties for Intellectual Property Rights Infringement associated with a claim for benefits, Contractor agrees to defend, indemnify and hold harmless the Department and its governing boards ("Indemnified Parties") from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office) reasonable attorneys' fees otherwise incurred by the Department, its governing boards, and/or the Wisconsin Attorney General's Office, court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section.
- 23.2 SCOPE OF OTHER INDEMNIFICATION:** In addition to the foregoing Section, Contractor shall defend, indemnify and hold harmless the Indemnified Parties from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for the Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office), court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section, or liability arising from or in connection with the following: (a) Contractor's performance of or failure to perform any duties or obligations under any agreement between Contractor and any third party; (b) injury to persons (including death or illness) or damage to property caused by the act or omission of Contractor, Contractor employees or subcontractors; (c) any claims or losses for Services rendered by any subcontractor, person, or firm performing or supplying Services, materials, or supplies in connection with the Contractor's performance of the Contract; (d) any claims or losses resulting to any person or third party entity injured or damaged by the Contractor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by federal or State statutes or regulations; and (e) any failure of the Contractor, its officers, employees, or subcontractors to observe State and federal laws including, but not limited to, labor and wage and hour laws.
- 23.3 INDEMNIFICATION NOTICE:** The Department shall give the Contractor prompt written notice of such claim, suit, demand, or action (provided that a failure to give such prompt notice will not relieve the Contractor of its indemnification obligations hereunder except to the extent Contractor can demonstrate actual, material prejudice to its ability to mount a defense as a result of such failure). The Department will cooperate, assist, and consult with the Contractor in the defense or investigation of any claim made or suit filed against the Department resulting from Contractor's performance under the Contract.
- 23.4 NO INDEMNIFICATION OBLIGATIONS:** Contractor shall, as soon as practicable, notify the Department of any claim made or suit filed against Contractor resulting from Contractor's obligations under the Contract if such claim may involve the Department. The Department has no obligation to provide legal counsel or defense to Contractor if a suit, claim, or action is brought against Contractor or its subcontractors as a result of Contractor's performance of its obligations under the Contract. In addition, Department has no obligation for the payment of any judgments or the settlement of any claims against Contractor arising from or related to the Contract. Department has not waived any right or entitlement to claim sovereign immunity under the Contract.
- 23.5 CONTRACTOR'S DUTY TO INDEMNIFY:** The Contractor shall comply with its obligations to indemnify, defend and hold the Indemnified Parties harmless with regard to claims, damages, losses and/or expenses arising from a claim. The Contractor shall be entitled to control the defense of any such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing; however, the Contractor shall consult with the Department regarding its defense of any claim and not settle or compromise any claim or action in a manner that imposes restrictions or obligations on Department, requires any financial payment by the Department, or grants rights or concessions to a third party without first obtaining the Department's prior written consent. Contractor shall have the right to assert any and all defenses on behalf of the Indemnified Parties, including sovereign immunity.

In carrying out any provision of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor shall at all times comply with and observe all federal and State laws and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct.

- 24.0 EQUITABLE RELIEF:** The Contractor acknowledges and agrees that the unauthorized use, disclosure, or loss of Confidential Information may cause immediate and irreparable injury to the individuals whose information is disclosed and to the State, which injury shall not be compensable by money damages and for which there is not an adequate remedy available at law. Accordingly, the Department and the Contractor specifically agree that the Department, on its own behalf or on behalf of the affected individuals, shall be entitled to obtain injunctive or other equitable relief to prevent or curtail any such breach, threatened or actual, without posting security and without prejudice to such other rights as may be available under the Contract or under applicable law.
- 25.0 RIGHT TO PUBLISH OR DISCLOSE:** Throughout the term of the Contract, the Contractor must secure the Department's written approval prior to the release of any information which pertains to work or activities covered by the Contract.

The Department and the Contractor agree that it is a breach of the Contract to disclose any information to any person that the Department or its governing boards may not disclose under Wis. Stat. § 40.07. Contractor acknowledges that it will be liable for damage or injury to persons whose Confidential Information is disclosed by any officer, employee, agent, or subcontractor of the Contractor without proper authorization.

26.0 TIME IS OF THE ESSENCE: Timely provision of the Services required under the Contract shall be of the essence of the Contract, including the provision of the Services within the time agreed or on a date specified in the Contract.

27.0 IDENTIFICATION OF KEY PERSONNEL AND PERSONNEL CHANGES: The Department will designate a contract administrator, who shall have oversight for performance of the Department's obligations under the Contract. The Department shall not change the person designated without prior written notification to the Contractor.

The State of Wisconsin reserves the right to approve all individuals assigned to the project described in the Contract. The Contractor agrees to use its best efforts to minimize personnel changes during the Contract term.

At the time of Contract negotiations, the Contractor shall furnish the Department with names of all key personnel assigned to perform work under the Contract and furnish the Department with criminal background checks.

The Contractor will designate a contract administrator who shall have executive and administrative oversight for performance of the Contractor's obligations under the Contract. The Contractor shall not change this designation without prior written notice to the Department.

The Contractor may not divert key personnel for any period of time except in accordance with the procedure identified in this Section. The Contractor shall provide a notice of proposed diversion or replacement to the Department Program Manager and Contract Manager at least sixty (60) calendar days in advance, together with the name and qualifications of the person(s) who will take the place of the diverted or replaced staff. At least thirty (30) calendar days before the proposed diversion or replacement, the Department shall notify the Contractor whether the proposed diversion or replacement is approved or rejected, and if rejected shall provide reasons for the rejection. Such approval by the Department shall not be unreasonably withheld or delayed.

Replacement staff shall be on-site within two (2) weeks of the departure date of the person being replaced. The Contractor shall provide the Department with reasonable access to any staff diverted by the Contractor.

Replacement of key personnel shall be with persons of equal ability and qualifications. The Department has the right to conduct separate interviews of proposed replacements for key personnel. The Department shall have the right to approve, in writing, the replacement of key personnel. Such approval shall not be unreasonably withheld. Failure of the Contractor to promptly replace key personnel within thirty (30) calendar days after departure shall entitle the Department to terminate the Contract. The Contractor's notice and justification of a change in key personnel must include identification of proposed substitute key personnel and must provide sufficient detail to permit the Department to evaluate the impact of the change on the project and/or maintenance.

Any of the Contractor's staff that the Department deems unacceptable shall be promptly and without delay removed from the project by the Contractor and replaced by the Contractor within thirty (30) calendar days by another employee with acceptable experience and skills subject to the prior approval of the Department. Such approval by the Department will not be unreasonably withheld or delayed.

An unauthorized change by the Contractor of any contracted personnel designated as key personnel will result in the imposition of liquidated damages, as defined in the Contract.

28.0 INFORMATION SECURITY AGREEMENT

(a) PURPOSE AND SCOPE OF APPLICATION: This Information Security Agreement ("Agreement") is designed to protect the Department's Confidential Information (defined above in Section 22.0) and Department Information Resources (defined below). This Agreement describes the information security obligations of Contractor, its employees, contractors and third-party users that connect to Department Information Resources and/or gain access to Confidential Information.

(b) DEFINED TERMS:

(1) Department Information Resources. "Department Information Resources" means those devices, networks and related infrastructure that the Department has obtained for use to conduct Department business. Devices include but are not limited to, Department-owned devices; devices managed or used through service agreements; storage, processing, and communications devices and related infrastructure on which Department data is accessed, processed, stored, or communicated; and may include personally owned devices. Data includes, but is not limited to, Confidential Information, other Department-created or managed business and research data, metadata, and credentials created by or issued on behalf of the Department.

(c) ACCESS TO DEPARTMENT INFORMATION RESOURCES: In any circumstance when Contractor is provided access to Department Information Resources, it is solely Contractor's responsibility to ensure that its access does not result in any access by unauthorized individuals to Department Information Resources. Contractors who access the Department's Information Resources from any Department location must at a minimum conform with Department security standards that are in effect at the Department location(s) where the access is provided. Any Contractor technology and/or systems that gain access to Department Information Resources must comply with, at a minimum, the elements in the Information Security Plan Requirements set forth in this Agreement.

(d) COMPLIANCE WITH APPLICABLE LAWS: Contractor agrees to comply with all applicable state and federal laws, as well as industry best practices, governing the collection, access, use, disclosure, safeguarding and destruction of Confidential Information.

(e) **SAFEGUARD STANDARD:** Contractor agrees to protect the security of Confidential Information according to all applicable laws and regulations by generally accepted information risk management security control frameworks, standards or guidelines such as the ISO/IEC 27000-series, NIST800-53, CIS Critical Security Controls for Effective Cyber Defense or HIPAA Security Rule – 45 CFR Part 160 and Subparts A and C of Part 164 and no less rigorously than it protects its own confidential information, but in no case less than reasonable care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of the Confidential Information. Contractor will ensure that all security measures are regularly reviewed including ongoing monitoring, monthly vulnerability testing and annual penetration and security incident response tests, revised, no less than annually, to address evolving threats and vulnerabilities while Contractor has responsibility for the Confidential Information under the terms of this Agreement.

(f) **INFORMATION SECURITY PLAN:**

- (1) Contractor acknowledges that the Department is required to comply with information security standards for the protection of Confidential Information as required by law, regulation and regulatory guidance, as well as the Department's internal security program for information and systems protection.
- (2) Contractor shall develop, implement, and maintain a comprehensive Information Security Plan that contains administrative, technical, and physical safeguards designed to ensure the privacy, security, integrity, availability, and confidentiality of the Confidential Information. Contractor must provide evidence to the Department of one or more of the following for the plan:
 - a. Certification in, or compliance with, generally accepted information risk management security control frameworks, standards or guidelines such as:
 - i. ISO/IEC 27000-series;
 - ii. NIST800-53;
 - iii. CIS Critical Security Controls for Effective Cyber Defense; or
 - iv. HIPAA Security Rule - 45 CFR Part 160 and Subparts A and C of Part 164; and
 - b. Compliance with any state or federal regulations by which the person or entity who owns or licenses such information may be regulated; or
 - c. At a minimum, include the elements listed in the Information Security Plan Requirements set forth below.
- (3) Upon the Department's request, Contractor shall submit one of the following documents to the Department:
 - a. Independent attestation of certification;
 - b. Information Security Plan scope statement;
 - c. Information Security Plan statement of applicability; or
 - d. SOC 2, Type 2 audit and letter of attestation indicating Contractor's receipt of management's assertion of control compliance from Contractor's subcontractors as described in Section 6 Audit Provision.

The Department reserves the right to require the Contractor to provide more than one of the above documents. If Contractor is unable to produce one of the above documents, Contractor may satisfy the requirement by providing the assurances in Section 28.0(h) below.

- (4) Annually, or upon a significant change in risk posture, Contractor will review its Information Security Plan and update and revise it as needed. If at any time there are any material reductions to Contractor's Information Security Plan, Contractor will notify the Department within two weeks of the completion of the review and prior to implementation. In such instances, the Department will require an explanation of the reductions. At the Department's request, Contractor will make modifications to its Information Security Plan or to the procedures and practices thereunder to conform to the Department's security requirements as defined herein.

(g) **ADDITIONAL INSURANCE:** In addition to the insurance required under the Contract, Contractor, at its sole cost and expense, will obtain, keep in force, and maintain an insurance policy (or policies) that provides coverage for privacy and data security breaches. This specific type of insurance is typically referred to as Privacy, Technology and Data Security Liability, Cyber Liability, or Technology Professional Liability. In some cases, Professional Liability policies may include some coverage for privacy and/or data breaches. Regardless of the type of policy in place, it needs to include coverage for reasonable costs in investigating and responding to privacy and/or data breaches with the following minimum limits unless the Department specifies otherwise: \$1,000,000 Each Occurrence and \$5,000,000 Aggregate. If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the Department requires and is entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Department.

(h) **INFORMATION SECURITY PLAN REQUIREMENTS:**

If Contractor cannot provide evidence of its Information Security Plan as required in Section 28.0(f)(2)a above, Contractor shall provide the following assurances to the Department:

(1) **Security Policies:**

- a. Contractor's security policy is documented, has obtained management approval, is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness; and
- b. Contractor's operational, technical and administrative policies, standards and guidelines are documented, have obtained management approval, are reviewed no less frequently than annually and are maintained to ensure their continuing suitability, adequacy and effectiveness.

(2) Security Organization:

- a. The Contractor's security organization is governed and overseen by Contractor's senior leadership;
- b. Contractor's security organization includes representation from across Contractor's organization with defined roles and responsibilities;
- c. Contractor has clearly defined information security responsibilities;
- d. Contractor has confidentiality or non-disclosure agreements in place with the appropriate external entities;
- e. Contractor's management and implementation of information security (i.e. control objectives, controls, policies, processes, and procedures for information security) are reviewed independently at planned intervals, or when significant changes to the implementation of information security occur; and
- f. Contractor's agreements with third parties involving accessing, processing, communicating or managing the Contractor's information or information processing facilities, cover all relevant security requirements.

(3) Asset Management:

- a. Contractor has identified, inventoried, assigned ownership and established rules for acceptable use for information and associated assets; and
- b. Contractor has a process in place to classify information in terms of its value, legal requirements, sensitivity and criticality to Contractor.

(4) Human Resources:

- a. Security roles and responsibilities of Contractor's employees, contractors and third-party users have been defined and documented in accordance with Contractor's information security policy;
- b. Contractor performs background verification checks on all candidates for employment, contractors, and third-party users in accordance with relevant laws, regulations and ethics, and proportional to the business requirements, the classification of the information to be accessed, and the perceived risks;
- c. All Contractor's employees and, where relevant, contractors and third-party users, shall receive appropriate security awareness training and regular updates regarding Contractor's security policies and procedures, as relevant for their job function;
- d. Contractor has a formal disciplinary process in place for employees who have committed a security breach;
- e. Contractor's employees' responsibilities for performing employment terminations and changes of employment status are clearly defined and assigned;
- f. All Contractor's employees, contractors and third-party users shall return all Contractor's and the Department's assets in their possession upon termination of their employment, contract or agreement; and
- g. The access rights of all Contractor employees, contractors and third-party users to information and information processing facilities are removed upon termination of their employment, contract or agreement, or adjusted upon a status change.

(5) Physical and Environmental Security:

- a. **Secure Areas**
 - i. Contractor has a physical and environmental policy in place, with standards and guidelines that have been documented and obtained management approval, that is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness;
 - ii. Contractor's secure areas are protected by appropriate entry controls to ensure that only authorized personnel are allowed access; and
 - iii. Contractor's physical protection and guidelines for working in secure areas have been adequately designed and applied.
- b. **Equipment security**
 - i. Contractor's equipment, and the equipment Contractor may utilize in its operations that is owned by a third party, is maintained to ensure its continued availability and integrity; and
 - ii. Contractor's security measures have been applied to off-site equipment to address the risks of working outside the Contractor's premises.
- c. **Operations management**
 - i. Contractor's operating procedures have been documented, maintained, and made available to all users who require them;
 - ii. Contractor controls changes to information processing facilities and systems; and
 - iii. Contractor has segregated duties and areas of responsibility to reduce opportunities for unauthorized or unintentional modification or misuse of Contractor's assets.
- d. **Third party service delivery management**
 - i. Security controls, service definitions and delivery levels included in Contractor's third-party service delivery agreements are implemented, operated, and maintained by the third party; and
 - ii. The services, reports and records provided by third parties are regularly monitored, reviewed and audited by Contractor.
- e. **Back-up**
 - i. Contractor regularly makes and tests back-up copies of information and software in accordance with Contractor's backup policy.
- f. **Network security management**

- i. Networks are managed and controlled, either by Contractor or a third party under contract with Contractor; and
 - ii. Security features, service levels, and management requirements of all Contractor's network services have been identified and included in any network services agreement, whether these services are provided in-house by Contractor or outsourced.
 - g. Media handling**
 - i. Contractor has procedures in place to prevent unauthorized disclosure, modification, misuse, removal or destruction of assets, and interruption to business activities; and
 - ii. Contractor has procedures in place for the management of removable media, including the secure and safe disposal of media when no longer required.
 - h. Exchange of information**
 - i. Contractor has established agreements for the secure exchange of information and software between Contractor and appropriate external parties;
 - ii. Contractor shall ensure information involved in electronic messaging is protected;
 - iii. Contractor has developed and implemented policies and procedures to protect the exchange of information; and
 - iv. Contractor shall ensure the integrity of information being made available on a publicly available system is protected to prevent unauthorized modification.
 - i. Monitoring**
 - i. Contractor shall produce and keep a rolling twelve (12) consecutive months of audit logs recording user activities, exceptions, and information security events to assist in future investigations and access control monitoring;
 - ii. Contractor's logging facilities and log information are protected against tampering and unauthorized access; and
 - iii. Contractor's system administrator and system operator activities are logged.
- (6) Access Management:**
- a. Access control**
 - i. Contractor has an established and documented access control policy that is reviewed regularly based on business and security requirements for access;
 - ii. Contractor has a formal user registration and de-registration procedure in place for granting and revoking access to all information systems and services;
 - iii. Contractor restricts and controls the allocation and use of access privileges;
 - iv. Contractor controls the allocation of passwords through a formal management process; and
 - v. Contractor's management reviews users' access rights at regular intervals using a formal process.
 - b. User responsibilities**
 - i. Users are required to follow good security practices in the selection and use of passwords;
 - ii. Users shall ensure that unattended equipment is protected; and
 - iii. Users shall adopt a clear desk policy for papers and removable storage media and a clear screen policy for information processing facilities.
 - c. Network access control**
 - i. Contractor's users shall only be provided with access to the services that they have been specifically authorized to use;
 - ii. Contractor has implemented appropriate authentication methods to control access by remote users;
 - iii. Contractor has segregated groups of information services, users, and information systems on networks;
 - iv. For shared networks, especially those extending across Contractor's boundaries, Contractor has restricted the capability of users to connect to the network, in line with Contractor's access control policy; and
 - v. Contractor has implemented routing controls for networks to ensure that computer connections and information flows do not breach Contractor's access control policy.
- (7) Security Requirements of Information Systems:**
- a. Correct processing in applications**
 - i. Contractor shall validate data input to applications to ensure the data is correct and appropriate, and incorporate validation checks to detect any corruption of information through processing errors or deliberate acts;
 - ii. Contractor has identified the requirements for ensuring authenticity and protecting message integrity in applications, and identified and implemented appropriate controls; and
 - iii. Contractor has validated the data output from an application to ensure that the processing of stored information is correct and appropriate to the circumstances.
 - b. Cryptographic controls**
 - i. Contractor has a cryptographic controls policy in place that is documented, has obtained management approval, is reviewed no less frequently than annually and is maintained to ensure its continuing suitability, adequacy and effectiveness.
 - c. Security of system files**
 - i. Contractor has procedures in place to control the installation of software on operational systems;
 - ii. Contractor selects test data carefully, and the test data is protected and controlled; and
 - iii. Contractor restricts access to program source code.
 - d. Security in development and support processes**

- i. Contractor has implemented procedures to maintain the security of application system software and information;
 - ii. Contractor utilizes formal change control procedures to implement changes; and
 - iii. Contractor supervises and monitors outsourced software development.
- e. Technical Vulnerability Management**
- i. Contractor documents the technical vulnerabilities, the exposure evaluated, and the appropriate measures taken to address the associated risk.

(8) Information Security Incident Management:

- a. Contractor communicates information security events and weaknesses associated with information systems in a manner allowing timely corrective action to be taken;
- b. All Contractor's employees, contractors and third-party users of information systems and services are provided awareness training on reporting an observed or suspected incident; and
- c. **Management of information security incidents and improvements**
 - i. The responsibilities and procedures of Contractor's management have been established to ensure timely, effective, and orderly response to information security incidents;
 - ii. Contractor has mechanisms in place to enable the security incidents to be quantified and monitored; and
 - iii. Where a follow-up action against a person or organization after an information security incident involves legal action (either civil or criminal), Contractor shall collect, retain and present evidence in conformance with the rules for evidence established in the relevant jurisdiction(s).

(9) Business Continuity Management:

- i. Contractor has implemented one or more business continuity plans, including an information security plan, to maintain or restore operations and ensure availability of information at the required level and in the required timeframe following interruption to, or failure of, critical business processes;
- ii. Contractor tests and updates its business continuity plans regularly to ensure that they are up to date and effective; and
- iii. Contractor shall include the Department's designated contact in Contractor's business continuity plans for notification concerning any disruption that may impact the Services.

(10) Compliance:

a. Identification of applicable legislation

- i. Contractor understands all relevant statutory, regulatory and contractual requirements under the Contract, and Contractor's approach to meet these requirements has been explicitly defined, documented, and kept up to date;
- ii. Contractor has implemented appropriate procedures to ensure compliance with legislative, regulatory, and contractual requirements under the Contract on the use of material which may be afforded intellectual property rights;
- iii. Contractor shall ensure that important records are protected from loss, destruction and falsification, in accordance with the statutory, regulatory, contractual, and business requirements under the Contract; and
- iv. Contractor shall ensure the protection and privacy of data as required in relevant legislation, regulations, and, as applicable, the Contract.

29.0 DISCLOSURE: If a State public official (Wis. Stat. § 19.42), a member of a State public official's immediate family, or any organization in which a State public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to the Contract, and if the Contract involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, the Contract is voidable by the Department unless appropriate disclosure is made according to Wis. Stat. § 19.45(6), before the Contract is signed. Disclosure must be made to the Department or the State of Wisconsin Ethics Commission, P.O. Box 7125, Madison, Wisconsin 53703 (telephone: 608-266-8123; fax: 608-264-9319; email: Ethics@wi.gov).

30.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:

30.1 Contractor certifies that no relationship exists between Contractor and the Department that interferes with fair competition or is a conflict of interest, and no relationship exists between the Contractor and another person or organization that constitutes a conflict of interest with respect to a State contract. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.

30.2 Contractor agrees that during performance of the Contract, the Contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the Department or has interests that are adverse to the Department. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.

31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES: Reference to or use of the Department, the State, any of its departments, agencies or other subunits, or any State official or employee for commercial promotion is prohibited. News releases pertaining to the Contract, shall not be made without prior approval of the Department. Release of broadcast e-mails pertaining to the Contract shall not be made without prior written authorization of the Department.

32.0 EMPLOYMENT: The Contractor will not engage the services of any person or persons now employed by the State, including any department, commission or board thereof, to provide services relating to the Contract without the written consent of the employing agency of such person or persons and of the Department.

33.0 INDEPENDENT CAPACITY OF CONTRACTOR: The Department and the Contractor agree that the Contractor, its officers, agents, and employees, in the performance of the Contract shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the State. The Contractor agrees to take such steps as may be necessary to ensure that each subcontractor of the Contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the State.

34.0 TAXES: The State and its agencies are exempt from payment of all federal tax and State and local taxes on its purchases except Wisconsin excise taxes as described below.

The State is exempt from payment of Wisconsin sales or use tax on its purchases. The State may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay State use tax on the cost of materials.

35.0 VENDOR TAX DELINQUENCY: The State may offset Contractor's payments if Contractor has a delinquent State tax liability. If such action is taken by the State, the Department will not be liable for any impact sustained by the Contractor due to any delay, or total offset, of any payment owed to the Contractor under the Contract by the Department.

36.0 FOREIGN CORPORATION: If Contractor is a foreign corporation (any corporation other than a Wisconsin corporation), Contractor is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporations, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 261-7577.

37.0 RECORDKEEPING AND RECORD RETENTION: The Contractor shall establish and maintain adequate records of all expenditures incurred under the Contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, State and local ordinances.

The Department shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to the Contract held by the Contractor.

It is the intention of the State to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of a contract. Pursuant to Wis. Stat. §19.36(3), all records of the Contractor that are produced or collected under the Contract are subject to disclosure pursuant to a public records request. Upon receipt of notice from the State of a public records request for records produced or collected under the Contract, the Contractor shall provide the requested records to the Department. The Contractor, following final payment, shall retain all records produced or collected under the Contract for six (6) years.

38.0 ANTITRUST ASSIGNMENT: The Contractor and the State recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State (purchaser). Therefore, the Contractor hereby assigns to the State any and all claims for such overcharges as to goods, materials or services purchased in connection with the Contract.

39.0 ASSIGNMENT: No right or duty in whole or in part of the Contractor under the Contract may be assigned or delegated without the prior written consent of the Department.

40.0 PATENT INFRINGEMENT: If goods, products, or articles are provided under the Contract, the Contractor guarantees such items were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of such items described in the Contract will not infringe any United States patent. The Contractor covenants that it will, at its own expense, defend every suit which shall be brought against the State (provided that the Contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such items, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

41.0 SAFETY REQUIREMENTS: All materials, equipment, and supplies provided to the Department must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code and all applicable OSHA Standards.

42.0 FORCE MAJEURE: Neither the Contractor nor the Department shall be in default by reason of any failure in performance of the Contract in accordance with reasonable control and without fault or negligence on their part. Such causes may include, but are not restricted to, acts of nature or the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform such must be beyond the reasonable control and without the fault or negligence of the non-performing party.

43.0 SURVIVAL: The obligations and terms listed in this Section shall survive termination of the Contract in perpetuity unless otherwise noted. Contractor's duty to cooperate with audits under Sections 6.3 and 6.4 shall survive for one year after termination of the Contract or until the resolution of any Contract dispute, whichever is longer. Contractor's duties under Section 28.0 shall survive for as long as the Contractor has access to Department Information Resources and Department data. Payment obligations that accrue prior to the

date of termination, or as part of a transition plan, shall survive termination of the Contract. Section 1.0, Section 10.0, Section 11.0, Section 13.0, Section 14.0, Section 18.0, Section 21.0, Section 22.0, Section 23.0, Section 25.0, Section 31.0, Section 35.0, Section 37.0, Section 39.0, and this Section 43.0 shall also survive termination of the Contract.

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, 2022. 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 April 1, 2021, at its Home Office in Saint Paul, Minnesota.



Secretary



President

Table of Contents

Definitions	1
Eligibility for Insurance	2
Enrollment for Insurance	2
Effective Date of Insurance Coverage	4
Amounts of Life Insurance	4
Death Benefit Payment	7
Accidental Death And Dismemberment (AD&D) Coverage	7
Spouse and Dependent Coverage	9
Living Benefits	11
Conversion to Pay Health or Long-Term Care Insurance Premiums	13
Coverage During Disability – Waiver of Premium Benefit	13
Coverage During Employment Gaps	14
Coverage During Appeal From Removal or Discharge	15
Termination of Employee's Insurance	15
Coverage After Employer's Withdrawal	16
Continuation	166
Conversion Privilege	17
Premiums	18
Settlement Options	19
Additional Information	19

Addendum - Premium Rates

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 natural child, stepchild, adopted child, legal ward and a child in an adoptive placement under Wis. Stats. 48.837(1). Children are eligible from live birth (stillborn and unborn children are not eligible) to the attainment of age 26. A child who is age 26 or older is also eligible if he or she is incapable of self-support because of a physical or mental disability which is expected to be of a long-continued and indefinite duration.

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 before September 23, 2017.

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.

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.

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.

An eligible employee who had group term life insurance coverage offered through an alternative employer sponsored plan will be treated as a newly eligible employee if the alternative coverage is being terminated by the employer and the employee had life insurance coverage under the alternative plan up until the effective date for inclusion under this plan. The amount of insurance available will be subject to the amounts available under this policy and the employer's resolution for participation under the plan. Eligible employees must apply for coverage within 30 days of the date coverage is terminated under the alternative employer sponsored plan. Evidence of insurability is required for any amount of insurance that exceeds the amount of insurance for which the employee was insured under the prior alternative employer sponsored plan.

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.

LIMITED ENROLLMENT FOR FAMILY STATUS CHANGE

An eligible employee may enroll in or increase coverage by one level (100% of the employee's previous calendar year's earnings rounded to the next higher \$1,000) without the need to provide satisfactory evidence of insurability if application is made within 30 days of gaining a dependent as defined in ETF 10.01(2) due to one of the following: (a) the date of the employee's marriage; (b) the date of birth, adoption, placement for adoption, or award of legal guardianship of the employee's dependent child. 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.

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 date that all of the following conditions are met:

- 1) The employee meets all eligibility requirements of this policy, and
- 2) The employee makes application, while living, for insurance in accordance with the enrollment provisions of this policy; and
- 3) The Company is satisfied with the employee's evidence of insurability, if evidence of insurability is required.

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 date the application is approved by the Company.

Insurance may take effect prior to the first premium due date provided all of the above requirements are met. Insurance will continue in effect from the first premium due date and later provided premiums are paid when due.

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 an employee who is a pilot, crew member or passenger on an aircraft owned, operated or leased by a state or local government employer and being used for business of that 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".

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) One of the following changes:
 - (a) The date of the employee's marriage.
 - (b) 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.

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 OF INSURANCE

If an eligible employee enrolls for Spouse and Dependent coverage on an application in accordance with the enrollment provisions under the preceding section entitled "Enrollment," the effective date of insurance shall be the date that all of the following conditions are met:

- 1) The spouse and dependent children meet all eligibility requirements of this policy, and
- 2) The employee makes application for insurance in accordance with the enrollment requirements of this policy, and
- 3) The spouse and dependent children are living on the date that the employee makes application for insurance; and
- 4) The Company is satisfied with the spouse and/or dependent child's evidence of insurability, if evidence of insurability is required.

For a spouse/dependent who is required to submit evidence of insurability under the section entitled "Enrollment," the effective date of insurance shall be the date the application is approved by the Company.

Insurance may take effect prior to the first premium due date provided all of the above requirements are met. Insurance will continue in effect from the first premium due date and later provided premiums are paid when due.

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

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 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 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 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) Ninety days after the death of the employee; or
- (8) For a dependent other than one described in (10) below, upon reaching age 26.
- (9) 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.
- (10) 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 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. However, insurance may take effect prior to the first premium due date as provided in the section entitled "Effective Date of Insurance." 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 24th 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 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 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 seven (7) 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 two-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** or **Retired Employee**
- (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.