

Member Handbook

STATE OF TENNESSEE

Employee Basic Term Life

Dependent Basic Term Life

Basic Accidental Death & Dismemberment
(AD&D)

Optional Accidental Death & Dismemberment
(AD&D)



Underwritten By
FORT DEARBORN LIFE INSURANCE COMPANY
1020 31st Street
Downers Grove, Illinois 60515

Effective January 1, 2009



FORT DEARBORN LIFE
Insurance Company

1020 31st Street • Downers Grove, Illinois 60515-5591 • (800) 633-3696 • Fax (630) 824-5418

Dear State of Tennessee Employee:

Life and Accidental Death & Dismemberment insurance is an important part of your overall benefits package. You and your family should be confident that these benefits are provided by a company with a strong reputation in the insurance industry.

This company is Fort Dearborn Life Insurance Company (Fort Dearborn Life). Since 1969, we have provided quality products and services to our clients. Fort Dearborn Life is rated “A+” (Superior) by A.M. Best Company, affirmed November 1, 2007¹, and “A+” (Strong) by Standard & Poor’s for financial strength in its most recent report.

We are proud to be the insurance company that provides the State of Tennessee’s Employee Basic Term Life, Dependent Basic Term Life, Basic AD&D and Optional AD&D plan. This member handbook outlines these coverages. Please take a moment to learn more about these benefits made available to you and your family as an employee of the State of Tennessee.

Sincerely,

Anthony F. Trani
President and Chief Executive Officer
Fort Dearborn Life

¹ A.M. Best Company rates the overall financial condition of a company using a scale of A++ (Superior) to F (In Liquidation).

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Effective January 1, 2009, Fort Dearborn Life will be the insurance company providing for the following benefits sponsored by the State of Tennessee.

- I. Employee Basic Term Life
- II. Dependent Basic Term Life
- III. Basic Accidental Death & Dismemberment (AD&D)
- IV. Optional Accidental Death & Dismemberment (AD&D)

This document serves as your certification of coverage. It provides a summary of your basic term life and basic and optional accidental death and dismemberment coverage as a participant in the basic insurance plan for employees of Tennessee. The policy is held by the State of Tennessee and the Group Master Policy, issued by Fort Dearborn Life, establishes all of the provisions of the coverage.

The policy number is F010990.

The *Insurance Handbook*, provided to you by Benefits Administration, describes the insurance options available to you. You should consult the *Insurance Handbook* for eligibility and enrollment requirements. The *Insurance Handbook* is available from your agency's benefits coordinator.

DEFINITIONS

Actively at Work means the employee is on the job performing assigned duties for a full day. The actively at work provision and service requirement will be waived for employees who are within their eligibility period and are injured while performing job related duties and approved by the Claims Division.

Base Annual Salary is based on a normal work week, exclusive of overtime, bonuses or other special compensation.

Dependent – Dependent means legal spouse and child(ren) from live birth up to age 24. Dependent child(ren) must be unmarried and for the ages of 19 up to age 24 must be claimed as a dependent on the employee's income tax or be a full-time student. The definition of live birth does not include a time limit but must be specified on the birth certificate.

Effective Date of Coverage – Please refer to your insurance handbook for detailed information regarding the effective date of coverage.

Eligibility – The State of Tennessee provides, at no cost to the employee, \$20,000 of basic term life and \$40,000 of basic special accident coverage for all eligible employees. For those employees who choose not to elect health coverage, the amount of basic life coverages remains the same. For those employees who elect health coverage, the amount of basic life coverages increase as the employee's salary increases with premiums for coverage above \$20,000/\$40,000 deducted from the employee's paycheck. The face amount of coverage declines at ages above 65.

“You” or “Your” means the insured State employee.

FILING A CLAIM

Notice of a claim under the basic term life and the basic or optional accidental death and dismemberment insurance should be made within 20 days of the loss. Written proof of the claim, on claim forms satisfactory to Fort Dearborn Life, should be filed with Benefits Administration within 90 days of the loss.

For specific information please contact your benefits coordinator.

BASIC TERM LIFE

BASIC TERM LIFE

EMPLOYEE SCHEDULE OF BENEFITS

Employees with Base Annual Earnings of:	Under Age 65	Age 65 but Under 70	Age 70 but Under 75	Age 75 or Over
Less than \$15,000	\$ 20,000	\$13,000	\$ 9,000	\$ 6,000
\$15,000 but less than \$17,500	\$ 22,000	\$14,300	\$ 9,900	\$ 6,600
\$17,500 but less than \$20,000	\$ 25,000	\$16,250	\$11,250	\$ 7,500
\$20,000 but less than \$22,500	\$ 30,000	\$19,500	\$13,500	\$ 9,000
\$22,500 but less than \$25,000	\$ 33,500	\$21,775	\$15,075	\$10,050
\$25,000 but less than \$27,500	\$ 37,000	\$24,050	\$16,650	\$11,100
\$27,500 but less than \$30,000	\$ 40,500	\$26,325	\$18,225	\$12,150
\$30,000 but less than \$32,500	\$ 44,000	\$28,600	\$19,800	\$13,200
\$32,500 but less than \$35,000	\$ 47,500	\$30,875	\$21,375	\$14,250
\$35,000 and over	\$ 50,000	\$32,500	\$22,500	\$15,000

BASIC TERM LIFE

DEPENDENT SCHEDULE OF BENEFITS

<u>Definition</u>	<u>Amount</u>
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Eligible Dependents of Insured who are:

Spouse..... \$3,000

Each dependent child (from live birth) \$3,000

Basic Term Life coverage does not contain any limitations or exclusions for suicide.

BASIC TERM LIFE

ADVANCED BENEFIT OPTION

If you are terminally ill with a diagnosed life expectancy of no more than nine months, you can request a payment of up to 50 percent of the scheduled amount of your basic term life insurance. This advanced payment is subject to a minimum withdrawal of \$5,000 and will reduce the scheduled amount of coverage paid to the designated beneficiary. An advanced benefit can only be received once. The advanced payment will be reported to the Internal Revenue Service, and it may be considered taxable income.

Limitations. There are some limitations in the program. A benefit will not be paid if:

- (1) The terminal illness resulted from attempted suicide or self-inflicted injury.
- (2) The coverage has been assigned.
- (3) The coverage is payable to an irrevocable beneficiary.
- (4) You are required by law to use this option to meet the claims of creditors.
- (5) You are required by a government agency to use this option in order to get or keep a government benefit or entitlement.

**BASIC ACCIDENTAL DEATH & DISMEMBERMENT
(AD&D)**

SCHEDULE OF BENEFITS

Employees with a Base Annual Earnings of:	Employee	Family Coverage		
		Spouse Only (No Children)	Spouse and Children	
			Spouse	Each Child
Less than \$15,000	\$ 40,000	\$24,000	\$16,000	\$ 4,000
\$15,000 but less than \$17,500	\$ 44,000	\$26,000	\$18,000	\$ 4,000
\$17,500 but less than \$20,000	\$ 50,000	\$30,000	\$20,000	\$ 5,000
\$20,000 but less than \$22,500	\$ 60,000	\$36,000	\$25,000	\$ 5,000
\$22,500 but less than \$25,000	\$ 67,000	\$40,000	\$27,000	\$ 6,000
\$25,000 but less than \$27,500	\$ 74,000	\$44,000	\$30,000	\$ 7,000
\$27,500 but less than \$30,000	\$ 81,000	\$49,000	\$32,000	\$ 8,000
\$30,000 but less than \$32,500	\$ 88,000	\$53,000	\$35,000	\$ 9,000
\$32,500 but less than \$35,000	\$ 95,000	\$57,000	\$38,000	\$ 9,000
\$35,000 and over	\$100,000	\$60,000	\$40,000	\$10,000

BASIC ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

TABLE OF LOSSES

These losses must:

- (1) Be the result of bodily injury caused solely by accident and independent of all other causes.
- (2) Occur within 90 days of the date of the accident.
- (3) Be losses for which Proof of Loss is submitted within 180 days of the accident.

Accidental Death	
Both hands or both feet	
Sight of both eyes	THE MAXIMUM BENEFIT
One hand and one foot	
One hand and sight of one eye	
One foot and sight of one eye	
One hand	ONE-HALF
One foot	THE MAXIMUM BENEFIT
Sight of one eye	
Thumb and index finger of either hand	ONE-FOURTH THE MAXIMUM BENEFIT

The amount of payment will be determined by the maximum benefit shown for this coverage in the Schedule of Benefits. With respect to hands or feet, “loss” means actual severance at or above wrist or ankle joints; with respect to eyes, permanent and total loss of sight; with respect to thumb and index finger, actual severance of entire digit at or above joints.

No more than 100 percent of the maximum benefit will be paid for any one accident, no matter how many of the above listed losses occur as a result of that accident.

BASIC ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

LIMITATIONS

There are some limitations. A benefit will not be paid if the accident results from or is due to:

- (1) Any disease or infirmity of mind or body, and any medical or surgical treatment thereof.
- (2) Suicide or attempted suicide, while sane or insane;
- (3) Any intentionally self-inflicted injury.
- (4) War, declared or undeclared war, whether or not you are a member of any armed force.
- (5) Commission of, participation in, or an attempt to commit an assault or felony.
- (6) Being under the influence of any narcotic, hallucinogen, barbiturate, gas or fumes, poison or any other controlled substance as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as now or hereafter amended, unless as prescribed by the insured's licensed physician. Conviction is not necessary for a determination of being under the influence.
- (7) Intoxication as defined by the laws of the jurisdiction in which the accident occurred. Conviction is not necessary for a determination of being intoxicated.
- (8) Active participation in a riot. "Riot" means all forms of public violence, disorder, or disturbance of the public peace, by three or more persons assembled together, whether with or without a common intent and whether or not damage to person or property or unlawful act is the intent or the consequence of such disorder.

SUPPLEMENTAL BASIC AD&D BENEFITS

A supplemental basic accidental death benefit is payable if you die as a result of an automobile accident for which a basic accidental death and dismemberment benefit is paid and you were properly secured by a seatbelt. The vehicle must have been operated by a licensed driver who was not intoxicated, driving while impaired, or under the influence of certain substances. The benefit will be the lesser of: \$25,000; the basic accidental death and dismemberment benefit; or \$1,000 if an official police report certifying proper seatbelt use is not submitted with the claim.

If you die as the result of an accident that occurs more than 75 miles from your principal residence, a supplemental benefit of up to \$5,000 for preparation and transportation of the body will be paid. The accident must qualify for the provision of basic accidental death and dismemberment benefits for the repatriation benefit to be provided.

BASIC LIFE AND AD&D COVERAGES

BENEFICIARY DESIGNATION

Benefits for the loss of life under the basic term life and the basic and optional accidental death and dismemberment coverages will be paid to a beneficiary you designate. It is important that you periodically review and update the designation, if appropriate. The beneficiary information is maintained by the State of Tennessee, usually by the agency in which you are employed. Changes in beneficiary take effect when made by the employee.

The beneficiary for all dependent coverage and for the dismemberment coverage is the employee.

If two or more persons are designated beneficiaries and you do not state otherwise, they will share the benefits equally. If one of them does not survive you, that share will pass to the surviving beneficiaries.

If no beneficiary is designated, the benefits will be paid to your estate.

REDUCTIONS

The amount of your basic term life insurance and the amounts of basic accidental death and dismemberment coverage for you and your dependent(s) begin to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75.

The amounts of optional accidental death and dismemberment coverage do not change as the employee gets older.

SALARY CHANGES

Changes in coverage based upon salary will become effective on the first day of October based on your September 1 salary. Changes in coverage based upon age take effect on the first day of October based upon your age on the prior September 1.

BASIC LIFE AND AD&D COVERAGES

EXTENDED BENEFITS WHEN EMPLOYEE BECOMES DISABLED

If you, the employee, become totally and permanently disabled before age 60, and remain disabled for nine consecutive months, you may be eligible to continue the basic term life coverage on you and your covered dependents until you turn 70. Fort Dearborn Life determines whether your disability is considered total and permanent. To be granted a continuation under the waiver of premium provision you must:

- (1) Apply within 12 months following the last day of the month following end of positive pay status.
- (2) Provide proof of the disability each year that is satisfactory to Fort Dearborn Life.
- (3) Remain totally disabled.

If you are under age 70 and become totally disabled, your basic term life coverage will continue for one year from the last day of the month following end of positive pay status.

Any amount payable under the Waiver of Premium or one year extension provision will be reduced by the amount of a conversion policy. You are not allowed to increase coverage above the level you had as an active employee. The conversion policy can be surrendered and you would be eligible for full coverage under the extension and approved Waiver of Premium claim.

There are no extended benefits for the basic accidental death and dismemberment and optional accidental death and dismemberment coverages.

CONTINUATION UPON TERMINATION OF EMPLOYMENT

If your employee basic term life insurance coverage ends because your employment with the State of Tennessee ceases, for any reason including retirement, or because your class of employees is no longer eligible, you will be entitled to enroll in an individual policy of life insurance offered by Fort Dearborn Life. No evidence of insurability will be required. This coverage will not be the same as that provided to you as an employee and the premium will be affected by the form and amount of the policy, your age, and the class of risk to which you belong.

You will receive a notice from Fort Dearborn Life concerning your eligibility to continue coverage. Payment of premium will be made directly to Fort Dearborn Life.

Your dependents may exercise a conversion option when they become eligible for coverage as well.

If you die during the 31-day period following the termination of insurance, Fort Dearborn Life will pay the maximum amount of life insurance for which an individual policy could have been issued.

**OPTIONAL ACCIDENTAL DEATH
& DISMEMBERMENT (AD&D)**

SCHEDULE OF BENEFITS

Employees with Base Annual Earnings of:	Employee	Family Coverage		
		Spouse Only (No Children)	Spouse and Children	
			Spouse	Each Child
Less than \$3,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 1,000
\$ 3,000 but less than \$ 4,000	\$ 9,000	\$ 5,000	\$ 3,000	\$ 1,000
\$ 4,000 but less than \$ 5,000	\$ 12,000	\$ 7,000	\$ 4,000	\$ 2,000
\$ 5,000 but less than \$ 6,000	\$ 15,000	\$ 9,000	\$ 5,000	\$ 2,000
\$ 6,000 but less than \$ 7 000	\$ 18,000	\$11,000	\$ 7,000	\$ 2,000
\$ 7,000 but less than \$ 8,000	\$ 21,000	\$13,000	\$ 8,000	\$ 3,000
\$ 8,000 but less than \$ 9,000	\$ 24,000	\$15,000	\$10,000	\$ 3,000
\$ 9,000 but less than \$10,000	\$ 27,000	\$17,000	\$11,000	\$ 3,000
\$10,000 but less than \$12,500	\$ 32,000	\$19,000	\$13,000	\$ 3,000
\$12,500 but less than \$15,000	\$ 38,000	\$23,000	\$15,000	\$ 4,000
\$15,000 but less than \$17,500	\$ 44,000	\$26,000	\$18,000	\$ 4,000
\$17,500 but less than \$20,000	\$ 50,000	\$30,000	\$20,000	\$ 5,000
\$20,000 and over	\$ 60,000	\$36,000	\$25,000	\$ 5,000

OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT (AD&D)

LIMITATIONS

Please refer to Basic Accidental Death and Dismemberment limitations.

REDUCTIONS

There are no age benefit reductions in the Optional Accidental Death and Dismemberment coverage.

TABLE OF LOSSES

Please refer to the Basic Accidental Death and Dismemberment Table of Losses.

TERMINATION OF COVERAGE

Please refer to the Basic Accidental Death and Dismemberment Termination of Coverage provision.

BENEFICIARY

You may designate a separate beneficiary for the Optional Accidental Death and Dismemberment coverage.

NOTES

