

GENERAL PURPOSES AND LIMITATIONS OF THE
KANSAS LIFE AND HEALTH
INSURANCE GUARANTY ASSOCIATION
K.S.A. 40-3001, et. seq.

DISCLAIMER

THE KANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION MAY NOT PROVIDE COVERAGE FOR ALL OR A PORTION OF THIS POLICY. IF COVERAGE IS PROVIDED, IT MAY BE SUBJECT TO SUBSTANTIAL LIMITATIONS AND EXCLUSIONS, AND IS CONDITIONED UPON RESIDENCY IN THIS STATE. THEREFORE, YOU SHOULD NOT RELY UPON COVERAGE BY THE KANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION IN SELECTING AN INSURANCE COMPANY OR IN SELECTING AN INSURANCE POLICY. INSURANCE COMPANIES AND THEIR AGENTS ARE PROHIBITED BY LAW FROM USING THE EXISTENCE OF THE KANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION IN SELLING YOU ANY FORM OF AN INSURANCE POLICY, OR TO INDUCE YOU TO PURCHASE ANY FORM OF AN INSURANCE POLICY. EITHER THE KANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OR THE KANSAS INSURANCE DEPARTMENT WILL RESPOND TO ANY QUESTIONS YOU HAVE REGARDING THIS DOCUMENT.

Kansas Life and Health Insurance Guaranty Association
2909 SW Maupin Lane
Topeka, KS 66614

Kansas Insurance Department
420 SW 9th Street
Topeka, KS 66612

This is a brief summary of the Kansas Life and Health Insurance Guaranty Association (“the Association”) and the protection it provides for policyholders. If there is any inconsistency between this notice and Kansas law, then Kansas law will control.

The Association was established to provide protection in the unlikely event that your life, annuity or health insurance company becomes financially unable to meet its obligations and is taken over by its Insurance Department. If this should happen, the Association will typically arrange to continue coverage and pay claims, in accordance with Kansas law, with funding from assessments paid by other insurance companies. This safety net was created under Kansas law, which determines who and what is covered and the amounts of coverage. The basic protections provided by the Association are:

- Life Insurance
 - \$300,000 in death benefits
 - \$100,000 in cash surrender or withdrawal values
- Health Insurance
 - \$500,000 in hospital, medical and surgical insurance benefits
 - \$300,000 in disability insurance benefits
 - \$300,000 in long-term care insurance benefits
 - \$100,000 in other types of health insurance benefits
- Annuities
 - \$250,000 in withdrawal and cash values

The maximum amount of protection for each individual, regardless of the number of policies or contracts, is \$300,000. Special rules may apply with regard to hospital, medical and surgical insurance benefits, as well as certain aggregate limits.

LIFE INSURANCE COMPANY OF NORTH AMERICA
1601 CHESTNUT STREET
PHILADELPHIA, PA 19192-2235
(800) 732-1603 TDD (800) 552-5744
A STOCK INSURANCE COMPANY

GROUP POLICY

POLICYHOLDER: Payless ShoeSource, Inc.
POLICY NUMBER: FLK-980166
POLICY EFFECTIVE DATE: January 1, 2014
POLICY ANNIVERSARY DATE: January 1

This Policy describes the terms and conditions of coverage. It is issued in Kansas and shall be governed by its laws. The Policy goes into effect on the Policy Effective Date, 12:01 a.m. at the Policyholder's address.

In return for the required premium, the Insurance Company and the Policyholder have agreed to all the terms of this Policy.



Scott Kern, Corporate Secretary



Matthew G. Manders, President

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SCHEDULE OF BENEFITS

Premium Due Date: The last day of each month

Classes of Eligible Employees

On the pages following the definition of eligible employees there is a Schedule of Benefits for each Class of Eligible Employees listed below. For an explanation of these benefits, please see the Description of Benefits provision.

If an Employee is eligible under one Class of Eligible Employees and later becomes eligible under a different Class of Eligible Employees, changes in the Employee's insurance due to the class change will be effective on the first date the Employee is in Active Service on or after the date of the change in class.

- | | |
|----------|---|
| Class 1 | All active, regular employed Full-time Employees of the Employer classified as Executive, Vice-President and above working a work schedule as designated by the Employer, excluding the Chief Executive Officer and Employees of Collective Licensing International, LLC. |
| Class 2 | All active, regular employed Full-time exempt Employees of the Employer working a work schedule as designated by the Employer, excluding Employees classified as Executive, Vice-President and above, Eastern Distribution Center associates, Western Distribution Center associates, Distribution Center seasonal associates, Store associates and Employees of Collective Licensing International, LLC. |
| Class 2A | All active, regular employed Full-time non-exempt Employees of the Employer classified as associates working a work schedule as designated by the Employer, excluding Employees classified as Eastern Distribution Center associates, Western Distribution Center associates, Distribution Center seasonal associates, Store associates and Employees of Collective Licensing International, LLC. |
| Class 3 | All active, regular employed Full-time Employees classified as Store associates working a work schedule as designated by the Employer. |
| Class 4 | All active, regular employed Full-time exempt Employees of Collective Licensing International, LLC working a work schedule as designated by the Employer. |
| Class 4A | All active, Full-time non-exempt Employees of Collective Licensing International, LLC working a work schedule as designated by the Employer. |
| Class 6 | All active, regular employed exempt Employees of the Employer's Eastern and Western Distribution Centers classified as Full-time and Full-time seasonal associates working a work schedule as designated by the Employer. |
| Class 6A | All active, regular employed non-exempt Employees of the Employer's Eastern and Western Distribution Centers classified as Full-time associates and Full-time seasonal associates working a work schedule as designated by the Employer. |
| Class 11 | Active, regular employed Full-time Employee classified as Chief Executive Officer working a work schedule as designated by the Employer. |

SCHEDULE OF BENEFITS FOR CLASS 1

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period

Core Benefit:	90 days
Optional Benefit:	90 days

Gross Disability Benefit

Core Benefit:	60%
Optional Benefit:	60%

The lesser of the percent of an Employee's monthly Covered Earnings listed above, rounded to the nearest dollar, or the Maximum Disability Benefit.

Maximum Disability Benefit

Core Benefit:	\$5,500 per month
Optional Benefit:	\$20,000 per month

Minimum Disability Benefit

Core Benefit:	\$50 per month
Optional Benefit:	\$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits*Survivor Benefit*

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

The later of the Employee's SSNRA* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Under Age 63	The greater of SSNRA* or the date the 48th Monthly Benefit is payable.
Age 63	The greater of SSNRA* or the date the 42nd Monthly Benefit is payable.
Age 64	The date the 36th Monthly Benefit is payable.
Age 65	The date the 30th Monthly Benefit is payable.
Age 66	The date the 27th Monthly Benefit is payable.
Age 67	The date the 24th Monthly Benefit is payable.
Age 68	The date the 21st Monthly Benefit is payable.
Age 69 or older	The date the 18th Monthly Benefit is payable.

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.209	Age 60 - 64	\$1.397
Age 20 - 24	\$.209	Age 65 - 69	\$1.397
Age 25 - 29	\$.285	Age 70 - 74	\$1.397
Age 30 - 34	\$.361	Age 75 - 79	\$1.397
Age 35 - 39	\$.475	Age 80 - 84	\$1.397
Age 40 - 44	\$.722	Age 85 - 89	\$1.397
Age 45 - 49	\$.912	Age 90 - 94	\$1.397
Age 50 - 54	\$1.197	Age 95 and over	\$1.397
Age 55 - 59	\$1.558		

For Core Benefit: Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$9,167.

For Optional Benefit: Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$33,333.

The Employer pays the premium for the Employee's first \$9,167 of Covered Payroll. The Employee pays the premium for any Covered Payroll in excess of this amount up to \$33,333.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is insured for Core Benefits under this Policy may elect to be insured for Optional Benefits provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 2

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$20,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

The later of the Employee's SSNRA* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Under Age 63	The greater of SSNRA* or the date the 48th Monthly Benefit is payable.
Age 63	The greater of SSNRA* or the date the 42nd Monthly Benefit is payable.
Age 64	The date the 36th Monthly Benefit is payable.
Age 65	The date the 30th Monthly Benefit is payable.
Age 66	The date the 27th Monthly Benefit is payable.
Age 67	The date the 24th Monthly Benefit is payable.
Age 68	The date the 21st Monthly Benefit is payable.
Age 69 or older	The date the 18th Monthly Benefit is payable.

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.209	Age 60 - 64	\$1.397
Age 20 - 24	\$.209	Age 65 - 69	\$1.397
Age 25 - 29	\$.285	Age 70 - 74	\$1.397
Age 30 - 34	\$.361	Age 75 - 79	\$1.397
Age 35 - 39	\$.475	Age 80 - 84	\$1.397
Age 40 - 44	\$.722	Age 85 - 89	\$1.397
Age 45 - 49	\$.912	Age 90 - 94	\$1.397
Age 50 - 54	\$1.197	Age 95 and over	\$1.397
Age 55 - 59	\$1.558		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$33,333.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is eligible to be insured under this Policy may become insured under the Voluntary Disability Insurance plan provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 2A

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date:

The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date:

The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$3,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit PeriodAge When Disability Begins

Under Age 61
 Age 61
 Age 62
 Age 63
 Age 64
 Age 65
 Age 66
 Age 67
 Age 68
 Age 69 or older

Maximum Benefit Period

The date the 60th Monthly Benefit is payable.
 The date the 54th Monthly Benefit is payable.
 The date the 48th Monthly Benefit is payable.
 The date the 42nd Monthly Benefit is payable.
 The date the 36th Monthly Benefit is payable.
 The date the 30th Monthly Benefit is payable.
 The date the 27th Monthly Benefit is payable.
 The date the 24th Monthly Benefit is payable.
 The date the 21st Monthly Benefit is payable.
 The date the 18th Monthly Benefit is payable.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.105	Age 60 - 64	\$.684
Age 20 - 24	\$.105	Age 65 - 69	\$.684
Age 25 - 29	\$.143	Age 70 - 74	\$.684
Age 30 - 34	\$.171	Age 75 - 79	\$.684
Age 35 - 39	\$.228	Age 80 - 84	\$.684
Age 40 - 44	\$.352	Age 85 - 89	\$.684
Age 45 - 49	\$.456	Age 90 - 94	\$.684
Age 50 - 54	\$.58	Age 95 and over	\$.684
Age 55 - 59	\$.76		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$5,000.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is eligible to be insured under this Policy may become insured under the Voluntary Disability Insurance plan provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 3

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

For Employees hired after the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$3,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

Age When Disability Begins

- Under Age 61
- Age 61
- Age 62
- Age 63
- Age 64
- Age 65
- Age 66
- Age 67
- Age 68
- Age 69 or older

Maximum Benefit Period

- The date the 60th Monthly Benefit is payable.
- The date the 54th Monthly Benefit is payable.
- The date the 48th Monthly Benefit is payable.
- The date the 42nd Monthly Benefit is payable.
- The date the 36th Monthly Benefit is payable.
- The date the 30th Monthly Benefit is payable.
- The date the 27th Monthly Benefit is payable.
- The date the 24th Monthly Benefit is payable.
- The date the 21st Monthly Benefit is payable.
- The date the 18th Monthly Benefit is payable.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.105	Age 60 - 64	\$.684
Age 20 - 24	\$.105	Age 65 - 69	\$.684
Age 25 - 29	\$.143	Age 70 - 74	\$.684
Age 30 - 34	\$.171	Age 75 - 79	\$.684
Age 35 - 39	\$.228	Age 80 - 84	\$.684
Age 40 - 44	\$.352	Age 85 - 89	\$.684
Age 45 - 49	\$.456	Age 90 - 94	\$.684
Age 50 - 54	\$.58	Age 95 and over	\$.684
Age 55 - 59	\$.76		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$5,000.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is eligible to be insured under this Policy may become insured under the Voluntary Disability Insurance plan provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 4

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$20,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

The later of the Employee’s SSNRA* or the Maximum Benefit Period listed below.

Age When Disability Begins

Under Age 63

Age 63

Age 64

Age 65

Age 66

Age 67

Age 68

Age 69 or older

Maximum Benefit Period

The greater of SSNRA* or the date the 48th Monthly Benefit is payable.

The greater of SSNRA* or the date the 42nd Monthly Benefit is payable.

The date the 36th Monthly Benefit is payable.

The date the 30th Monthly Benefit is payable.

The date the 27th Monthly Benefit is payable.

The date the 24th Monthly Benefit is payable.

The date the 21st Monthly Benefit is payable.

The date the 18th Monthly Benefit is payable.

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Initial Premium Rates

\$.42 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$33,333.

SCHEDULE OF BENEFITS FOR CLASS 4A

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$3,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

Age When Disability Begins

- Under Age 61
- Age 61
- Age 62
- Age 63
- Age 64
- Age 65
- Age 66
- Age 67
- Age 68
- Age 69 or older

Maximum Benefit Period

- The date the 60th Monthly Benefit is payable.
- The date the 54th Monthly Benefit is payable.
- The date the 48th Monthly Benefit is payable.
- The date the 42nd Monthly Benefit is payable.
- The date the 36th Monthly Benefit is payable.
- The date the 30th Monthly Benefit is payable.
- The date the 27th Monthly Benefit is payable.
- The date the 24th Monthly Benefit is payable.
- The date the 21st Monthly Benefit is payable.
- The date the 18th Monthly Benefit is payable.

Initial Premium Rates

\$.42 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$5,000.

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SCHEDULE OF BENEFITS FOR CLASS 6

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

For Employees hired after the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$20,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

The later of the Employee's SSNRA* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Under Age 63	The greater of SSNRA* or the date the 48th Monthly Benefit is payable.
Age 63	The greater of SSNRA* or the date the 42nd Monthly Benefit is payable.
Age 64	The date the 36th Monthly Benefit is payable.
Age 65	The date the 30th Monthly Benefit is payable.
Age 66	The date the 27th Monthly Benefit is payable.
Age 67	The date the 24th Monthly Benefit is payable.
Age 68	The date the 21st Monthly Benefit is payable.
Age 69 or older	The date the 18th Monthly Benefit is payable.

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.209	Age 60 - 64	\$1.397
Age 20 - 24	\$.209	Age 65 - 69	\$1.397
Age 25 - 29	\$.285	Age 70 - 74	\$1.397
Age 30 - 34	\$.361	Age 75 - 79	\$1.397
Age 35 - 39	\$.475	Age 80 - 84	\$1.397
Age 40 - 44	\$.722	Age 85 - 89	\$1.397
Age 45 - 49	\$.912	Age 90 - 94	\$1.397
Age 50 - 54	\$1.197	Age 95 and over	\$1.397
Age 55 - 59	\$1.558		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$33,333.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is eligible to be insured under this Policy may become insured under the Voluntary Disability Insurance plan provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 6A

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

For Employees hired after the Policy Effective Date: The day following 89 days of employment. Coverage is effective the 90th day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$3,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

Age When Disability Begins

- Under Age 61
- Age 61
- Age 62
- Age 63
- Age 64
- Age 65
- Age 66
- Age 67
- Age 68
- Age 69 or older

Maximum Benefit Period

- The date the 60th Monthly Benefit is payable.
- The date the 54th Monthly Benefit is payable.
- The date the 48th Monthly Benefit is payable.
- The date the 42nd Monthly Benefit is payable.
- The date the 36th Monthly Benefit is payable.
- The date the 30th Monthly Benefit is payable.
- The date the 27th Monthly Benefit is payable.
- The date the 24th Monthly Benefit is payable.
- The date the 21st Monthly Benefit is payable.
- The date the 18th Monthly Benefit is payable.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.105	Age 60 - 64	\$.684
Age 20 - 24	\$.105	Age 65 - 69	\$.684
Age 25 - 29	\$.143	Age 70 - 74	\$.684
Age 30 - 34	\$.171	Age 75 - 79	\$.684
Age 35 - 39	\$.228	Age 80 - 84	\$.684
Age 40 - 44	\$.352	Age 85 - 89	\$.684
Age 45 - 49	\$.456	Age 90 - 94	\$.684
Age 50 - 54	\$.58	Age 95 and over	\$.684
Age 55 - 59	\$.76		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$5,000.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who is eligible to be insured under this Policy may become insured under the Voluntary Disability Insurance plan provided by this Policy without satisfying the Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

SCHEDULE OF BENEFITS FOR CLASS 11

Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

For Employees hired after the Policy Effective Date: The day following 30 days of employment. Coverage is effective the 31st day.

The *Eligibility Waiting Period* does not apply if a former Employee is rehired within 12 months after his or her termination date and the former Employee had satisfied the *Eligibility Waiting Period* prior to his or her termination date. If a former Employee did not fully satisfy the *Eligibility Waiting Period* prior to his or her termination date, credit will be given for any time that was satisfied.

Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 80% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

Definition of Covered Earnings

Covered Earnings means an Employee's regular weekly rate not counting commissions, bonuses, tips and tokens, overtime pay or any other fringe benefits or extra compensation in effect on the last day of the Employee's Active Service before the Employee became Disabled.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

Elimination Period 90 days

Gross Disability Benefit The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Maximum Disability Benefit \$20,000 per month

Minimum Disability Benefit \$50 per month

Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

Return to Work Incentive

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

Additional Benefits

Survivor Benefit

Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

Maximum Benefit Period

The later of the Employee's SSNRA* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Under Age 63	The greater of SSNRA* or the date the 48th Monthly Benefit is payable.
Age 63	The greater of SSNRA* or the date the 42nd Monthly Benefit is payable.
Age 64	The date the 36th Monthly Benefit is payable.
Age 65	The date the 30th Monthly Benefit is payable.
Age 66	The date the 27th Monthly Benefit is payable.
Age 67	The date the 24th Monthly Benefit is payable.
Age 68	The date the 21st Monthly Benefit is payable.
Age 69 or older	The date the 18th Monthly Benefit is payable.

*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

Initial Premium Rates

The Monthly Premium for each Employee is based on the Employee's Age and amount of Covered Payroll. The Monthly Rates per \$100 of Covered Payroll are listed below.

Under Age 20	\$.209	Age 60 - 64	\$1.397
Age 20 - 24	\$.209	Age 65 - 69	\$1.397
Age 25 - 29	\$.285	Age 70 - 74	\$1.397
Age 30 - 34	\$.361	Age 75 - 79	\$1.397
Age 35 - 39	\$.475	Age 80 - 84	\$1.397
Age 40 - 44	\$.722	Age 85 - 89	\$1.397
Age 45 - 49	\$.912	Age 90 - 94	\$1.397
Age 50 - 54	\$1.197	Age 95 and over	\$1.397
Age 55 - 59	\$1.558		

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$33,333.

A change in rates due to a change in the Employee's age will become effective on the Policy Anniversary coinciding with or following the Employee's attainment of the age specified.

ELIGIBILITY FOR INSURANCE

An Employee in one of the Classes of Eligible Employees shown in the Schedule of Benefits is eligible to be insured on the Policy Effective Date, or the day after he or she completes the Eligibility Waiting Period, if later. The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

Except as noted in the Reinstatement Provision, if an Employee terminates coverage and later wishes to reapply, or if a former Employee is rehired more than 12 months after his or her termination date, a new Eligibility Waiting Period must be satisfied. An Employee is not required to satisfy a new Eligibility Waiting Period if he or she is a former Employee and is rehired within 12 months of his or her termination date or insurance ends because he or she is no longer in a Class of Eligible Employees, but continues to be employed and within one year becomes a member of an eligible class.

TL-004710

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EFFECTIVE DATE OF INSURANCE

An Employee will be insured on the date he or she becomes eligible, if the Employee is not required to contribute to the cost of this insurance.

An Employee who is required to contribute to the cost of this insurance may elect to be insured only by authorizing payroll deduction in a form approved by the Employer and the Insurance Company. The effective date of this insurance depends on the date coverage is elected.

Insurance for an Employee who applies for coverage within 31 days after he or she becomes eligible, during an Annual Enrollment Period or within 31 days after a Life Status Change, is effective on the latest of the following dates.

1. The Policy Effective Date.
2. The date payroll deduction is authorized.
3. The date the Employer or Insurance Company receives the completed enrollment form.

If an Employee's enrollment form is received more than 31 days after he or she is eligible for this insurance, the Insurability Requirement must be satisfied before this insurance is effective. If approved, this insurance is effective on the date the Insurance Company agrees in writing to insure the Employee.

If an Employee is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to any occupation for the Employer on a Full-time basis.

TL-004712

TERMINATION OF INSURANCE

An Employee's coverage will end on the earliest of the following dates:

1. the date the Employee is eligible for coverage under a plan intended to replace this coverage;
2. the date the Policy is terminated;
3. the date the Employee is no longer in an eligible class;
4. the day after the end of the period for which premiums are paid;
5. the date the Employee is no longer in Active Service;
6. the date benefits end for failure to comply with the terms and conditions of the Policy.

Disability Benefits will be payable to an Employee who is entitled to receive Disability Benefits when the Policy terminates, if he or she remains disabled and meets the requirements of the Policy. Any period of Disability, regardless of cause, that begins when the Employee is eligible under another group disability coverage provided by any employer, will not be covered.

TL-007505.00

CONTINUATION OF INSURANCE

This Continuation of Insurance provision modifies the Termination of Insurance provision to allow insurance to continue under certain circumstances if the Insured Employee is no longer in Active Service. Insurance that is continued under this provision is subject to all other terms of the Termination of Insurance provisions.

Disability Insurance continues if an Employee's Active Service ends due to a Disability for which benefits under the Policy are or may become payable. Premiums for the Employee will be waived while Disability Benefits are payable. If the Employee does not return to Active Service, this insurance ends when the Disability ends or when benefits are no longer payable, whichever occurs first.

If an Employee's Active Service ends due to an approved leave pursuant to the Family and Medical Leave Act (FMLA), insurance will continue up to the later of the period of his or her approved FMLA leave or the leave period required by law in the state in which he or she is employed. Premiums are required for this coverage.

If an Employee's Active Service ends due to an approved personal leave of absence, insurance under the Plan will continue for an Employee for up to 30 days (up to 90 days if approved by Human Resources). Premiums are required for this coverage.

If an Employee's Active Service ends due to a leave for military service, insurance will continue for an Employee for up to 24 months. Premiums are required for this coverage.

If an Employee's Active Service ends due to any other leave of absence approved in writing by the Employer prior to the date the Employee ceases work, insurance will continue for an Employee for up to 30 days. Premiums are required for this coverage. An approved leave of absence does not include Furlough, Temporary Layoff or termination of employment.

If an Employee's Active Service ends due to any other excused short term absence from work that is reported to the Employer timely in accordance with the Employer's reporting requirements for such short term absence, insurance for an Employee will continue until the earlier of:

- a. the date the Employee's employment relationship with the Employer terminates;
- b. the date premiums are not paid when due;
- c. the end of the 30 day period that begins with the first day of such excused absence;
- d. the end of the period for which such short term absence is excused by the Employer.

Notwithstanding any other provision of this policy, if an Employee's Active Service ends due to layoff, termination of employment or any other termination of the employment relationship, insurance will terminate and Continuation of Insurance under this provision will not apply.

If an Employee's insurance is continued pursuant to this Continuation of Insurance provision, and he or she becomes Disabled during such period of continuation, Disability Benefits will not begin until the later of the date the Elimination Period is satisfied or the date he or she is scheduled to return to Active Service.

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TAKEOVER PROVISION

This provision applies only to Employees eligible under this Policy who were covered for long term disability coverage on the day prior to the effective date of this Policy under the Prior Plan provided by the Policyholder or by an entity that has been acquired by the Policyholder.

- A. This section A applies to Employees who are not in Active Service on the day prior to the effective date of this Policy due to a reason for which the Prior Plan and this Policy both provide for continuation of insurance. If required premium is paid when due, the Insurance Company will insure an Employee to which this section applies against a disability that occurs after the effective date of this Policy for the affected employee group. This coverage will be provided until the earlier of the date: (a) the employee returns to Active Service, (b) continuation of insurance under the Prior Plan would end but for termination of that plan; or (c) the date continuation of insurance under this Policy would end if computed from the first day the employee was not in Active Service. The Policy will provide this coverage as follows:
1. If benefits for a disability are covered under the Prior Plan, no benefits are payable under this Plan.
 2. If the disability is not a covered disability under the Prior Plan solely because the plan terminated, benefits payable under this Policy for that disability will be the lesser of: (a) the disability benefits that would have been payable under the Prior Plan; and (b) those provided by this Policy. Credit will be given for partial completion under the Prior Plan of Elimination Periods and partial satisfaction of pre-existing condition limitations.
- B. The Elimination Period under this Policy will be waived for a Disability which begins while the Employee is insured under this Policy if all of the following conditions are met:
1. The Disability results from the same or related causes as a Disability for which monthly benefits were payable under the Prior Plan;
 2. Benefits are not payable for the Disability under the Prior Plan solely because it is not in effect;
 3. An Elimination Period would not apply to the Disability if the Prior Plan had not ended;
 4. The Disability begins within 6 months of the Employee's return to Active Service and the Employee's insurance under this Policy is continuous from this Policy's Effective Date.
- C. Except for any amount of benefit in excess of a Prior Plan's benefits, the Pre-existing Condition Limitation will not apply to an Employee covered under a Prior Plan who satisfied the pre-existing condition limitation, if any, under that plan. If an Employee, covered under a Prior Plan, did not fully satisfy the pre-existing condition limitation of that plan, credit will be given for any time that was satisfied under the Prior Plan's pre-existing condition limitation.

Benefits will be determined based on the lesser of: (1) the amount of the gross disability benefit under the Prior Plan and any applicable maximums; and (2) those provided by this Policy.

If benefits are payable under the Prior Plan for the Disability, no benefits are payable under this Policy.

TL-005108

DESCRIPTION OF BENEFITS

The following provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits to each class of Insureds.

Disability Benefits

The Insurance Company will pay Disability Benefits if an Employee becomes Disabled while covered under this Policy. The Employee must satisfy the Elimination Period, be under the Appropriate Care of a Physician, and meet all the other terms and conditions of the Policy. He or she must provide the Insurance Company, at his or her own expense, satisfactory proof of Disability before benefits will be paid. The Disability Benefit is shown in the Schedule of Benefits.

The Insurance Company will require continued proof of the Employee's Disability for benefits to continue.

Elimination Period

The Elimination Period is the period of time an Employee must be continuously Disabled before Disability Benefits are payable. The Elimination Period is shown in the Schedule of Benefits.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes.

Disability Benefit Calculation

The Disability Benefit Calculation is shown in the Schedule of Benefits. Monthly Disability Benefits are based on a 30 day period. They will be prorated if payable for any period less than a month. If an Employee is working while Disabled, the Disability Benefit Calculation will be the Return to Work Incentive.

Return to Work Incentive

The Return to Work Incentive is shown in the Schedule of Benefits. An Employee may work for wage or profit while Disabled. In any month in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive applies.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

Minimum Benefit

The Insurance Company will pay the Minimum Benefit shown in the Schedule of Benefits despite any reductions made for Other Income Benefits. The Minimum Benefit will not apply if benefits are being withheld to recover an overpayment of benefits.

Other Income Benefits

An Employee for whom Disability Benefits are payable under this Policy may be eligible for benefits from Other Income Benefits. If so, the Insurance Company may reduce the Disability Benefits by the amount of such Other Income Benefits.

Other Income Benefits include:

1. any amounts received (or assumed to be received*) by the Employee or his or her dependents under:
 - the Canada and Quebec Pension Plans;
 - the Railroad Retirement Act;
 - any local, state, provincial or federal government disability or retirement plan or law payable for Injury or Sickness provided as a result of employment with the Employer;
 - any sick leave or salary continuation plan of the Employer;
 - any work loss provision in mandatory "No-Fault" auto insurance.

2. any Social Security disability or retirement benefits the Employee or any third party receives (or is assumed to receive*) on his or her own behalf or for his or her dependents; or which his or her dependents receive (or are assumed to receive*) because of his or her entitlement to such benefits.
3. any Retirement Plan benefits funded by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer. It does not include an individual deferred compensation agreement; a profit sharing or any other retirement or savings plan maintained in addition to a defined benefit or other defined contribution pension plan, or any employee savings plan including a thrift, stock option or stock bonus plan, individual retirement account or 401(k) plan.
4. any proceeds payable under any franchise or group insurance or similar plan available through the Policyholder. If other insurance applies to the same claim for Disability, and contains the same or similar provision for reduction because of other insurance, the Insurance Company will pay for its pro rata share of the total claim. "Pro rata share" means the proportion of the total benefit that the amount payable under one policy, without other insurance, bears to the total benefits under all such policies.
5. any amounts received (or assumed to be received*) by the Employee or his or her dependents under any workers' compensation, occupational disease, unemployment compensation law or similar state or federal law payable for Injury or Sickness arising out of work with the Employer, including all permanent and temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted.
6. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.

Dependents include any person who receives (or is assumed to receive*) benefits under any applicable law because of an Employee's entitlement to benefits.

*See the Assumed Receipt of Benefits provision.

Increases in Other Income Benefits

Any increase in Other Income Benefits during a period of Disability due to a cost of living adjustment will not be considered in calculating the Employee's Disability Benefits after the first reduction is made for any Other Income Benefits. This section does not apply to any cost of living adjustment for Disability Earnings.

Lump Sum Payments

Other Income Benefits or earnings paid in a lump sum will be prorated over the period for which the sum is given. If no time is stated, the lump sum will be prorated over five years.

If no specific allocation of a lump sum payment is made, then the total payment will be an Other Income Benefit.

Assumed Receipt of Benefits

The Insurance Company will assume the Employee (and his or her dependents, if applicable) are receiving benefits for which they are eligible from Other Income Benefits. The Insurance Company will reduce the Employee's Disability Benefits by the amount from Other Income Benefits it estimates are payable to the Employee and his or her dependents.

The Insurance Company will waive Assumed Receipt of Benefits, except for Disability Earnings for work the Employee performs while Disability Benefits are payable, if the Employee:

1. provides satisfactory proof of application for Other Income Benefits;
2. signs a Reimbursement Agreement;
3. provides satisfactory proof that all appeals for Other Income Benefits have been made unless the Insurance Company determines that further appeals are not likely to succeed; and
4. submits satisfactory proof that Other Income Benefits were denied.

The Insurance Company will not assume receipt of any pension or retirement benefits that are actuarially reduced according to applicable law, until the Employee actually receives them.

Social Security Assistance

The Insurance Company may help the Employee in applying for Social Security Disability Income (SSDI) Benefits, and may require the Employee to file an appeal if it believes a reversal of a prior decision is possible.

The Insurance Company will reduce Disability Benefits by the amount it estimates the Employee will receive, if the Employee refuses to cooperate with or participate in the Social Security Assistance Program.

Recovery of Overpayment

The Insurance Company has the right to recover any benefits it has overpaid. The Insurance Company may use any or all of the following to recover an overpayment:

1. request a lump sum payment of the overpaid amount;
2. reduce any amounts payable under this Policy; and/or
3. take any appropriate collection activity available to it.

The Minimum Benefit amount will not apply when Disability Benefits are reduced in order to recover any overpayment.

If an overpayment is due when the Employee dies, any benefits payable under the Policy will be reduced to recover the overpayment.

Successive Periods of Disability

A separate period of Disability will be considered continuous:

1. if it results from the same or related causes as a prior Disability for which benefits were payable; and
2. if, after receiving Disability Benefits, the Employee returns to work in his or her Regular Occupation for less than 6 consecutive months; and
3. if the Employee earns less than the percentage of Indexed Earnings that would still qualify him or her to meet the definition of Disability/Disabled during at least one month.

Any later period of Disability, regardless of cause, that begins when the Employee is eligible for coverage under another group disability plan provided by any employer will not be considered a continuous period of Disability.

For any separate period of disability which is not considered continuous, the Employee must satisfy a new Elimination Period.

LIMITATIONS

Limited Benefit Periods for Mental or Nervous Disorders

The Insurance Company will pay Disability Benefits on a limited basis during an Employee's lifetime for a Disability caused by, or contributed to by, any one or more of the following conditions. Once 24 monthly Disability Benefits have been paid, no further benefits will be payable for any of the following conditions.

- 1) Anxiety disorders
- 2) Delusional (paranoid) disorders
- 3) Depressive disorders
- 4) Eating disorders
- 5) Mental illness
- 6) Somatoform disorders (psychosomatic illness)

If, before reaching his or her lifetime maximum benefit, an Employee is confined in a hospital for more than 14 consecutive days, that period of confinement will not count against his or her lifetime limit. The confinement must be for the Appropriate Care of any of the conditions listed above.

Limited Benefit Periods for Alcoholism and Drug Addiction or Abuse

The Insurance Company will pay Disability Benefits on a limited basis during an Employee's lifetime for a Disability caused by, or contributed to by, any one or more of the following conditions. Once 24 monthly Disability Benefits have been paid, no further benefits will be payable for any of the following conditions.

- 1) Alcoholism
- 2) Drug addiction or abuse

If, before reaching his or her lifetime maximum benefit, an Employee is confined in a hospital for more than 14 consecutive days, that period of confinement will not count against his or her lifetime limit. The confinement must be for the Appropriate Care of any of the conditions listed above.

Pre-Existing Condition Limitation

The Insurance Company will not pay benefits for any period of Disability caused or contributed to by, or resulting from, a Pre-existing Condition. A "Pre-existing Condition" means any Injury or Sickness for which the Employee incurred expenses, received medical treatment, care or services including diagnostic measures, took prescribed drugs or medicines, or for which a reasonable person would have consulted a Physician within 12 months before his or her most recent effective date of insurance.

The Pre-existing Condition Limitation will apply to any added benefits or increases in benefits. This limitation will not apply to a period of Disability that begins after an Employee is covered for at least 24 months after his or her most recent effective date of insurance, or the effective date of any added or increased benefits.

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ADDITIONAL BENEFITS

Rehabilitation During a Period of Disability

If the Insurance Company determines that a Disabled Employee is a suitable candidate for rehabilitation, the Insurance Company may require the Employee to participate in a Rehabilitation Plan and assessment at our expense. The Insurance Company has the sole discretion to approve the Employee's participation in a Rehabilitation Plan and to approve a program as a Rehabilitation Plan. The Insurance Company will work with the Employee, the Employer and the Employee's Physician and others, as appropriate, to perform the assessment, develop a Rehabilitation Plan, and discuss return to work opportunities.

The Rehabilitation Plan may, at the Insurance Company's discretion, allow for payment of the Employee's medical expense, education expense, moving expense, accommodation expense or family care expense while he or she participates in the program.

If an Employee fails to fully cooperate in all required phases of the Rehabilitation Plan and assessment without Good Cause, no Disability Benefits will be paid, and insurance will end.

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Survivor Benefit

The Insurance Company will pay a Survivor Benefit if an Employee dies while Monthly Benefits are payable. The Employee must have been continuously Disabled before the first benefit is payable. These benefits will be payable for the Maximum Benefit Period for Survivor Benefits.

Benefits will be paid to the Employee's Spouse. If there is no Spouse, benefits will be paid in equal shares to the Employee's surviving Children. If there are no Spouse and no Children, benefits will be paid to the Employee's estate.

"Spouse" means an Employee's lawful spouse. "Children" means an Employee's unmarried children under age 21 who are chiefly dependent upon the Employee for support and maintenance. The term includes a stepchild living with the Employee at the time of his or her death.

TL-005107

TERMINATION OF DISABILITY BENEFITS

Benefits will end on the earliest of the following dates:

1. the date the Employee earns from any occupation, more than the percentage of Indexed Earnings set forth in the definition of Disability applicable to him or her at that time;
2. the date the Insurance Company determines he or she is not Disabled;
3. the end of the Maximum Benefit Period;
4. the date the Employee dies;
5. the date the Employee refuses, without Good Cause, to fully cooperate in all required phases of the Rehabilitation Plan and assessment;
6. the date the Employee is no longer receiving Appropriate Care;
7. the date the Employee fails to cooperate with the Insurance Company in the administration of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Benefits may be resumed if the Employee begins to cooperate fully in the Rehabilitation Plan within 30 days of the date benefits terminated.

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EXCLUSIONS

The Insurance Company will not pay any Disability Benefits for a Disability that results, directly or indirectly, from:

1. suicide, attempted suicide, or self-inflicted injury while sane or insane.
2. war or any act of war, whether or not declared.
3. active participation in a riot.
4. commission of a felony.

In addition, the Insurance Company will not pay Disability Benefits for any period of Disability during which the Employee is incarcerated in a penal or correctional institution.

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CLAIM PROVISIONS

Notice of Claim

Written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer's Name, the Policy Number and the claimant's name and address.

Claim Forms

When the Insurance Company receives notice of claim, the Insurance Company will send claim forms for filing proof of loss. If claim forms are not sent within 15 days after notice is received by the Insurance Company, the proof requirements will be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, of the nature and extent of the loss.

Claimant Cooperation Provision

Failure of a claimant to cooperate with the Insurance Company in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Insurance Data

The Employer is required to cooperate with the Insurance Company in the review of claims and applications for coverage. Any information the Insurance Company provides in these areas is confidential and may not be used or released by the Employer if not permitted by applicable privacy laws.

Proof of Loss

Written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given not more than one year after that 90 day period. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is provided outside of these time limits, the claim will be denied. These time limits will not apply while the person making the claim lacks legal capacity.

Written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, that the loss continues must be furnished to the Insurance Company at intervals required by us. Within 30 days of a request, written proof of continued Disability and Appropriate Care by a Physician must be given to the Insurance Company.

Time of Payment

Disability Benefits will be paid at regular intervals of not less frequently than once a month. Any balance, unpaid at the end of any period for which the Insurance Company is liable, will be paid at that time.

To Whom Payable

Disability Benefits will be paid to the Employee. If any person to whom benefits are payable is a minor or, in the opinion of the Insurance Company, is not able to give a valid receipt, such payment will be made to his or her legal guardian. However, if no request for payment has been made by the legal guardian, the Insurance Company may, at its option, make payment to the person or institution appearing to have assumed custody and support.

If an Employee dies while any Disability Benefits remain unpaid, the Insurance Company may, at its option, make direct payment to any of the following living relatives of the Employee: spouse, mother, father, children, brothers or sisters; or to the executors or administrators of the Employee's estate. The Insurance Company may reduce the amount payable by any indebtedness due.

Payment in the manner described above will release the Insurance Company from all liability for any payment made.

Physical Examination and Autopsy

The Insurance Company, at its expense, will have the right to examine any person for whom a claim is pending as often as it may reasonably require. The Insurance Company may, at its expense, require an autopsy unless prohibited by law.

Legal Actions

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, has been furnished as required by the Policy. No such action shall be brought more than 5 years after the time satisfactory proof of loss is required to be furnished.

Time Limitations

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which the Employee lives when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

Physician/Patient Relationship

The Insured will have the right to choose any Physician who is practicing legally. The Insurance Company will in no way disturb the Physician/patient relationship.

TL-004724

ADMINISTRATIVE PROVISIONS

Premiums

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

Changes in Premium Rates

The premium rates may be changed by the Insurance Company from time to time with at least 31 days advance written notice. No change in rates will be made until 36 months after the Effective Date. An increase in rates will not be made more often than once in a 12 month period. However, the Insurance Company reserves the right to change the rates even during a period for which the rate is guaranteed, if any of the following events take place.

1. The Policy terms change.
2. A division, subsidiary, eligible company, or class is added or deleted.
3. There is a change of more than 10% in the number of Insureds.
4. Federal or state laws or regulation affecting benefit obligations change.
5. Other changes occur in the nature of the risk that would affect the Insurance Company's original risk assessment.
6. The Insurance Company determines the Employer fails to furnish necessary information.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

Reporting Requirements

The Employer must, upon request, give the Insurance Company any information required to determine who is insured, the amount of insurance in force and any other information needed to administer the plan of insurance.

Payment of Premium

The first premium is due on the Policy Effective Date. After that, premiums will be due monthly unless the Employer and the Insurance Company agree on some other method of premium payment.

If any premium is not paid when due, the plan will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

Notice Of Cancellation

The Employer or the Insurance Company may cancel the policy as of any Premium Due Date by giving 180 days advance written notice. If a premium is not paid when due, the Policy will automatically be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

Policy Grace Period

A Policy Grace Period of 45 days will be granted for the payment of the required premiums under this Policy. This Policy will be in force during the Policy Grace Period. The Employer is liable to the Insurance Company for any unpaid premium for the time this Policy was in force.

Grace Period for the Insured

If the required premium is not paid on the Premium Due Date, there is a 45 day grace period after each premium due date after the first. If the required premium is not paid during the grace period, insurance will end on the last day for which premium was paid.

Reinstatement of Insurance

An Employee's insurance may be reinstated if it ends because he or she is on an unpaid leave of absence. If an Employee's Active Service ended due to an approved leave pursuant to the Family and Medical Leave Act (FMLA) and Continuation of Insurance is not applicable, an Employee's insurance may be reinstated at the conclusion of the FMLA leave.

If an Employee's Active Service ends due to an Employer approved unpaid leave of absence, other than an approved FMLA leave, insurance may be reinstated only:

1. If the reinstatement occurs within 12 weeks from the date insurance ends, or
2. When returning from military service pursuant to the Uniformed Services Employment Act of 1994 (USERRA).

For insurance to be reinstated the following conditions must be met:

1. An Employee must be in a Class of Eligible Employees.
2. The required premium must be paid.
3. The Insurance Company must receive a written request for reinstatement within 31 days from the date an Employee returns to Active Service.

Reinstated insurance will be effective on the date the Employee returns to Active Service. If an Employee did not fully satisfy the Eligibility Waiting Period or the Pre-Existing Condition Limitation (if any) before insurance ended due to an unpaid leave of absence, credit will be given for any time that was satisfied.

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GENERAL PROVISIONS

Entire Contract

The entire contract will be made up of the Policy, the application of the Employer, a copy of which is attached to the Policy, and the applications, if any, of the Insureds.

Incontestability

All statements made by the Employer or by an Insured are representations not warranties. No statement will be used to deny or reduce benefits or as a defense to a claim, unless a copy of the instrument containing the statement has been furnished to the claimant. In the event of death or legal incapacity, the beneficiary or representative must receive the copy.

After two years from an Insured's effective date of insurance, or from the effective date of any added or increased benefits, no such statement will cause insurance to be contested except for fraud or eligibility for coverage.

Misstatement of Age

If an Insured's age has been misstated, the Insurance Company will adjust all benefits to the amounts that would have been purchased for the correct age.

Policy Changes

No change in the Policy will be valid until approved by an executive officer of the Insurance Company. This approval must be endorsed on, or attached to, the Policy. No agent may change the Policy or waive any of its provisions.

Workers' Compensation Insurance

The Policy is not in lieu of and does not affect any requirements for insurance under any Workers' Compensation Insurance Law.

Certificates

A certificate of insurance will be delivered to the Employer for delivery to Insureds. Each certificate will list the benefits, conditions and limits of the Policy. It will state to whom benefits will be paid.

Assignment of Benefits

The Insurance Company will not be affected by the assignment of an Insured's certificate until the original assignment or a certified copy of the assignment is filed with the Insurance Company. The Insurance Company will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided insurance under the Policy is in effect. This insurance may not be levied on, attached, garnisheed, or otherwise taken for a person's debts. This prohibition does not apply where contrary to law.

Clerical Error

A person's insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

Agency

The Employer and Plan Administrator are agents of the Employee for transactions relating to insurance under the Policy. The Insurance Company is not liable for any of their acts or omissions.

Ownership of Records

All records maintained by the Insurance Company are, and shall remain, the property of the Insurance Company.

TL-004726

Certain Internal Revenue Code (IRC) & Internal Revenue Service (IRS) Functions

The Insurer may agree with the Policyholder to perform certain functions required by the Internal Revenue Code and IRS regulations. Such functions may include the preparation and filing of wage and tax statements (Form W-2) for disability benefit payments made under this Policy. In consideration of the payment of premiums by the Policyholder, the Insurer waives the right to transfer liability with respect to the employer taxes imposed on the Insurer by IRS Regulation 32.1(e)(1) for monthly Disability payments made under this Policy. Employee money may not be used to fund the Premium for the services and payments of this section.

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DEFINITIONS

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

Active Service

An Employee is in Active Service on a day which is one of the Employer's scheduled work days if either of the following conditions are met.

1. The Employee is performing his or her regular occupation for the Employer on a full-time basis. He or she must be working at one of the Employer's usual places of business or at some location to which the employer's business requires an Employee to travel.
2. The day is a scheduled holiday or vacation day and the Employee was performing his or her regular occupation on the preceding scheduled work day.

An Employee is in Active Service on a day which is not one of the Employer's scheduled work days only if he or she was in Active Service on the preceding scheduled work day.

Annual Enrollment Period

The period in each calendar year when an eligible Employee may enroll for or change benefit elections under the Policy. This period must be agreed upon by the Employer and the Insurance Company.

Appropriate Care

Appropriate Care means the Employee:

1. Has received treatment, care and advice from a Physician who is qualified and experienced in the diagnosis and treatment of the conditions causing Disability. If the condition is of a nature or severity that it is customarily treated by a recognized medical specialty, the Physician is a practitioner in that specialty.
2. Continues to receive such treatment, care or advice as often as is required for treatment of the conditions causing Disability.
3. Adheres to the treatment plan prescribed by the Physician, including the taking of medications.

Consumer Price Index (CPI-W)

The Consumer Price Index for Urban Wage Earners and Clerical Workers published by the U.S. Department of Labor. If the index is discontinued or changed, another nationally published index that is comparable to the CPI-W will be used.

Disability Earnings

Any wage or salary for any work performed for any employer during the Employee's Disability, including commissions, bonus, overtime pay or other extra compensation.

Employee

For eligibility purposes, an Employee is an employee of the Employer in one of the "Classes of Eligible Employees." Otherwise, Employee means an employee of the Employer who is insured under the Policy.

Employer

The Policyholder and any affiliates or subsidiaries covered under the Policy. The Employer is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Employer shall not be considered the actions of the Insurance Company.

Full-time

Full-time means the number of hours set by the Employer as a regular work day for Employees in the Employee's eligibility class.

Furlough

Furlough means a temporary suspension or alteration of Active Service initiated by the Employer, for a period of time specified in advance not to exceed 30 days at a time.

Good Cause

A medical reason preventing participation in the Rehabilitation Plan. Satisfactory proof of Good Cause must be provided to the Insurance Company.

Indexed Earnings

For the first 12 months Monthly Benefits are payable, Indexed Earnings will be equal to Covered Earnings. After 12 Monthly Benefits are payable, Indexed Earnings will be an Employee's Covered Earnings plus an increase applied on each anniversary of the date Monthly Benefits became payable. The amount of each increase will be the lesser of:

1. 10% of the Employee's Indexed Earnings during the preceding year of Disability; or
2. the rate of increase in the Consumer Price Index (CPI-W) during the preceding calendar year.

Initial Open Enrollment Period

The period in the calendar year when an eligible Employee who was hired on or before the Policy Effective Date may enroll for the first time for Insurance Benefits under this Policy. This period must be agreed upon by the Employer and the Insurance Company. Refer to Initial Open Enrollment under the Enrolling for Insurance section of the Policy shown in the Schedule of Benefits.

Injury

Any accidental loss or bodily harm which results directly and independently of all other causes from an Accident.

Insurability Requirement

An eligible person will satisfy the Insurability Requirement for an amount of coverage on the day the Insurance Company agrees in writing to accept him or her as insured for that amount. To determine a person's acceptability for coverage, the Insurance Company will require evidence of good health and may require it be provided at the Employee's expense.

Insurance Company

The Insurance Company underwriting the Policy is named on the Policy cover page.

Insured

A person who is eligible for insurance under the Policy, for whom insurance is elected, the required premium is paid and coverage is in force under the Policy.

Life Status Change

A Life Status Change is an event recognized by the Employer's Flexible Benefits Plan as qualifying an Employee to make changes in benefit selections at a time other than an Annual Enrollment Period.

If there is no Employer sponsored Flexible Benefits Plan, or if it is no longer in effect, the following events are Life Status Changes.

1. Marriage
2. Divorce, annulment or legal separation
3. Birth or adoption of a child
4. Death of a spouse
5. Termination of a spouse's employment
6. A change in the benefit plan available to the Employee's spouse
7. A change in the Employee's or spouse's employment status that affects either's eligibility for benefits

Physician

Physician means a licensed doctor practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include an Employee, an Employee's spouse, the immediate family (including parents, children, siblings or spouses of any of the foregoing, whether the relationship derives from blood or marriage), of an Employee or spouse, or a person living in an Employee's household.

Prior Plan

The Prior Plan refers to the plan of insurance providing similar benefits sponsored by the Employer in effect directly prior to the Policy Effective Date. A Prior Plan will include the plan of a company in effect on the day prior to that company's addition to this Policy after the Policy Effective Date.

Regular Job

An Employee will be considered Disabled if, because of Injury or Sickness, he is unable to perform the material duties of his regular job. In evaluating the Disability, the Insurance Company will consider the duties of the job as it is normally performed for the Employer.

Rehabilitation Plan

A written plan designed to enable the Employee to return to work. The Rehabilitation Plan will consist of one or more of the following phases:

1. rehabilitation, under which the Insurance Company may provide, arrange or authorize educational, vocational or physical rehabilitation or other appropriate services;
2. work, which may include modified work and work on a part-time basis.

Sickness

Any physical or mental illness.

Temporary Layoff

Temporary Layoff means a temporary suspension of Active Service for a period of time determined in advance by the Employer, other than a Furlough as defined. Temporary Layoff does not include the permanent termination of Active Service (including but not limited to a job elimination), which shall be treated as termination of employment.

TL-007500.17 as modified by TL-009980

SCHEDULE OF AFFILIATES

The following affiliates are covered under the Policy as of January 1, 2014.

Affiliate Name

Payless Finance, Inc.

Collective Brands Services, Inc.

Shoe Sourcing, Inc.

Payless ShoeSource, Inc.

Dyelights, Inc.

Eastborough, Inc.

Payless Purchasing Services, Inc.

Payless ShoeSource Merchandising, Inc.

Payless ShoeSource Distribution, Inc.

Payless ShoeSource Worldwide, Inc.

Payless NYC, Inc.

Payless Customer Svc Solution, LLC

Payless ShoeSource Saipan, Inc.

Payless ShoeSource of Puerto Rico, Inc.

Collective Licensing International, LLC

Clinch, LLC

Collective Brands International Franchising, LLC

Payless Gold Value CO, Inc.

TL-004776

LIFE INSURANCE COMPANY OF NORTH AMERICA
(herein called the Insurance Company)

AMENDATORY RIDER

**CLAIM PROCEDURES APPLICABLE TO PLANS SUBJECT TO THE
EMPLOYEE RETIREMENT INCOME SECURITY ACT (“ERISA”)**

The provisions below amend the Policy to which they are attached. They apply to all claims for benefits under the Policy. They supplement other provisions of the Policy relating to claims for benefits, but nothing contained in the rider will alter or affect the insurance company’s duty to comply with any applicable state law or regulation which requires any action to be taken with respect to any claim within any specific period of time.

This Policy has been issued in conjunction with an employee welfare benefit plan subject to the Employee Retirement Income Security Act of 1974 (“ERISA”). This Policy is a Plan document within the meaning of ERISA. As respects the Insurance Company, it is the sole contract under which benefits are payable by the Insurance Company. Except for this, it shall not be deemed to affect or supersede other Plan documents.

The Plan Administrator has appointed the Insurance Company as the named fiduciary for deciding claims for benefits under the Plan, and for deciding any appeals of denied claims.

Review of Claims for Benefits

The Insurance Company has 45 days from the date it receives a claim for disability benefits, or 90 days from the date it receives a claim for any other benefit, to determine whether or not benefits are payable in accordance with the terms of the Policy. The Insurance Company may require more time to review the claim if necessary due to matters beyond its control. If this should happen, the Insurance Company must provide notice in writing that its review period has been extended for:

- (i) up to two more 30 day periods (in the case of a claim for disability benefits); or
- (ii) 90 days more (in the case of any other benefit).

If this extension is made because additional information must be furnished, these extension periods will begin when the additional information is received. The requested information must be furnished within 45 days.

During the review period, the Insurance Company may require:

- (i) a medical examination of the Insured, at its own expense; or
- (ii) additional information regarding the claim.

If a medical examination is required, the Insurance Company will notify the Insured of the date and time of the examination and the physician's name and location. If additional information is required, the Insurance Company must notify the claimant, in writing, stating what information is needed and why it is needed.

If the claim is approved, the Insurance Company will pay the appropriate benefit.

If the claim is denied, in whole or in part, the Insurance Company will provide written notice within the review period. The Insurance Company's written notice will include the following information:

1. The specific reason(s) the claim was denied.
2. Specific reference to the Policy provision(s) on which the denial was based.
3. Any additional information required for the claim to be reconsidered, and the reason this information is necessary.

4. In the case of any claim for a disability benefit: identification of any internal rule, guideline or protocol relied on in making the claim decision, and an explanation of any medically-related exclusion or limitation involved in the decision.
5. A statement regarding the right to appeal the decision, and an explanation of the appeal procedure, including a statement of the right to bring a civil action under Section 502(a) of ERISA if the appeal is denied.

Appeal Procedure for Denied Claims

Whenever a claim is denied, there is the right to appeal the decision. A written request for appeal must be made to the Insurance Company within 60 days (180 days in the case of any claim for disability benefits) from the date the denial was received. If a request is not made within that time, the right to appeal will have been waived.

Once a request has been received by the Insurance Company, a prompt and complete review of the claim will take place. This review will give no deference to the original claim decision. It will not be made by the person who made the initial claim decision, or a subordinate of that person. During the review, the claimant (or the claimant's duly authorized representative) has the right to review any documents that have a bearing on the claim, including the documents which establish and control the Plan. Any medical or vocational experts consulted by the Insurance Company will be identified. Issues and comments that might affect the outcome of the review may also be submitted.

The Insurance Company has 60 days (45 days, in the case of any disability benefit) from the date it receives a request to review the claim and provide its decision. Under special circumstances, the Insurance Company may require more time to review the claim. If this should happen, the Insurance Company must provide notice, in writing, that its review period has been extended for an additional 60 days (45 days in the case of any disability benefit). Once its review is complete, the Insurance Company must state, in writing, the results of the review and indicate the Plan provisions upon which it based its decision.



Matthew G. Manders, President

TL-009000-1

IMPORTANT CHANGES FOR STATE REQUIREMENTS

If an Employee resides in one of the following states, the provisions of the certificate are modified for residents of the following states. The modifications listed apply only to residents of that state.

Indiana residents:

The definition of a “pre-existing condition” under the Pre-existing Condition Limitation, if any, may not consider any period of time more than six (6) months prior to the insured’s most recent effective date of insurance. The Pre-Existing Condition Limitation may not be longer than 12 months from the insured’s most recent effective date of insurance.

Louisiana residents:

The percentage of Indexed Earnings, if any, that qualifies an insured to meet the definition of Disability/Disabled may not be less than 80%.

Massachusetts residents:

Continuation of Insurance after leaving the group

If an Employee leaves the group covered under the Policy, insurance for such Employee will be continued until the earliest of the following dates:

1. 31 days from the date the Employee leaves the group;
2. The date the Employee becomes eligible for similar benefits.

Continuation of Insurance due to a Plant Closing or Partial Closing

If an Employee leaves the group due to termination of employment resulting from a Plant Closing or Partial Closing, insurance for such Employee will be continued until the earliest of the following dates:

1. 90 days from the date of the Plant Closing or Partial Closing;
2. The date the Employee becomes eligible for similar benefits.

Definitions: For purposes of this provision:

Plant Closing means a permanent cessation or reduction of business at a facility which results or will result as determined by the director in the permanent separation of at least 90% of the employees of said facility within a period of six months prior to the date of certification or with such other period as the director shall prescribe, provided that such period shall fall within the six month period prior to the date of certification.

Partial Closing means a permanent cessation of a major discrete portion of the business conducted at a facility which results in the termination of a significant number of the employees of said facility and which affects workers and communities in a manner similar to that of Plant Closings.

Minnesota residents:

The Pre-existing Condition Limitation, if any, may not be longer than 24 months from the insured’s most recent effective date of insurance.

Texas residents:

Any provision offsetting or otherwise reducing any benefit by an amount payable under an individual or franchise policy will not apply.

Washington residents:

The following definition of “Children” as stated under the Survivor Benefit is applicable to Washington residents.

“Children” means an Employee’s children under age 26 who are chiefly dependent upon the Employee for support and maintenance.

**LIFE INSURANCE COMPANY OF NORTH AMERICA
PHILADELPHIA, PA 19192-2235**

We, Payless ShoeSource, Inc., whose main office address is Topeka, KS, hereby approve and accept the terms of Group Policy Number FLK-980166 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA. We acknowledge that benefits will be provided in accordance with the terms and provisions of the policy, which will be the sole contract under which benefits are paid.

This form is to be signed in duplicate. One part is to be retained by Payless ShoeSource, Inc.; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

Payless ShoeSource, Inc.

Signature and Title: _____ Date: _____

(This Copy Is To Be Returned To LIFE INSURANCE COMPANY OF NORTH AMERICA)

**LIFE INSURANCE COMPANY OF NORTH AMERICA
PHILADELPHIA, PA 19192-2235**

We, Payless ShoeSource, Inc., whose main office address is Topeka, KS, hereby approve and accept the terms of Group Policy Number FLK-980166 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA. We acknowledge that benefits will be provided in accordance with the terms and provisions of the policy, which will be the sole contract under which benefits are paid.

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Payless ShoeSource, Inc.

Signature and Title: _____ Date: _____

(This Copy Is To Be Retained By Payless ShoeSource, Inc.)