

SERFF Tracking Number: PRLF-125595397 State: Arkansas
Filing Company: Principal Life Insurance Company State Tracking Number: 39166
Company Tracking Number:
TOI: H11G Group Health - Disability Income Sub-TOI: H11G.002 Short Term
Product Name: grp STD DIL
Project Name/Number: /

Filing at a Glance

Company: Principal Life Insurance Company

Product Name: grp STD DIL

TOI: H11G Group Health - Disability Income

Sub-TOI: H11G.002 Short Term

Filing Type: Form

SERFF Tr Num: PRLF-125595397

State: ArkansasLH

SERFF Status: Closed

State Tr Num: 39166

Co Tr Num:

State Status: Approved-Closed

Co Status:

Reviewer(s): Rosalind Minor

Authors: Bonnie Blue, Jan Majerus

Disposition Date: 06/09/2008

Date Submitted: 06/02/2008

Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Large

Overall Rate Impact:

Group Market Type: Employer

Filing Status Changed: 06/09/2008

State Status Changed: 06/09/2008

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Enclosed for your review and approval are copies of the above listed forms, which are being submitted for approval on a single case basis.

A large insured group policyholder located in Arkansas has requested we revise the definition of Member to Participant. The change is italicized on the attached policy insert pages for your ease in reviewing. This policyholder has also requested use of enrollment form, GP 56002 specific to their group (which was included in the Group Term Life filing for this policyholder, SERFF Tracking Number PRLF - 125595388).

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If approved, these pages will be used for this one case only, with our Group Short Term Disability Insurance Policy forms series GC 4000, et al, (most recently filed and approved March 14, 2002, with various subsequent filing and approval dates for changes).

No part of this filing contains any unusual or controversial items from normal industry standards.

Thank you for your consideration of this submission. All required certification forms are enclosed.

If you have any questions on any of the attached materials, please feel free to contact me by fax, e-mail or at the toll-free number shown below.

Company and Contact

Filing Contact Information

Jan Majerus, State/Federal Compliance Analyst Majerus.Jan@principal.com
711 High Street (800) 986-3343 [Phone]
Des Moines, IA 50392-0002 (515) 246-2491[FAX]

Filing Company Information

Principal Life Insurance Company CoCode: 61271 State of Domicile: Iowa
711 High Street Group Code: 332 Company Type: Life & Health
Des Moines, IA 50392 Group Name: State ID Number:
(800) 986-3343 ext. [Phone] FEIN Number: 42-0127290

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation:
Per Company: No

SERFF Tracking Number: PRLF-125595397 State: Arkansas
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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Principal Life Insurance Company	\$50.00	06/02/2008	20609863

SERFF Tracking Number: PRLF-125595397 State: Arkansas
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	06/09/2008	06/09/2008

SERFF Tracking Number: PRLF-125595397 State: Arkansas
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Project Name/Number: /

Disposition

Disposition Date: 06/09/2008

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PRLF-125595397 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	footnotes	Approved-Closed	Yes
Form	Group SHort Term Disability Title Page	Approved-Closed	Yes
Form	Table of Contents	Approved-Closed	Yes
Form	PART 1A - SHORT TERM DISABILITY INSURANCE SUMMARY	Approved-Closed	Yes
Form	PART I - DEFINITIONS	Approved-Closed	Yes
Form	PART II - POLICY ADMINISTRATION Section A Contract	Approved-Closed	Yes
Form	PART II - POLICY ADMINISTRATION Section B Premiums	Approved-Closed	Yes
Form	PART II - POLICY ADMINISTRATION Section C - Policy Termination	Approved-Closed	Yes
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS Section A Eligibility	Approved-Closed	Yes
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS	Approved-Closed	Yes
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS Section C - Participant Termination, Continuation & Reinstatement	Approved-Closed	Yes
Form	PART IV - BENEFITS Section A Benefit Qualification	Approved-Closed	Yes
Form	PART IV - BENEFITS Section B Benefits Payable	Approved-Closed	Yes
Form	PART IV - BENEFITS Section C Rehabilitation Services and Benefits	Approved-Closed	Yes
Form	PART IV - BENEFITS Section D - Survivor Benefit	Approved-Closed	Yes
Form	PART IV - BENEFITS Section E - Weekly Payment Limit	Approved-Closed	Yes
Form	PART IV - BENEFITS Section F - Benefit Payment Period & Recurring Disability	Approved-Closed	Yes
Form	PART IV - BENEFITS Section G - Limitations	Approved-Closed	Yes

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Form	PART IV - BENEFITS Section I - Claim Procedures	Approved-Closed	Yes
Form	Policy Notice	Approved-Closed	Yes
Form	booklet certificate title page	Approved-Closed	Yes
Form	Table of Contents	Approved-Closed	Yes
Form	Short Term Disability Insurance Summary	Approved-Closed	Yes
Form	Eligibility & Individual Incontestability	Approved-Closed	Yes
Form	Effective Dates	Approved-Closed	Yes
Form	Termination, Continuation & Reinstatement	Approved-Closed	Yes
Form	Benefit Qualification	Approved-Closed	Yes
Form	Benefits Payable	Approved-Closed	Yes
Form	Rehabilitation Services & Benefits	Approved-Closed	Yes
Form	Survivor Benefit	Approved-Closed	Yes
Form	Weekly Payment Limit	Approved-Closed	Yes
Form	Benefit Payment Period & REcurring Disability	Approved-Closed	Yes
Form	Limitations	Approved-Closed	Yes
Form	Claim Procedures	Approved-Closed	Yes
Form	Definitions	Approved-Closed	Yes
Form	booklet notice	Approved-Closed	Yes

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Form Schedule

Lead Form Number: GC 4000 DIL, et al

Review Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed	gc 4000 dil	Policy/Cont	Group SHort Term ract/Fratern Disability Title Page al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 4000 dil.pdf
Approved-Closed	gc 4001 dil	Policy/Cont	Table of Contents ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 4001 dil.pdf
Approved-Closed	gc 4002 dil	Policy/Cont	PART 1A - SHORT ract/Fratern TERM DISABILITY al INSURANCE Certificate: SUMMARY Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 4002 dil.pdf
Approved-Closed	gc 4004-1 dil	Policy/Cont	PART I - ract/Fratern DEFINITIONS al Certificate: Amendmen	Initial			gc 4004-1 dil.pdf

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 Product Name: grp STD DIL
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<i>SERFF Tracking Number:</i>	<i>PRLF-125595397</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>39166</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.002 Short Term</i>
<i>Product Name:</i>	<i>grp STD DIL</i>		
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PRINCIPAL LIFE INSURANCE COMPANY
(called The Principal in this Group Policy)
Des Moines, Iowa 50392-0001

This group insurance policy is issued to:

DILLARD'S, INC. FLEXIBLE BENEFIT PLAN

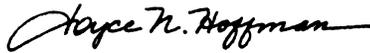
(called the Policyholder in this Group Policy)

The Date of Issue is *June 1, 2006*.

In return for the Policyholder's application and payment of all premiums when due, The Principal agrees to provide:

SHORT TERM DISABILITY INSURANCE

subject to the terms and conditions described in this Group Policy.



SENIOR VICE PRESIDENT AND
CORPORATE SECRETARY



PRESIDENT AND
CHIEF OPERATING OFFICER

GROUP POLICY NO. GST H35922
NON-PARTICIPATING
CONTRACT STATE OF ISSUE: ARKANSAS

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PART 1A - SHORT TERM DISABILITY INSURANCE SUMMARY
(Nonoccupational)

<i>Participant Contribution</i>	<i>Participants</i> are required to contribute a part of the premium for their insurance under this Group Policy.
Elimination Period	A Benefit Payment Period will begin on the: [15 th] day for Disability Due to Injury [15 th] day for Disability Due to Sickness
Primary Benefit	[60%] of Predisability Earnings
Maximum Weekly Benefit	[\$500]
Minimum Weekly Benefit	[\$15]
Maximum Benefit Payment Period	[26] weeks
Rehabilitation Services and Benefits	
Rehabilitation Services	Included
Predisability Intervention Services	Included
Other Coverage Features	
Proportionate Benefit if Working	Included
Survivor Benefit	[3] times Primary Benefit
NOTE:	
	Benefits may be reduced by other sources of income and disability earnings.
	Some disabilities may not be covered or may be limited under this insurance.

This summary provides only highlights of this Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.

PART I - DEFINITIONS

When used in this Group Policy, the terms listed below will mean:

Active Work; Actively at Work (*Effective 06/01/2006*)

A *Participant* will be considered Actively at Work if he or she is able and available for active performance of all of his or her regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided the *Participant* is able and available for active performance of all of his or her regular duties and was working the day immediately prior to the date of his or her absence.

Active Work; Actively at Work (*Effective 05/01/2007*)

A Participant will be considered Actively at Work if he or she is not terminated. Short term absence because of regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided he or she is able and available for active performance of all of his or her regular duties and were working the day immediately prior to the date of his or her absence.

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

A *Participant's* Weekly Earnings for each week he or she is Disabled. While Disabled, a *Participant's* Weekly Earnings may result from working for the Policyholder or any other employer.

Date of Issue

The date this Group Policy is placed in force: *June 1, 2006.*

Dependent

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of the *Participant's* Disability or retirement, whether or not residing in the *Participant's* home.

Disability; Disabled

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

[1]

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.
- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability Due to Injury

A Disability that:

- a. occurs solely and directly because of an accidental injury; and
- b. begins within 30 days of the accident.

An accidental injury means an injury that is caused by an accident.

Disability Due to Sickness

A Disability that:

- a. occurs directly or indirectly because of disease, a Mental Health Condition, alcohol, drug or chemical abuse, dependency, or addiction; or
- b. is not a Disability Due to Injury as defined in this PART I.

Elimination Period

The period of time a *Participant* must be Disabled before benefits begin to accrue. An Elimination Period starts on the date a *Participant* is Disabled and must be satisfied for each period of Disability.

Generally Accepted

Treatment, service or medication that:

- a. has been accepted as the standard of practice according to the prevailing opinion among experts as shown by (or in) articles published in authoritative, peer-reviewed medical, and scientific literature; and
- b. is in general use in the medical community; and

- c. is not under continued scientific testing or research as a therapy for the particular sickness or injury which is the subject of the claim.

Group Policy

The policy of group insurance issued to the Policyholder by The Principal which describes benefits and provisions for insured *Participants*.

Hospital

An institution that is licensed as a Hospital by the proper authority of the state in which it is located, but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Income Loss Percentage

A *Participant's* Income Loss Percentage is equal to:

- a. the *Participant's* Predisability Earnings less any Current Earnings from the *Participant's* Own Occupation or any occupation; divided by
- b. the *Participant's* Predisability Earnings.

Insurance Month

Calendar Month.

Maximum Weekly Benefit

[2]

[\$500]

Mental Health Condition

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of the American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Conditions not considered a Mental Health Condition include:

- a. dementia; and

- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

A *Participant* will be considered working on a Modified Basis if he or she is working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Other Income Sources

The weekly equivalent of:

- a. all disability payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. for a *Participant* who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- c. for a *Participant* who is less than Social Security Normal Retirement Age, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and

- f. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
- g. all payments for the month that the *Participant* receives under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, or severance pay, for the month that the *Participant* receives from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- k. all renewal commissions for the month that the *Participant* receives from the Policyholder.

NOTE:

If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments the *Participant* receives under the Federal Social Security Act or a pension plan which he or she had been receiving in addition to his or her Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veteran's Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

Own Occupation

The occupation the *Participant* is routinely performing for the Policyholder when his or her Disability begins.

Participant

Any full-time employee or part-time employee who has enrolled and works the required number of hours during each benefit quarter as determined by Dillard's accounting calendar.

Physician

- a. A licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- b. any other licensed health care practitioner that state law requires be recognized as a Physician under this Group Policy, provided that the services provided by such person are within the lawful scope of his or her license.

The term Physician does not include the *Participant*, an employee of the *Participant*, a business or professional partner or associate of the *Participant*, any person who has a financial affiliation or business interest with the *Participant*, anyone related to the *Participant* by blood or marriage, or anyone living in the *Participant's* household.

Policy Anniversary

June 1, 2007, and the same day of each year.

Policyholder

The entity to whom this Group Policy is issued (see Title Page).

Predisability Earnings

A Participant's Weekly Earnings in effect prior to the date Disability begins.

Primary Benefit

[3] [60%] of a *Participant's* Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of [\$500].

Prior Plan

The Group Short Term Disability coverage of either:

- a. the Policyholder; or
- b. a business entity which has been obtained by the Policyholder through a merger or acquisition;

for which this Group Policy is a replacement.

Proof of Good Health

Written evidence that a person is insurable under the underwriting standards of The Principal. This proof must be provided in a form satisfactory to The Principal.

Regular and Appropriate Care

A *Participant* will be considered to be receiving Regular and Appropriate Care if he or she:

- a. is evaluated in person by a Physician; and
- b. receives treatment appropriate for the condition causing the Disability; and
- c. undergoes evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability; and
- d. undergoes evaluations and treatment at a frequency intended to return the *Participant* to full time work; and
- e. pursues reasonable treatment options or recommendations to achieve maximum medical improvement.

The Principal may require the *Participant* to have his or her Physician provide a Written evaluation and treatment plan for the condition causing the Disability, which meets Generally Accepted medical standards and is satisfactory to The Principal.

The Principal may waive, in Writing to the *Participant*, the Regular and Appropriate Care requirement if it is determined by The Principal that continued care would be of no benefit to the *Participant*.

Signed or Signature

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by The Principal.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Weekly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, a *Participant's* basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, or any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one* calendar year period prior to the date Disability begins, if the *Participant* has been employed for at least one calendar year(s); or
- b. the completed weeks of employment prior to the date Disability begins, if the *Participant* has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar years(s), assuming the owner meets all eligibility requirements:

- a. The *Participant's* share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by the *Participant* and others under the *Participant's* supervision or direction; less
- b. The *Participant's* share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. The salary, benefits, and other forms of compensation which are payable to the *Participant*, and any contributions to a pension or profit sharing plan made on the *Participant's* behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Written or Writing

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

PART II - POLICY ADMINISTRATION

Section A

Contract

Article 1 - Entire Contract

This Group Policy, the current Certificate, the attached Policyholder application and any *Participant* applications make up the entire contract. The Principal is obligated only as provided in this Group Policy and is not bound by any trust or plan to which it is not a signatory party.

Article 2 - Policy Changes

Insurance under this Group Policy runs annually to the Policy Anniversary, unless sooner terminated. No agent, employee, or person other than an officer of The Principal has authority to change this Group Policy, and, to be effective, all such changes must be in Writing and Signed by an officer of The Principal.

The Principal reserves the right to change this Group Policy as follows:

- a. Any or all provisions of this Group Policy may be amended or changed at any time, including retroactive changes, to the extent necessary to meet the requirements of any law or any regulation issued by any governmental agency to which this Group Policy is subject.
- b. Any or all provisions of this Group Policy may be amended or changed at any time when The Principal determines that such amendment is required for consistent application of policy provisions.
- c. By Written agreement between The Principal and the Policyholder, this Group Policy may be amended or changed at any time as to any of its provisions.

Any change to this Group Policy, including, but not limited to, those in regard to coverage, benefits, and participation privileges, may be made without the consent of any *Participant*.

Payment of premium beyond the effective date of the change constitutes the Policyholder's consent to the change.

Article 3 - Policyholder Eligibility Requirements

To be an eligible group and to remain an eligible group, the Policyholder must:

PART II - POLICY ADMINISTRATION

- a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit corporation within the meaning of the Internal Revenue Code; and
- b. make at least the level of premium contributions required for insurance on its eligible *Participant*. The Policyholder must contribute at least 50% of the required premium for all *Participants*; and
- c. maintain the following participation with respect to eligible employees, excluding those for whom Proof of Good Health is not satisfactory to The Principal:
 - (1) 100% if the *Participant* is to contribute no part of the premium; or
 - (2) 50% if the *Participant* is to contribute part or all of the premium; and
 - (3) have three or more insured employees.

Article 4 - Policy Incontestability

In the absence of fraud, after this Group Policy has been in force two years, The Principal may not contest its validity except for nonpayment of premium.

Article 5 - Individual Incontestability and Eligibility

All statements made by any individual insured under this Group Policy will be representations and not warranties. In the absence of fraud, these statements may not be used to contest an *Participant's* insurance unless:

- a. the insurance has been in force for less than two years during the insured's lifetime; and
- b. the statement is in Written form Signed by the *Participant*; and
- c. a copy of the form which contains the statement is given to the insured or the insured's beneficiary at the time insurance is contested.

However, these provisions will not preclude the assertion at any time of defenses based upon the person's ineligibility for insurance under this Group Policy or upon the provisions of this Group Policy. In addition, if an individual's age is misstated, The Principal may at any time adjust premium and benefits to reflect the correct age.

The Principal may at any time terminate a *Participant's* eligibility under this Group Policy in Writing and with 31-day notice:

PART II - POLICY ADMINISTRATION

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;
- b. upon finding in a civil or criminal case that a *Participant* has submitted claims that contain false or fraudulent elements under state or federal law;
- c. when a *Participant* has submitted a claim which, in good faith judgment and investigation, a *Participant* knew or should have known, contains false or fraudulent elements under state or federal law.

Article 6 - Information to be Furnished

The Policyholder must, upon request, give The Principal all information needed to administer this Group Policy. If a clerical error is found in this information, The Principal may at any time adjust premium to reflect the facts. An error will not invalidate insurance that would otherwise be in force. Neither will an error continue insurance that would otherwise be terminated.

The Principal may inspect, at any reasonable time, all Policyholder and Participating Unit records which relate to this Group Policy.

Article 7 - Certificates

The Principal will give the Policyholder Certificates for delivery to insured *Participant*. The delivery of such Certificates will be in either paper or electronic format. The Certificates will be evidence of insurance and will describe the basic features of the benefit plan. They will not be considered a part of this Group Policy.

Article 8 - Workers' Compensation Insurance Not Replaced

This Group Policy is not in place of and does not affect nor fulfill the requirements for Workers' Compensation Insurance.

Article 9 - Policy Interpretation

The Principal has complete discretion to construe or interpret the provisions of this group insurance policy, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. The decisions of The Principal in such matters shall be controlling, binding, and final as between The Principal and persons covered by this Group Policy, subject to the Claims Procedures in PART IV, Section I, of this Group Policy.

PART II - POLICY ADMINISTRATION

Article 10 - Electronic Transactions

Any transaction relating to this Group Policy may be conducted by electronic means if performance of the transaction is consistent with applicable state and federal law.

Any notice required by the provisions of this Group Policy given by electronic means will have the same force and effect as notice given in writing.

Article 11 - Value Added Service

The Principal reserves the right to offer or provide to a Policyholder an employee assistance program or a wellness program or any other value added service for the employees of the Policyholder. In addition, The Principal may arrange for third party service providers (i.e., employee assistance program companies, wellness program providers), to provide discounted goods and services to those Policyholders of The Principal. While The Principal has arranged these goods, services, and third party provider discounts, the third party service providers are liable to the *Participants* for the provisions of such goods and services. The Principal is not responsible for the provision of such goods or services nor is it liable for the failure of the provision of the same. Further, The Principal is not liable to the *Participants* for the negligent provisions of such goods and/or services by the third party service providers.

PART II - POLICY ADMINISTRATION

PART II - POLICY ADMINISTRATION

Section B

Premiums

Article 1 - Payment Responsibility; Due Dates; Grace Period

The Policyholder is responsible for payment of all premium due while this Group Policy is in force. Payments must be sent to the designated payment center for The Principal in Des Moines, Iowa.

The first premium is due on the Date of Issue of this Group Policy. Each premium thereafter will be due on the first of each Insurance Month. Except for the first premium, a Grace Period of 31 days will be allowed for payment of premium. "Grace Period" means the first 31-day period following a premium due date. The Group Policy will remain in force until the end of the Grace Period, unless the Group Policy has been terminated by notice as described in this PART II, Section C. The Policyholder will be liable for payment of the premium for the time this Group Policy remains in force during the Grace Period.

Article 2 - Premium Rates

The premium rate will be *\$0.60* for each \$10 of Benefit Payable for each *Participant* insured for Short Term Disability Insurance.

Article 3 - Premium Rates Changes

The Principal may change a premium rate on any of the following dates:

- a. on any premium due date, after the initial premium rate has then been in force *three years* or more and if Written notice is given to the Policyholder at least 31 days before the date of change. After the initial premium rate has been in force for *three years*, The Principal may change the premium rate on any due date if the rate has been in force for 12 months or more and if Written notice is given to the Policyholder at least 31 days before the date of change; or
- b. on any date the definition of *Participant* is changed; or
- c. on any date that the Benefit Payable or class of insured *Participants* is changed; or
- d. on any date a division, subsidiary, or affiliated company is added or terminated; or
- e. on any date the premium contribution required of *Participants* is changed; or

PART II - POLICY ADMINISTRATION

- f. on any Policy Anniversary, if the total covered Weekly Earnings for then insured *Participants* has increased or decreased by more than 25% since the last Policy Anniversary.

If the Policyholder agrees to participate in the electronic services program of The Principal and, at a later date elects to withdraw from participation, such withdrawal may result in certain administrative fees being charged to the Policyholder.

Article 4 - Premium Amount

The amount of premium to be paid on each due date will be the product of total Primary Benefit payable divided by ten multiplied by the premium rate then in effect.

To ensure accurate premium calculations, the Policyholder is responsible for reporting to The Principal, the following information during the stated time periods:

- a. *Participants* who are eligible to become insured are to be reported during the month prior to or during the month that coverage becomes effective.
- b. *Participants* whose coverage has terminated are to be reported within a month of the date coverage terminated.

If a *Participant* is added or a present *Participant's* Primary Benefit amount changes or terminates on other than the first of an Insurance Month, premium for that *Participant* will be adjusted and applied as if the change were to take place on the first of the next following Insurance Month.

Article 5 - Contributions from *Participants*

Participants are required to contribute a part of the premium for their insurance under this Group Policy.

PART II - POLICY ADMINISTRATION

PART II - POLICY ADMINISTRATION

Section C

Policy Termination

Article 1 - Failure to Pay Premium

This Group Policy will terminate at the end of a Grace Period if total premium due has not been received by The Principal before the end of the Grace Period. Failure by the Policyholder to pay the premium within the Grace Period will be deemed notice by the Policyholder to The Principal to discontinue this Group Policy at the end of the Grace Period.

Article 2 - Termination Rights of the Policyholder

The Policyholder may terminate this Group Policy effective on the day before any premium due date by giving Written notice to The Principal prior to that premium due date. The Policyholder's issuance of a stop-payment order for any amounts used to pay premiums for the Policyholder's insurance will be considered Written notice from the Policyholder.

Article 3 - Termination Rights of The Principal

The Principal may nonrenew or terminate this Group Policy by giving the Policyholder 31 days advance notice in Writing, if the Policyholder:

- a. ceases to be an eligible group as described in PART II, Section A; or
- b. has performed an act or practice that constitutes fraud or has made an intentional misrepresentation of material fact under the terms of this Group Policy; or
- c. does not promptly provide The Principal with information that is reasonably required; or
- d. fails to perform any of its obligations that relate to this Group Policy.

The Principal may terminate the Policyholder's coverage on any premium due date if the Policyholder relocates to a state where this Group Policy is not marketed, by giving the Policyholder 31 days advanced notice in Writing.

Article 4 - Policyholder Responsibility to *Participants*

If this Group Policy terminates for any reason, the Policyholder must:

PART II - POLICY ADMINISTRATION

- a. notify each *Participant* of the effective date of the termination; and
- b. refund or otherwise account to each *Participant* all contributions received or withheld from *Participants* for premiums not actually paid to The Principal.

PART II - POLICY ADMINISTRATION

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section A

Eligibility

Article 1 - *Participant Insurance*

A person will be eligible for insurance on the later of

- a. the Date of Issue of this Group Policy if the person is a *Participant* on that date; or
- b. *the 1st day of the month following meeting eligibility and enrolling. Eligibility will be determined by Dillard's.*

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section B

Effective Dates

Article 1 - Actively at Work

A *Participant's* effective date for Short Term Disability Insurance will be as explained in this section, if the *Participant* is Actively at Work on that date. If the *Participant* is not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

This Actively at Work requirement may be waived as described in Replacement of a Prior Plan in PART IV, Section G, Article 2 of this Group Policy.

Article 3 - Effective Date for Contributory Insurance

If a *Participant* is to contribute a part of premium, insurance must be requested in a form provided by The Principal. Unless Proof of Good Health is required (see Articles 4 and 5 below), the requested insurance will be in force on:

- a. the date the *Participant* is eligible, if the request is made on or before that date; or
- b. the first of the Insurance Month coinciding with or next following the date of the *Participant's* request, if the request is made within 30 days after the date the *Participant* is eligible.

If the request is made more than 30 days after the date the *Participant* is eligible, Proof of Good Health will be required before insurance can be in force (see Articles 4 and 5 below).

Article 4 - Effective Date When Proof of Good Health is Required

Insurance for which Proof of Good Health is required will be in force on the later of:

- a. the date insurance would have been effective if Proof of Good Health had not been required; or
- b. the first of the Insurance Month coinciding with or next following the date Proof of Good Health is approved by The Principal.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 5 - Proof of Good Health Requirements

The type and form of required Proof of Good Health will be determined by The Principal. A *Participant* must submit Proof of Good Health:

- a. If insurance for which a *Participant* contributes a part of premium is requested more than 30 days after the date the *Participant* is eligible.
- b. If a *Participant* has failed to provide required Proof of Good Health or has been refused insurance under this Group Policy at any prior time.
- c. If a *Participant* elects to terminate insurance and, more than 30 days later, requests to be insured again.
- d. If, on the date a *Participant* becomes eligible, fewer than ten *Participants* are insured.
- e. If, on the date a *Participant* becomes eligible for any increase or additional Benefit Payable amount, fewer than ten *Participants* are insured.

Article 6 - Effective Date for Benefit Changes Due to a Change in Weekly Earnings

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the *Participant's* Weekly Earnings will normally be effective on the *June 1st that next follows the date of the change*. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

Article 6A - Effective Date for Benefit Changes Due to a Change in Insurance Class

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the *Participant's* insurance class will normally be effective on the Policy Anniversary that coincides with or next follows the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 7 - Effective Date for Benefit Changes - Change by Policy Amendment or Endorsement

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in the amount of a *Participant's* Benefit Payable because of a change in the Benefit Payable (as described in PART IV, Section B) by amendment or endorsement to this Group Policy will be effective on the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section C

Participant Termination, Continuation, and Reinstatement

Article 1 - *Participant Termination*

A *Participant's* insurance under this Group Policy will terminate on the earliest of:

- a. the date this Group Policy is terminated; or
- b. the end of the Insurance Month for which the last premium is paid for the *Participant's* insurance; or
- c. for contributory insurance, the end of any Insurance Month desired, if requested by the *Participant* before that date; or
- d. the end of the Insurance Month in which the *Participant* ceases to be a *Participant* as defined; or
- e. the end of the Insurance Month in which the *Participant* ceases to be in a class for which *Participant* Insurance is provided; or
- f. the end of the Insurance Month in which the *Participant* ceases Active Work, except as provided by Articles 2, 3, 4, and 5 of this section.

Termination for any reason described above will not affect a *Participant's* rights to benefits, if any, for a Disability that begins while the *Participant's* insurance is in force under this Group Policy. A *Participant* is considered to be continuously Disabled if he or she is Disabled from one condition and, while still Disabled from that condition, incurs another condition that causes Disability.

Article 2 - *Participant Continuation*

A *Participant* may qualify to have his or her insurance continued under one or more of the continuation articles below. If a *Participant* qualifies for continuation under more than one article, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 3 - *Participant* Continuation and Reinstatement - Sickness, Injury, or Pregnancy

If a *Participant* ceases Active Work due to sickness, injury, or pregnant, the *Participant's* insurance can be continued subject to payment of premium, until the earliest of:

- a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
- b. the end of the Insurance Month in which the *Participant* recovers; or
- c. the date 197 days after Active Work ends.

For a *Participant* who establishes a Benefit Payment Period, his or her insurance will be reinstated if the *Participant* returns to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. The *Participant's* reinstated insurance will be in force on the date of return to Active Work.

For a *Participant* who does not qualify to have a Benefit Payment Period, insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The *Participant's* reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the *Participant* remained continuously insured.

Article 4 - *Participant* Continuation and Reinstatement - Layoff or Leave of Absence

If a *Participant* ceases Active Work due to layoff or leave of absence, his or her insurance can be continued, subject to premium payment, until the earlier of:

- a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
- b. the end of the Insurance Month in which Active Work ends.

A *Participant's* insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The *Participant's* reinstated insurance will be in force on the date of his or her return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the *Participant* remained continuously insured.

Article 5 - *Participant* Continuation and Reinstatement - Family and Medical Leave Act (FMLA)

If a *Participant* ceases Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue the *Participant's* insurance, subject to premium payment, until the date 12 weeks after the end of the Insurance Month in which Active Work ends.

A *Participant's* terminated insurance may be reinstated in accordance with the provisions of the FMLA.

Article 6 - *Termination of Coverage Due to Failing to Continue to Meet Dillard's Eligibility*

A Participant's coverage will terminate on the 1st day of new benefit quarter following two consecutive benefit quarters where he or she did not work the average number of hours to maintain eligibility as defined by Dillard's and determined by Dillard's accounting calendar.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART IV - BENEFITS

Section A

Benefit Qualification

Article 1 - Benefit Qualification

A *Participant* will qualify for Disability benefits if all of the following apply:

- a. The *Participant* is Disabled under the terms of this Group Policy.
- b. The Disability begins while he or she is insured under this Group Policy.
- c. The Disability is not subject to any Limitations listed in this PART IV, Section G.
- d. An Elimination Period is completed.
- e. A Benefit Payment Period is established.
- f. The *Participant* is under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in this PART IV, Section I are satisfied.

An Elimination Period will start on the date a *Participant* becomes Disabled. The Elimination Period will be completed and a Benefit Payment Period established on the:

[4]

- a. [15th] day if the Disability is Due to Injury; or
- b. [15th] day if the Disability is Due to Sickness.

Disability; Disabled

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.
- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

PART IV – BENEFITS

Benefit Payment Period

The period of time during which benefits are payable.

Elimination Period

The period of time a *Participant* must be Disabled before benefits begin to accrue. An Elimination Period starts on the date a *Participant* is Disabled and must be satisfied for each period of Disability.

Modified Basis

A *Participant* will be considered working on a Modified Basis if he or she is working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Own Occupation

The occupation the *Participant* is routinely performing for the Policyholder when his or her Disability begins.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

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Section B

Benefits Payable

Article 1 - If the *Participant* is not working during a period of Disability

The Benefit Payable to a *Participant* for each full week of a Benefit Payment Period will be the *Participant's* Primary Benefit less Other Income Sources.

Article 2 - If the *Participant* is working during a period of Disability

The Benefit Payable to a *Participant* for each full week of a Benefit Payment Period will be the lesser of:

- a. the *Participant's* Primary Benefit less Other Income Sources, multiplied by the *Participant's* Income Loss Percentage; or
- b. 100% of Predisability Earnings less Other Income Sources, less Current Earnings from his or her Own Occupation or any occupation.

Primary Benefit

[60%] of a *Participant's* Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of [\$500].

Predisability Earnings

A *Participant's* Weekly Earnings in effect prior to the date Disability begins.

Income Loss Percentage

A *Participant's* Income Loss Percentage is equal to:

- a. the *Participant's* Predisability Earnings less any Current Earnings from the *Participant's* Own Occupation or any occupation; divided by
- b. the *Participant's* Predisability Earnings.

PART IV - BENEFITS

Current Earnings

A *Participant's* Weekly Earnings for each week he or she is Disabled. While Disabled, a *Participant's* Weekly Earnings may result from working for the Policyholder or any other employer.

Weekly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, a *Participant's* basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, or any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for

- a the *one* calendar year period prior to the date Disability begins, if the *Participant* has been . employed for at least one calendar year(s); or
- b the completed weeks of employment prior to the date Disability begins, if the *Participant* . has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar years(s), assuming the owner meets all eligibility requirements:

- a The *Participant's* share (based on ownership or contractual agreement) of the gross revenue . or income earned by the Policyholder, including income earned by the *Participant* and others under the *Participant's* supervision or direction; less
- b The *Participant's* share (based on ownership or contractual agreement) of the usual and . customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus

PART IV - BENEFITS

- c. The salary, benefits, and other forms of compensation which are payable to the *Participant*, and any contributions to a pension or profit sharing plan made on the *Participant's* behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources

The weekly equivalent of:

- a. all disability payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. for a *Participant* who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- c. for a *Participant* who is less than Social Security Normal Retirement Age, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
- g. all payments for the month that the *Participant* receives under any state disability plan; and

PART IV - BENEFITS

- h. all sick pay, salary continuance payments, personal time off, or severance pay, for the month that the *Participant* receives from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- k. all renewal commissions for the month that the *Participant* receives from the Policyholder.

NOTE: If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments the *Participant* receives under the Federal Social Security Act or a pension plan which he or she had been receiving in addition to his or her Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veteran's Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

PART IV - BENEFITS

Article 3 - Minimum Weekly Benefit

[5]

In no event will the weekly Benefit Payable be less than [*\$15*] for each full week of a Benefit Payment Period, except that The Principal will have the right to reduce the Minimum Weekly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by [*seven*].

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Section C

Rehabilitation Services and Benefits

Article 1 - Rehabilitation Services and Benefits

While the *Participant* is Disabled and covered under this Group Policy, he or she may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. The Principal will work with the *Participant*, the employer, and the *Participant's* Physician(s), and others as appropriate, to develop an individualized rehabilitation plan intended to assist the *Participant* in returning to work.

Article 2 - Rehabilitation Services

While the *Participant* is Disabled under the terms of the Group Policy, he or she may qualify for Rehabilitation Services. If the *Participant*, the Policyholder and The Principal agree in Writing on a rehabilitation plan in advance, The Principal may pay a portion of reasonable expenses. The goal of the plan will be to return the *Participant* to work.

Any rehabilitation assistance must be approved in advance by The Principal and outlined in a rehabilitation plan. The Benefit Payable as described in this PART IV, Section B, Article(s) 1 and 2, (subject to the terms and conditions of the section) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

- a. coordination of medical services;
- b. vocational and employment assistance;
- c. purchasing adaptive equipment;
- d. business/financial planning;
- e. retraining for a new occupation;
- f. education expenses.

The Principal will periodically review the rehabilitation plan and the *Participant's* progress and The Principal will continue to pay for the agreed upon expenses as long as The Principal determines that the rehabilitation plan is providing the necessary action to return the *Participant* to work.

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Article 3 - Predisability Intervention Services

Rehabilitation Services may be offered to a *Participant* who has not yet become Disabled under the terms of this Group Policy, provided the *Participant* has a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of his or her Own Occupation.

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Section D

Survivor Benefit

Article 1 - Survivor Benefit

[6]

In the event a Benefit Payment Period ends because of the *Participant's* death, a Survivor Benefit will be payable. This Survivor Benefit will be [*three*] times the *Participant's* Primary Benefit.

The Principal will pay the Survivor Benefit to a *Participant's* spouse, child, parent, or estate as described in this PART IV, Section I, Claim Procedures.

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Section E

Weekly Payment Limit

Article 1 - Weekly Payment Limit

In no event will the sum of the amounts payable for:

- a. Benefits Payable under this PART IV, Section B, Article(s) 1 and 2; and
- b. income from Other Income Sources; and
- c. Current Earnings from the *Participant's* Own Occupation or any occupation; and
- d. payments attributable to individual disability insurance policies;

exceed 100% of Predisability Earnings. In the event the *Participant's* total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits under this Group Policy will be reduced by the amount in excess of 100% of Predisability Earnings.

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Section F

Benefit Payment Period and Recurring Disability

Article 1 - Benefit Payment Period

[7]

Benefits are payable until the date [26] weeks after the date the Benefit Payment Period begins.

However, in no event, will benefits continue beyond:

- a. the date of the *Participant's* death; or
- b. the date Disability ends, unless a Recurring Disability exists as explained in this section; or
- c. the date the *Participant* fails to provide any required proof of Disability; or
- d. the date the *Participant* fails to submit to any required medical examination or evaluation as provided in this PART IV, Section I, Article 13; or
- e. the date the *Participant* fails to report any required Current Earnings information; or
- f. the date the *Participant* fails to report income from Other Income Sources; or
- g. the date ten days after receipt of notice from The Principal if the *Participant* fails to pursue Social Security Benefits or benefits under a Worker's Compensation Act or similar law, as outlined in PART IV, Section I, Article(s) 8 and 9; or
- h. the date the *Participant* ceases to be under the Regular and Appropriate Care of a Physician.

Article 2 - Recurring Disability

A Recurring Disability will exist under this Group Policy if:

- a. after completing an Elimination Period and during a Benefit Payment Period, a *Participant* ceases to be Disabled; and
- b. the *Participant* then returns to Active Work; and
- c. while insured under this Group Policy, but before completing 30 continuous days of Active Work, the *Participant* is again Disabled; and

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- d. the current Disability and the Disability for which the Elimination Period was completed result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability has not ended, except that no benefits will be payable for the time between Disabilities. The *Participant* will not be required to complete a new Elimination Period and a new Benefit Payment Period will not be established. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability.

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Section G

Limitations

Article 1 - Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury, while sane or insane; or
- b. results from war or act of war; or
- c. results from participation in an assault or felony; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended and the *Participant* has not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended and the *Participant* has not returned to Active Work (except as provided for a Recurring Disability in this PART IV, Section F, Article 2); or
- f. results from a sickness or injury arising out of or in the course of employment for wage or profit.

Article 2 - Replacement of a Prior Plan

a. Applicability

When insurance under this Group Policy replaces coverage under a Prior Plan, this article may apply to a *Participant* who is eligible and enrolled under this Group Policy and is not Actively at Work when his or her coverage would otherwise become effective.

b. Benefit Eligibility

A *Participant* will qualify for the benefit provided by this article if all of the following apply:

- (1) The *Participant* had Short Term Disability coverage under a Prior Plan, which terminated on the date immediately preceding the date the *Participant* became eligible under this Group Policy.
- (2) The *Participant* is not receiving any benefits under the Prior Plan but would have been entitled to benefits had the Prior Plan remained in force.

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- (3) No provision other than the Actively at Work provision(s) would prohibit benefits being paid to the *Participant* under this Group Policy.

c. Benefits Payable

The benefits payable, if any, under this article, will be the lesser of the benefits of this Group Policy or the benefits that would have been paid under the Prior Plan had it remained in force. No benefits will be paid for:

- (1) any Disability that occurs before the Date of Issue of this Group Policy; or
- (2) any Disability for which benefits would have been paid under the Prior Plan in the absence of this section.

Prior Plan

The Group Short Term Disability coverage of either:

- a. the Policyholder; or
- b. a business entity which has been obtained by the Policyholder through a merger or acquisition;

for which this Group Policy is a replacement.

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Section I

Claim Procedures

Article 1 - Notice of Claim

Written notice must be sent to The Principal by or for a *Participant* who wishes to file claim for benefits under this Group Policy. This notice must be sent within 20 days after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Article 2 - Claim Forms

The Principal, when it receives notice of claim, will provide claim forms for filing proof of Disability. If the forms are not provided within 15 days after The Principal receives notice of the claim, the person will be considered to have complied with the requirements of the Group Policy regarding proof of Disability upon submitting, within the time specified below for filing proof of Disability, Written proof covering the occurrence, character, and extent of the loss.

Article 3 - Proof of Disability

Written proof that Disability exists and has been continuous must be sent to The Principal within 90 days after the date a *Participant* completes an Elimination Period. Proof required includes the date, nature, and extent of loss. Further proof that Disability has not ended must be sent when requested by The Principal. The Principal may request additional information to substantiate loss or require a Signed unaltered authorization to obtain that information from the provider. The Principal reserves the right to determine when these conditions are met. Failure to comply with the request of The Principal could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when Elimination Period has been completed and the appropriate claim form is received by The Principal.

Article 4 - Proof of Disability while outside the United States

If during a period of Disability, the *Participant* is residing or staying outside the United States, the following will apply:

- a. Any evidence the *Participant* submits for his or her claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.

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- b. The *Participant* may be required to return to the United States at a frequency The Principal deems necessary to substantiate his or her claim for Disability. All expenses incurred by the *Participant* for returning to the United States will be his or her responsibility.
- c. The *Participant* must notify The Principal in advance of any return to the United States and his or her change of address.

Failure to comply with the request of The Principal could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by The Principal.

Article 5 - Payment, Denial, and Review

ERISA permits up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, The Principal will send a Written explanation prior to the expiration of the 45 days. The claimant is then allowed up to 45 days to provide all additional information requested. The Principal is permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to the claimant regarding the extension.

In actual practice, benefits under this Group Policy will be payable sooner, provided The Principal received complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, The Principal will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to The Principal within 180 days of receipt of the notice of denial. The Principal will make a full and fair review of the claim. The Principal may require additional information to make the review. The Principal will notify the claimant in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because the Principal did not receive the requested additional information, The Principal is permitted a 45-day extension for the review. Written notification will be sent to the claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means *Participant*.

Article 6 - Report of Payments from Other Income Sources

When asked, a *Participant* must give The Principal:

- a. a report of all payments from Other Income Sources; and

PART IV – BENEFITS

- b. proof of application for all such income for which the *Participant* and the *Participant's* Dependents are eligible; and
- c. proof that any application for such income has been rejected.

Article 7 - Lump Sum Payments from Other Income Sources

If any income from Other Income Sources is payable in a lump sum, (except as described below) the lump sum will be deemed to be paid in weekly amounts prorated over the time stated. If no such time is stated, the lump sum will be prorated weekly over the expected life span of the *Participant*. The Principal will determine the expected life span.

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the weekly amount which:
 - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
 - (2) is prorated under a standard annuity table over the expected life span of the *Participant* (if the plan does not have a standard annuity option);
- b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or a settlement) will be deemed to be paid weekly:
 - (1) at the rate stated in the award or settlement; or
 - (2) at the rate paid prior to the lump sum (if no rate is stated in the award or settlement); or
 - (3) at the maximum rate set by the law (if no rate is stated and the *Participant* did not receive a periodic award).

Article 8 - Social Security Estimates

Until exact amounts are known, The Principal may estimate the Social Security benefits for which a *Participant* and his or her Dependents are eligible and may include those estimates in the *Participant's* Other Income Sources.

If it is reasonable that the *Participant* would be entitled to disability benefits under the Federal Social Security Act, The Principal will require that the *Participant*:

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- a. apply for disability benefits within ten days after receipt of Written notice from The Principal requesting the *Participant* to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from The Principal that the *Participant* has applied for these benefits within the ten-day period; and
- c. request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial of reconsideration if an appeal appears reasonable.

Article 9 - Workers' Compensation Estimates

Until exact amounts are known, The Principal may estimate the Workers' Compensation benefits for which a *Participant* are eligible and may include those estimates in the *Participant's* Other Income Sources.

If it is reasonable that the *Participant* would be entitled to disability benefits under a Workers' Compensation Act or a similar law, The Principal will require that the *Participant*:

- a. apply for benefits within ten days after receipt of Written notice from The Principal requesting the *Participant* to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from The Principal that the *Participant* has applied for these benefits within the ten-day period.

Article 10 - Payments for Less Than a Full Week

The Benefit payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by seven.

Article 11 - Right to Recover Overpayments

If an overpayment of benefits occurs under this Group Policy, The Principal will have the option to:

- a. reduce or withhold any future benefits The Principal determines to be due, including the Minimum Weekly Benefit; or
- b. recover the excess payment directly from the *Participant*; or
- c. take any other legal action.

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Article 12 - Facility of Payment

Benefits under this Group Policy will be payable at the end of each week of a Benefit Payment Period, provided complete and proper Proof of Disability has been received by The Principal. The Principal will have the option to issue Benefits Payable in a lump sum amount.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

The Principal will normally pay benefits directly to the *Participant*. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge The Principal to the full extent of those payments.

- a. If payment amounts remain due upon a *Participant's* death, those amounts may, at the option of The Principal's, be paid to the *Participant's* spouse, child, parent, or estate.
- b. If The Principal believes a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, The Principal may pay whoever has assumed the care and support of the person. Any payment due a minor will be at the rate of not more than \$50 a week.

Article 13 - Medical Examinations and Evaluations

The Principal may require a *Participant* to be examined by a Physician, or undergo an evaluation, at reasonable intervals, during the course of a claim. The Principal will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of the *Participant's* benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of the *Participant's* benefits. If the *Participant* fails to attend an examination or an evaluation, any charges incurred for not attending an appointment as scheduled may be his or her responsibility.

Article 14 - Legal Action

Legal action to recover benefits under this Group Policy may not be started earlier than 90 days after required Proof of Disability has been filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

Article 15 - Time Limits

Any time limits listed in this section will be adjusted as required by law.

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POLICY NOTICE

Arkansas insurance law requires each Group Policy covering Arkansas residents to include the address and telephone number of: (1) the insurance company issuing the Group Policy, and (2) the Arkansas Insurance Department. The information is as follows:

- (1) Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0001

For Disability claim-related inquiries:
Attn: Group Claim - Disability Info Line Services
Telephone 1-800-245-1522

For administration-related inquiries:
Attn: Group Call Center
Telephone: 1-800-843-1371

- (2) Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201-1904
Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

This Notice is for the Policyholder's information only and does not become a part or condition of this Group Policy.

Your insurance has been designed to provide financial help for you when a covered loss occurs. This plan has chosen benefits provided by a Group Policy issued by *Principal Life Insurance Company (Principal Life)*. To the extent that benefits are provided by the Group Policy, the administration and payment of claims will be done by *Principal Life* as an insurer.

Participants rights and benefits are determined by the provisions of the Group Policy. This booklet-*certificate* briefly describes those rights and benefits. It outlines what you must do to be insured. It explains how to file claims. It is your certificate while you are insured.

The effective date of your insurance is as shown on your enrollment card.

THIS BOOKLET-CERTIFICATE REPLACES ANY PRIOR BOOKLET-CERTIFICATE THAT YOU MAY HAVE RECEIVED. If you have any questions about this new booklet-*certificate*, please contact your employer. In the event of future plan changes, you will be provided with a new booklet-*certificate* or a booklet-*certificate* rider.

If you have an electronic booklet-*certificate*, paper copies of this booklet-*certificate* are also available. Please contact your Policyholder if you would like to request a paper copy.

PLEASE READ YOUR BOOKLET-CERTIFICATE CAREFULLY. *Principal Life* suggests that you start with a review of the terms listed in the DEFINITIONS Section (at the back of the booklet-*certificate*). The meanings of these terms will help you understand the insurance.

The group insurance policy and your coverage under the Group Policy may be discontinued or altered by the Policyholder or *Principal Life* at any time without your consent.

Principal Life reserves complete discretion to construe or interpret the provisions of this group insurance, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. *Principal Life* decisions in such matters will be controlling, binding, and final as between *Principal Life* and persons covered by this group insurance, subject to the Claim Procedures shown on page GH 866 of this booklet-*certificate*.

The insurance provided in this booklet-*certificate* is subject to the laws of the state of ARKANSAS.

PRINCIPAL LIFE
INSURANCE COMPANY
Des Moines, IA 50392-0001

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SHORT TERM DISABILITY INSURANCE SUMMARY
(Nonoccupational)

Who Pays for Coverage	You are required to pay a part of the premium for insurance under the Group Policy.
Elimination Period	A Benefit Payment Period will begin on the: [15 th] day for Disability Due to Injury [15 th] day for Disability Due to Sickness
Primary Benefit	[60%] of Predisability Earnings
Maximum Weekly Benefit	[\$500]
Minimum Weekly Benefit	[\$15]
Maximum Benefit Payment Period	[26] weeks
Rehabilitation Services and Benefits	
Rehabilitation Services	Included
Predisability Intervention Services	Included
Other Coverage Features	
Proportionate Benefit if Working	Included
Survivor Benefit	[3] times Primary Benefit
NOTE:	
Benefits may be reduced by other sources of income and disability earnings.	
Some disabilities may not be covered or may be limited under this insurance.	

This summary provides only highlights of the Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.

HOW TO BE INSURED SHORT TERM DISABILITY INSURANCE

Eligibility and Individual Incontestability

Eligibility

You will be eligible for insurance on the later of:

- a. June, 1, 2006, if you are a Participant on that date ; or*
- b. the 1st day of the month following meeting eligibility and enrolling. Eligibility will be determined by Dillard's.*

Individual Incontestability

All statements made by any person insured will be representations and not warranties. In the absence of fraud, these statements may not be used to contest the *Participant's* coverage unless:

- a. the insurance has been in force for less than two years during the Participant 's lifetime; and*
- b. the statement is in Written form Signed by the Participant; and*
- c. a copy of the form which contains the statement is given to the Participant or the Participant's beneficiary at the time insurance is contested.*

However, the above will not preclude the assertion at any time of defenses based upon the person's not being eligible for insurance under the Group Policy or upon other provisions of the Group Policy.

In addition, if a person's age is misstated, *Principal Life* may, at any time, adjust premiums and benefits to reflect the correct age.

Principal Life may, at any time, terminate a *Participant's* eligibility under the Group Policy, in Writing and with 31-day notice:

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;*
- b. upon finding in a civil or criminal case that a Participant has submitted claims that contain false or fraudulent elements under state or federal law;*
- c. when a Participant has submitted a claim which, in good faith judgment and investigation, a Participant knew or should have known, contains false or fraudulent elements under state or federal law.*

HOW TO BE INSURED SHORT TERM DISABILITY INSURANCE

Effective Dates

Actively at Work

Your effective date for Short Term Disability Insurance will be as explained in this booklet-*certificate*, if you are Actively at Work on that date. If you are not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

Effective Date for Contributory Insurance

If you are to contribute a part of premium, insurance must be requested in a form provided by *Principal Life*. Unless Proof of Good Health is required, the requested insurance will be in force on:

- a. the date you are eligible, if the request is made on or before that date; or
- b. the first of the Insurance Month coinciding with or next following the date of your request, if the request is made within 30 days after the date you are eligible.

If the request is made more than 30 days after the date you are eligible, Proof of Good Health will be required before insurance can be in force.

Effective Date When Proof of Good Health is Required

Insurance for which Proof of Good Health is required will be in force on the later of:

- a. the date insurance would have been effective if Proof of Good Health had not been required; or
- b. the first of the Insurance Month coinciding with or next following the date Proof of Good Health is approved by *Principal Life*.

Proof of Good Health Requirements

The type and form of required Proof of Good Health will be determined by *Principal Life*. You must submit Proof of Good Health:

- a. If insurance for which you contribute a part of premium is requested more than 30 days after the date you are eligible.

- b. If you have failed to provide required Proof of Good Health or have been refused insurance under the Group Policy at any prior time.
- c. If you elect to terminate insurance and, more than 30 days later, request to be insured again.
- d. If, on the date you become eligible, fewer than ten *Participants* are insured.
- e. If, on the date you become eligible for any increase or additional Benefit Payable amount, fewer than ten *Participants* are insured.

Effective Date for Benefit Changes Due to a Change in Weekly Earnings

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your Weekly Earnings will normally be effective on the *June 1st that next follows the date of the change*. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

Effective Date for Benefit Changes Due to a Change in Insurance Class

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your insurance class will normally be effective on the date of the change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

Effective Date for Benefit Changes - Change by Policy Amendment or Endorsement

Unless Proof of Good Health is required (see above), a change in the amount of your Benefit Payable because of a change in the Benefit Payable by amendment or endorsement to the Group Policy will be effective on the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

**HOW TO BE INSURED
SHORT TERM DISABILITY INSURANCE**

Termination, Continuation, and Reinstatement

Termination of Insurance

Your insurance will terminate on the earliest of:

- a. the date the Group Policy is terminated; or
- b. the end of the Insurance Month for which the last premium is paid for your insurance; or
- c. for contributory insurance, the end of any Insurance Month if requested by you before that date; or
- d. the end of the Insurance Month in which you cease to be a *Participant* as defined; or
- e. the end of the Insurance Month in which you cease to be in a class for which *Participant* Insurance is provided; or
- f. the end of the Insurance Month in which you cease Active Work except as provided below.

Termination of insurance for any reason described above will not affect your rights to benefits, if any, for a Disability that begins while your insurance is in force under the Group Policy. You are considered to be continuously Disabled if you are Disabled from one condition and, while still Disabled from that condition, incur another condition that causes Disability.

Termination of Coverage Due to Failing to Continue to Meet Dillard's Eligibility

Your coverage will terminate on the 1st day of the new benefit quarter following two consecutive benefit quarters where you did not work the average number of hours to maintain eligibility as defined by Dillard's and determined by Dillard's accounting calendar.

Continuation

You may qualify to have your insurance continued under one or more of the continuation provisions below. If you qualify for continuation under more than one provision, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

Continuation and Reinstatement - Sickness, Injury, or Pregnancy

If you cease Active Work due to sickness, injury, or pregnancy, your insurance can be continued subject to payment of premium, until the earliest of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which you recover; or
- c. the date 197 days after Active Work ends.

If a Benefit Payment Period is established, your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. Your reinstated insurance will be in force on the date of return to Active Work.

If you do not qualify to have a Benefit Payment Period begin, insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

Continuation and Reinstatement - Layoff or Leave of Absence

If you cease Active Work due to layoff or leave of absence, your insurance can be continued, subject to premium payment, until the earlier of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which Active Work ends.

Your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

Continuation and Reinstatement - Family and Medical Leave Act (FMLA)

If you cease Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue your insurance, subject to premium payment, until the date 12 weeks after the end of the Insurance Month in which Active Work ends.

Your terminated insurance may be reinstated in accordance with the provisions of FMLA.

DESCRIPTION OF BENEFITS

Benefit Qualification

You will qualify for Disability benefit, if all of the following apply:

- a. You are Disabled under the terms of the Group Policy.
- b. Your Disability begins while you are insured under the Group Policy.
- c. Your Disability is not subject to any of the Limitations listed in this booklet-*certificate*.
- d. An Elimination Period is completed.
- e. A Benefit Payment Period is established.
- f. You are under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in the CLAIM PROCEDURES Section are satisfied.

An Elimination Period will start on the date you become Disabled. The Elimination Period will be completed and a Benefit Payment Period established on the:

- a. [15th] day if the Disability is Due to Injury; or
- b. [15th] day if the Disability is Due to Sickness.

Disability; Disabled

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than [80%] of your Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Benefit Payment Period

The period of time during which benefits are payable.

Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability.

Modified Basis

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Own Occupation

The occupation you are routinely performing for the Policyholder when your Disability begins.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

DESCRIPTION OF BENEFITS

Benefits Payable

If you are not working during a period of Disability

Your Benefit Payable for each full week of a Benefit Payment Period will be your Primary Benefit less Other Income Sources.

If you are working during a period of Disability

Your work incentive Benefit Payable for each full week of a Benefit Payment Period will be the lesser of:

- a. Your Primary Benefit less Other Income Sources, multiplied by your Income Loss Percentage; or
- b. 100% of Predisability Earnings less Other Income Sources, less Current Earnings from your Own Occupation or any occupation.

Primary Benefit

[60%] of your Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of [\$500].

Predisability Earnings

Your Weekly Earnings in effect prior to the date Disability begins.

Income Loss Percentage

Your Income Loss is equal to:

- a. your Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Predisability Earnings.

Current Earnings

Your Weekly Earnings for each week you are Disabled. While Disabled, your Weekly Earnings may result from working for the Policyholder or any other employer.

Weekly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, your basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, or any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements, and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one calendar* year period prior to the date Disability begins, if you have been employed for at least one calendar year(s); or
- b. the completed weeks of employment prior to the date Disability begins, if you have been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. Your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. Your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. The salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources

The weekly equivalent of:

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. if you have reached Social Security Normal Retirement Age or older, all retirement payments for the month that you and your Dependents receive or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- c. if you are less than Social Security Normal Retirement Age, all retirement payments for the month that you and your Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that you receive from a permanent or temporary award or settlement under a Worker's Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- g. all payments for the month that you receive under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, or severance pay, for the month that you receive from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an

Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and

- j. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
- k. all renewal commissions for the month that you receive from the Policyholder.

NOTE: If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

Minimum Weekly Benefit

In no event will the weekly Benefit Payable be less than [\$15] for each full week of a Benefit Payment Period, except that *Principal Life* will have the right to reduce the Minimum Weekly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by [seven].

DESCRIPTION OF BENEFITS

Rehabilitation Services and Benefits

Rehabilitation Services and Benefits

While you are Disabled and covered under the Group Policy, you may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. *Principal Life* will work with you, the employer, and your Physician(s), and others as appropriate, to develop an individualized rehabilitation plan intended to assist you in returning to work.

Rehabilitation Services

While you are Disabled under the terms of the Group Policy, you may qualify for Rehabilitation Services. If you, the Policyholder and *Principal Life* agree in Writing on a rehabilitation plan in advance, *Principal Life* may pay a portion of reasonable expenses. The goal of the plan will be to return you to work.

Any rehabilitation assistance must be approved in advance by *Principal Life* and outlined in a rehabilitation plan. The Benefit Payable as described in the booklet-*certificate* (subject to the terms and conditions of the Group Policy) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

- a. coordination of medical services;
- b. vocational and employment assessment;
- c. purchasing adaptive equipment;
- d. business/financial planning;
- e. retraining for a new occupation;
- f. education expenses.

Principal Life will periodically review the rehabilitation plan and your progress and *Principal Life* will continue to pay for the agreed upon expenses as long as *Principal Life* determines that the rehabilitation plan is providing the necessary action to return you to work.

Predisability Intervention Services

Rehabilitation Services may be offered if you have not yet become Disabled under the terms of the Group Policy, provided you have a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of your Own Occupation.

DESCRIPTION OF BENEFITS

Survivor Benefit

If your Benefit Payment Period ends because of your death, a Survivor Benefit will be payable. This Survivor Benefit will be [*three*] times your Primary Benefit.

Principal Life will pay the Survivor Benefit to your spouse, child, parent, or estate as described in the CLAIM PROCEDURES Section.

DESCRIPTION OF BENEFITS

Weekly Payment Limit

In no event will the sum of the amounts payable for:

- a. Benefits Payable as described in this booklet-*certificate*; and
- b. income from Other Income Sources; and
- c. Current Earnings from your Own Occupation or any occupation; and
- d. payments attributable to individual disability insurance policies;

exceed 100% of Predisability Earnings. In the event your total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits as described in this booklet-*certificate* will be reduced by the amount in excess of 100% of Predisability Earnings.

DESCRIPTION OF BENEFITS

Benefit Payment Period and Recurring Disability

Benefit Payment Period

Benefits are payable until the date [26] weeks after the date the Benefit Payment Period begins.

However, in no event, will benefits continue beyond:

- a. the date of your death; or
- b. the date your Disability ends, unless a Recurring Disability exists as explained in this booklet-*certificate*; or
- c. the date you fail to provide any required proof of Disability; or
- d. the date you fail to submit to any required medical examination or evaluation; or
- e. the date you fail to report any required Current Earnings information; or
- f. the date you fail to report income from Other Income Sources; or
- g. the date ten days after receipt of notice from *Principal Life* if you fail to pursue Social Security Benefits or benefits under a Workers' Compensation Act or similar law as described in this booklet-*certificate*; or
- h. the date you cease to be under the Regular and Appropriate Care of a Physician.

Recurring Disability

A Recurring Disability will exist under the Group Policy if:

- a. after you have completed an Elimination Period and during a Benefit Payment Period, you cease to be Disabled; and
- b. you then return to Active Work; and
- c. while insured under the Group Policy, but before completing 30 continuous days of Active Work, you are again Disabled; and
- d. your current Disability and the Disability for which you completed the Elimination Period result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. You will not be required to complete a new Elimination Period for a Recurring Disability and a new Benefit Payment Period will not be established. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability.

DESCRIPTION OF BENEFITS

Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury, while sane or insane; or
- b. results from war or act of war; or
- c. results from participation in an assault or felony; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended and you have not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended and you have not returned to Active Work (except as provided for a Recurring Disability in this booklet-*certificate*); or
- f. results from a sickness or injury arising out of or in the course of employment for wage or profit.

CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to *Principal Life* within 20 days after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Claim Forms

Claim forms and other information needed to provide proof of Disability must be filed with *Principal Life* in order to obtain payment of benefits. The Policyholder will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after *Principal Life* receives notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of Disability upon submitting, within the time specified below for filing proof of Disability, Written proof covering the occurrence, character and extent of the loss.

Proof of Disability

Claim forms and other information needed to prove Disability should be filed promptly. Written proof that Disability exists and has been continuous must be sent to *Principal Life* within 90 days after the date you complete an Elimination Period. Proof required includes the date, nature, and extent of the loss. Further proof that Disability has not ended must be sent when requested by *Principal Life*. *Principal Life* may request additional information to substantiate your loss or require a Signed unaltered authorization to obtain that information from the provider. *Principal Life reserves* the right to determine when these conditions are met. Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by *Principal Life*.

Proof of Disability while outside the United States

If during a period of Disability, you are residing or staying outside the United States, the following will apply:

- a. Any evidence you submit for your claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.
- b. You may be required to return to the United States at a frequency *Principal Life deems* necessary to substantiate your claim for Disability. All expenses incurred by you for returning to the United States will be your responsibility.

- c. You must notify *Principal Life* in advance of any return to the United States and your change of address.

Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by *Principal Life*.

Payment, Denial, and Review

ERISA permits up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, *Principal Life* will send a Written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. *Principal Life* is permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to a claimant regarding the extension.

In actual practice, benefits under the Group Policy will be payable sooner, provided *Principal Life* receives complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, *Principal Life* will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to *Principal Life* within 180 days of the receipt of notice of the denial. *Principal Life* will make a full and fair review of the claim. *Principal Life* may require additional information to make the review. *Principal Life* will notify a claimant in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45 day period because *Principal Life* did not receive the requested additional information, *Principal Life* is permitted a 45-day extension for the review. Written notification will be sent to a claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means *Participant*.

Report of Payments from Other Income Sources

When asked, you must give *Principal Life*:

- a. a report of all payments from Other Income Sources; and
- b. proof of application for all such income for which you and your Dependents are eligible; and
- c. proof that any application for such income has been rejected.

Lump Sum Payments from Other Income Sources

If any income from Other Income Sources are payable in a lump sum (except as described below), the lump sum will be deemed to be paid in weekly amounts prorated over the time stated. If no such time is stated, the lump sum will be prorated weekly over your expected life span. *Principal Life* will determine the expected life span.

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the weekly amount which:
 - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
 - (2) is prorated under a standard annuity table over your expected life span (if the plan does not have a standard annuity option);
- b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or settlement) will be deemed to be paid weekly:
 - (1) at the rate stated in the award or settlement; or
 - (2) at the rate paid to the lump sum (if no rate is stated in the award or settlement); or
 - (3) at the maximum rate set by the law (if no rate is stated and you did not receive a periodic award).

Social Security Estimates

Until exact amounts are known, *Principal Life* may estimate the Social Security benefits for which you and your Dependents are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to disability benefits under the Federal Social Security Act, *Principal Life* will require that you:

- a. apply for disability benefits within ten days after receipt of Written notice from *Principal Life* requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from *Principal Life* that you have applied for these benefits within the ten-day period; and
- c. request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

Workers' Compensation Estimates

Until exact amounts are known, *Principal Life* may estimate the Workers' Compensation benefits for which you are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to benefits under a Workers' Compensation Act or a similar law, *Principal Life* will require that you:

- a. apply for benefits within ten days after receipt of Written notice from *Principal Life* requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from *Principal Life* that you have applied for these benefits within the ten-day period.

Payments for Less Than a Full Week

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by seven.

Right to Recover Overpayments

If an overpayment of benefits occurs under the Group Policy, *Principal Life* will have the option to:

- a. reduce or withhold any future benefits *Principal Life determines* to be due, including the Minimum Weekly Benefit; or
- b. recover the overpayment directly from you; or
- c. take any other legal action.

Facility of Payment

Benefits under the Group Policy will be payable at the end of each week of a Benefit Payment Period, provided complete and proper proof of Disability has been received by *Principal Life*. *Principal Life* will have the option to issue Benefits Payable in a lump sum amount.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

Principal Life will normally pay benefits directly to you. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge *Principal Life* to the full extent of those payments.

- a. If payment amounts remain due upon your death, those amounts may, at *Principal Life option*, be paid to your spouse, child, parent or estate.
- b. If *Principal Life believes* a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, *Principal Life* may pay whoever has assumed the care and support of the person. Any payment due a minor will be at the rate of not more than \$50 a week.

Medical Examinations and Evaluations

Principal Life may require you to be examined by a Physician or undergo an evaluation, at reasonable intervals, during the course of a claim. *Principal Life* will pay for those examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of your benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of your benefits. If you fail to attend an examination or evaluation, any charges incurred for not attending an appointment as scheduled may be your responsibility.

Legal Action

Legal action to recover benefits under the Group Policy may not be started earlier than 90 days after proof of Disability is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

Time Limits

All time limits listed in this section will be adjusted as required by law.

DEFINITIONS

Several words and phrases used to describe your insurance are capitalized whenever they are used in this booklet-*certificate*. These words and phrases have special meanings as explained in this section.

Active Work; Actively at Work (*Effective 06/01/2006*)

You are considered Actively at Work if you are able and available for active performance of all your regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of his or her absence.

Active Work; Actively at Work (*Effective 05/01/2007*)

You are considered Actively at Work if your coverage is not terminated. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of your absence.

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

Your Weekly Earnings for each week you are Disabled. While Disabled, your Weekly Earnings may result from working for the Policyholder or any other employer.

Dependent

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of your Disability or retirement, whether or not residing in your home.

Disability; Disabled

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than [80%] of your Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability Due to Injury

A Disability that:

- a. occurs solely and directly because of an accidental injury; and
- b. begins within 30 days of the accident.

An accidental injury means an injury that is caused by an accident.

Disability Due to Sickness

A Disability that:

- a. occurs directly or indirectly because of disease, a Mental Health Condition, alcohol, drug or chemical abuse, dependency, or addiction; or
- b. is not a Disability Due to Injury as defined in this booklet-*certificate*.

Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability.

Generally Accepted

Treatment, service or medication that:

- a. has been accepted as the standard of practice according to the prevailing opinion among experts as shown by (or in) articles published in authoritative, peer-reviewed medical, and scientific literature; and
- b. is in general use in the medical community; and
- c. is not under continued scientific testing or research as a therapy for the particular sickness or injury which is the subject of the claim.

Group Policy

The policy of group insurance issued to the Policyholder by *Principal Life* which describes benefits and provisions for insured *Participants*.

Hospital

An institution that is licensed as a Hospital by the proper authority of the state in which it is located, but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Income Loss Percentage

Your Income Loss Percentage is equal to:

- a. your Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Predisability Earnings.

Insurance Month

Calendar month.

Maximum Weekly Benefit

[\$500]

Mental Health Condition

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Conditions not considered a Mental Health Condition include:

- a. dementia; and
- b. organic brain syndrome; and
- c. delirium; and

- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Other Income Sources

The Weekly equivalent of:

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. for a *Participant* who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- c. for a *Participant* who is less than Social Security Normal Retirement Age, all retirement payments for the month that you and your Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and

- g. all payments for the month that you receive under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, or severance pay, for the month that you receive from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- k. all renewal commissions for the month that you receive from the Policyholder.

NOTE:

If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

Own Occupation

The occupation you are routinely performing for the Policyholder when your Disability begins.

Participant

A Participant is any full-time employee or part-time employee who has enrolled and works the required number of hours during each benefit quarter as determined by Dillard's accounting calendar.

Physician

- a. a licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- b. any other licensed health care practitioner that state law requires be recognized as a Physician under the Group Policy, provided that the services provided by such person are within the lawful scope of his or her license.

The term Physician does not include you, one of your employees, your business or professional partner or associate, any person who has a financial affiliation or business interest with you, anyone related to you by blood or marriage, or anyone living in your household.

Policyholder

DILLARD'S, INC. FLEXIBLE BENEFIT PLAN.

Predisability Earnings

Your Weekly Earnings in effect prior to the date Disability begins.

Primary Benefit

[60%] of your Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of [\$500].

Proof of Good Health

Written evidence that a person is insurable under *Principal Life* underwriting standards. This proof must be provided in a form satisfactory to *Principal Life*.

Regular and Appropriate Care

You will be considered to be receiving Regular and Appropriate Care if you:

- a. are evaluated in person by a Physician; and

- b. receive treatment appropriate for the condition causing the Disability; and
- c. undergo evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability; and
- d. undergo evaluations and treatment at a frequency intended to return you to full time work; and
- e. pursue reasonable treatment options or recommendations to achieve maximum medical improvement.

Principal Life may require you to have your Physician provide a Written evaluation and treatment plan for the condition causing the Disability, which meets Generally Accepted medical standards and is satisfactory to *Principal Life*.

Principal Life may waive, in Writing to you, the Regular and Appropriate Care requirement if it is determined by *Principal Life* that continued care would be of no benefit to you.

Signed or Signature

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by *Principal Life*.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Weekly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, your basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions and bonuses, or any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements, and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one calendar* year period prior to the date Disability begins, if you have been employed for at least one calendar year(s); or
- b. the completed weeks of employment prior to the date Disability begins, if you have been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. Your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. Your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. The salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Written or Writing

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

BOOKLET-CERTIFICATE NOTICE

Arkansas insurance law requires that, if a Group Policy covers any residents of Arkansas, the certificate must include the address and telephone number of: (1) the insurance company issuing the Group Policy, and (2) the Arkansas Insurance Department. The information is as follows:

- (1) Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0001

For Disability claim-related inquiries:
Attn: Group Claim - Disability Info Line Services
Telephone: 1-800-245-1522

For administration-related inquiries:
Attn: Group Call Center
Telephone: 1-800-843-1371

- (2) Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201-1904
Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

If you call or write either of the above, please provide all relevant information pertaining to your inquiry, including the group account number and your full name and address.

This Notice is for your information only and does not become a part or condition of this booklet-certificate.

SERFF Tracking Number: *PRLF-125595397* *State:* *Arkansas*
Filing Company: *Principal Life Insurance Company* *State Tracking Number:* *39166*
Company Tracking Number:
TOI: *H11G Group Health - Disability Income* *Sub-TOI:* *H11G.002 Short Term*
Product Name: *grp STD DIL*
Project Name/Number: */*

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: PRLF-125595397 State: Arkansas
Filing Company: Principal Life Insurance Company State Tracking Number: 39166
Company Tracking Number:
TOI: H11G Group Health - Disability Income Sub-TOI: H11G.002 Short Term
Product Name: grp STD DIL
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Certification/Notice	Review Status: Approved-Closed	06/09/2008
Comments:		
Attachments:		
READABIL.pdf		
gc 803 ar policy notice dil.pdf		
gh 198 ar dil bklt notice.pdf		
Satisfied -Name: Application	Review Status: Approved-Closed	06/09/2008
Comments:		
Attachment:		
GP56002.pdf		
Satisfied -Name: footnotes	Review Status: Approved-Closed	06/09/2008
Comments:		
Attachment:		
STD Footnotes.pdf		

**STATE OF ARKANSAS
INSURANCE DEPARTMENT**

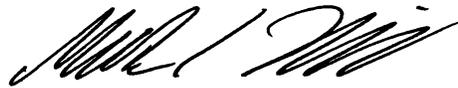
CERTIFICATION OF READABILITY

I, Mark L. Hill, an Officer of Principal Life Insurance Company hereby certify that the attached form(s) has (have) achieved a Flesch Reading Ease Score of:

Form No.	Form Name	Flesch Score
GC 4000 DIL, et al	Group Short Term Disability Policy Forms	52.4
GH 850 DIL, et al	Group Short Term Disability Booklet-Certificate Forms	47.2

and complies with the requirements of Ark. Stat. Ann. Sections 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language Simplification Act.

PRINCIPAL LIFE INSURANCE COMPANY



Mark L. Hill, Director
Group Life and Health Compliance

June 2, 2008 _____
Date

12/1999



POLICY NOTICE

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711 High Street
Des Moines, Iowa 50392-0001

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Attn: Group Call Center
Telephone: 1-800-843-1371

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1200 West Third Street
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Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

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Mailing Address: Des Moines, IA 50392-0002

Principal Life Insurance Company Health Statement for Self Administered Plans

Account Number / Unit Number H35922

Employer to Complete This Section: After completing make a copy of Page 1 for your records before you give the form to your employee.

Employer name Dillard's, Inc.

Direct all employer's correspondence regarding this statement to: Name Benefits Department

Address (street) 1600 Cantrell Road

City State ZIP code Phone Little Rock AR 72201 (501) 376-5933

Employee's name AIN number Date of hire Annual salary \$

Effective date as per contractual provisions open enrollment - effective date June 1st

This statement is: (place a "(v)" in each box that applies) for employee add new coverages increase in current coverages for dependent(s) late

Please check the coverages (and indicate the new amount or increase in amount) being applied for at this time. See your benefit plan/contract for proof of good health rules that apply to your plan.

Table with 3 columns: Coverage type, Current amount, Requested amount. Rows include basic life, voluntary term life (employee/spouse/child), short term disability, and long term disability.

Employee to Complete This Section

120-0

Your name (last, first, middle initial) _____ Home phone number _____

Home address (street) _____

City _____ State _____ ZIP code _____

Date of birth _____ Are you married? male female yes no Date of marriage _____

Name of spouse _____ Spouse's date of birth _____

This statement is for:

myself		my spouse		my children			
Name of each dependent child applying for coverage (last, first, middle initial)	Sex	Date of birth	Full-time student	Foster/step child*	Disabled or handicapped* child		
1.							
2.							
3.							
4.							

Are additional children listed on separate page? yes Please sign and date all pages.

* Foster and stepchildren, eligibility is determined by employer. For disabled, handicapped children, complete the appropriate form.

Health Information for All Coverages Being Applied for

Answer only for those individuals requesting coverage. To prevent delays answer each question and give full details to "yes" answers. All statements and descriptions on this form shall be deemed to be representations and not warranties.

Employee's height _____ ft. _____ in. weight _____ lbs. Spouse's height _____ ft. _____ in. weight _____ lbs.

1.	yes	no	Is any person on whom coverage is requested currently using tobacco products, including cigarette, pipe, cigar or chewing tobacco? If so, how long? _____ Which applicant(s)? _____																				
2.	yes	no	Is any person on whom coverage is requested currently receiving medical treatment, taking medication, or pregnant?																				
3.	yes	no	In the past 5 years , has any person on whom coverage is requested had surgery, been hospitalized or consulted with a doctor, had blood or other diagnostic tests (other than for HIV antibody), or been advised to receive medical treatment?																				
4.	yes	no	In the past 5 years , has any person on whom coverage is requested been diagnosed with or received treatment for any of the following (check all that apply)? <table border="0" style="width: 100%;"> <tr> <td>cancer</td> <td>liver disorder</td> <td>bone disorder</td> <td>mental disorder</td> </tr> <tr> <td>tumors</td> <td>kidney disorder</td> <td>joint disorder</td> <td>nervous disorder</td> </tr> <tr> <td>heart condition</td> <td>muscle disorder</td> <td>urinary disorder</td> <td>diabetes</td> </tr> <tr> <td>high blood pressure</td> <td>multiple sclerosis/ neurological disorder</td> <td>respiratory disorder</td> <td>hepatitis</td> </tr> <tr> <td>stroke</td> <td></td> <td></td> <td></td> </tr> </table>	cancer	liver disorder	bone disorder	mental disorder	tumors	kidney disorder	joint disorder	nervous disorder	heart condition	muscle disorder	urinary disorder	diabetes	high blood pressure	multiple sclerosis/ neurological disorder	respiratory disorder	hepatitis	stroke			
cancer	liver disorder	bone disorder	mental disorder																				
tumors	kidney disorder	joint disorder	nervous disorder																				
heart condition	muscle disorder	urinary disorder	diabetes																				
high blood pressure	multiple sclerosis/ neurological disorder	respiratory disorder	hepatitis																				
stroke																							
5.	yes	no	In the past 10 years , has any person on whom coverage is requested been treated for, diagnosed as having or tested positive for Acquired Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC), or any other immune disorder?																				

Health Information for All Coverages Being Applied for (continued)

120-0

Provide details for all "yes" answers. If more space is needed, attach a separate page giving full details. Sign and date all pages.

Name	Date diagnosed/treated	Duration of illness or condition
Diagnosis of illness or condition	Type of treatment/names of all medications	
Any current symptoms or problems		
Names and addresses of doctors, hospitals or other providers		

Name	Date diagnosed/treated	Duration of illness or condition
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Name	Date diagnosed/treated	Duration of illness or condition
Diagnosis of illness or condition	Type of treatment/names of all medications	
Any current symptoms or problems		
Names and addresses of doctors, hospitals or other providers		

Authorization, Acknowledgment, and Signatures

- I represent information, statements, and answers on this form, and any attachments, are complete and true to the best of my knowledge. They are a part of this request for coverage under the group policies. I agree Principal Life Insurance Company is not liable for anyone's claim which happens or begins before the effective date of coverage or approval of any life and disability coverage.
- I have read, or had read to me, the questions and responses and realize any false statements, omissions or material misrepresentation regarding age or health information could cause life and disability coverages, if issued, to be cancelled as never effective.
- Any person who, with intent to defraud or knowing that he or she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement, may be guilty of insurance fraud.
- I understand all policy provisions for medical coverage will apply. If approved for life and disability coverages, all policy provisions will apply including, but not limited to, preexisting conditions restriction, the Actively at Work and Period of Limited Activity provisions.
- I understand an agent cannot change or waive any rates, benefits, or provisions of any policy, if issued, without the written approval of an officer of Principal Life.
- For life and disability coverages, I authorize any doctor, health care provider, hospital, clinic or medically related facility, insurance company, consumer reporting agency or employer, that has any personal information, including physical, mental, drug or alcohol use history, regarding me or any dependent, to give to Principal Life, its agents and employees performing business transactions, any such data.

- I authorize Principal Life to release any such data as required by law. When signed in connection with any application for, reinstatement of, or request for change in benefits, this form shall be valid for two years after the date shown below. I understand I may revoke this authorization for information not then obtained. A photocopy of this form shall be as valid as the original.
- I understand the data obtained by use of this authorization will be used by Principal Life for claims administration and to determine eligibility for life and disability coverage. This information will not be used for any purposes prohibited by law.

Employee's signature	Date signed
Spouse's signature*	Date signed

*Spouse signature only required if Voluntary Term Life coverage is elected.

Notice of Information Practices for Life and Disability Coverages

In order to properly underwrite and consider your request for coverage, we must collect information to determine if you (and your dependents if also requesting dependent coverage) qualify for insurance with Principal Life. We will do this by having you complete this Health Statement. In addition, we may contact sources besides yourself for personal data about any proposed insured, including (a) spouse, (b) employer, (c) medical professionals or institutions, and (d) insurance companies to which you may have applied for insurance in the past. The personal data may include age, medical history, job, income, habits and other personal characteristic information. We may also ask that medical exams or other tests be completed.

We will keep your data confidential. Only employees performing business transactions regarding your coverage will see your data. In certain circumstances, we may provide data to (a) government agencies, (b) attending physicians, (c) insurance organizations without identification, and (d) the employer, if applicable, for the purpose of reporting claims experience or conducting audits.

You or your dependents, if applicable, have certain rights in connection with this request for coverage. Those rights are:

1. to find out what personal information is contained in Principal Life files (medical information may be disclosed only to your attending physician).
2. to correct or amend information in Principal Life files.

Upon written request, Principal Life will furnish to you (or your dependent) information concerning:

1. the nature and scope of personal data in our records;
2. the types of disclosures which may be made; and
3. rights of access to the information collected and how such information may be corrected or amended.

We will respond to such written request within 30 days from the date of receipt.

For further information about your file or rights, you may contact: Group Operations, Medical Underwriting, Principal Life Insurance Company, Des Moines, IA 50392-0432.

Instructions for Employee

After this form is completed and signed, send original to Principal Life Insurance Company, Des Moines, IA 50392-0002, and make a copy for your records.

**Explanatory Footnotes for Submission of Group Short Term Disability Insurance Policy
Forms, GC 4000 DIL, et al**

Policy Form GC 4004-1 DIL

- [1] Definition of “Disability; Disabled”: The policyholder has elected the residual disability plan option. The [80%] variable is currently elected and indicates a 20% income loss is required for a Participant to be considered disabled.
- [2] Definition of “Maximum Weekly Benefit”: This definition is always used to show the maximum benefit payable under the plan. This amount may vary depending on the plan of benefits elected by the policyholder.
- [3] Definition of “Primary Benefit”: This definition is always used.
- The [60%] of a Participant’s Predisability Earnings variable is standardly used, but this may be another percentage if requested and agreed to by The Principal and the policyholder.
 - The [\$500] variable is the current maximum weekly benefit. This amount can vary as requested and agreed to by The Principal and the policyholder.

Policy Form GC 4018 DIL

- [4] This is always used. The variables within indicate the date that benefits begin following the date of disability. These variables can be increased if requested and agreed to by The Principal and the policyholder.

Policy Form GC 4020 DIL

- [5] The Minimum Weekly Benefit provision is always used. The [less than \$15] variable is standard, but may be changed if requested and agreed to by The Principal and the policyholder, but the weekly benefit will not be less than \$15.00. The [seven] variable is standard, but may be changed to [five].

Policy Form GC 4026 DIL

- [6] The Survivor Benefit is a standard provision. The [three] variable is currently used, but may be changed if requested and agreed to by The Principal and the policyholder.

Policy Form GC 4042 DIL

- [7] This variable indicates the length of the Benefit Payment Period. This period may be longer or shorter than 26 weeks if requested and agreed to by The Principal and the policyholder.