

SERFF Tracking Number: FIVE-126249569 State: Arkansas
Filing Company: 5 Star Life Insurance Company State Tracking Number: 43081
Company Tracking Number: BA-805 R509
TOI: L04G Group Life - Term Sub-TOI: L04G.500 Other
Product Name: BA-805 R509
Project Name/Number: BA Endorsement - AR/BA-805 R509

Filing at a Glance

Company: 5 Star Life Insurance Company

Product Name: BA-805 R509

TOI: L04G Group Life - Term

Sub-TOI: L04G.500 Other

Filing Type: Form

SERFF Tr Num: FIVE-126249569

SERFF Status: Closed-Approved-
Closed

Co Tr Num: BA-805 R509

Author: Carol Devine

Date Submitted: 07/30/2009

State: Arkansas

State Tr Num: 43081

State Status: Approved-Closed

Reviewer(s): Linda Bird

Disposition Date: 07/31/2009

Disposition Status: Approved-
Closed

Implementation Date:

Implementation Date Requested: On Approval

State Filing Description:

General Information

Project Name: BA Endorsement - AR

Project Number: BA-805 R509

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 07/31/2009

Deemer Date:

Submitted By: Mildred Hunt

Filing Description:

BA-805 R509-AR - Member and Associate Member Certificate

BA-805 R509 Cert. Notice - Certificate Notice

Status of Filing in Domicile: Authorized

Date Approved in Domicile: 06/29/2009

Domicile Status Comments:

Market Type: Group

Group Market Size: Small and Large

Group Market Type: Association

Explanation for Other Group Market Type:

State Status Changed: 07/31/2009

Created By: Carol Devine

Corresponding Filing Tracking Number:

DESCRIPTION AND PURPOSE OF OUT-OF-STATE GROUP TERM FILING

The certificate (BA-805 R509-AR) and certificate notice (BA-805 R509 Cert. Notice) forms are intended for issuance to Arkansas residents who are members of the Armed Forces Benefit Association (AFBA), our policyholder. Form LT050197(Rev) A-BA R509 is the policy amendment that amends the master group policy to include the new "Right to Change Coverage Amount" provision (described below) that is the purpose of this filing and is enclosed as Supporting Documentation.

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The master group policy (situated in DC) under which the above-referenced forms are intended to be issued is restated master Group Policy form LT 050197(Rev) that was FILED with the District of Columbia Department of Insurance and Securities Regulation on July 10, 2001. The programs provided under the master group policy are designed primarily as competitive low cost life insurance products with no war clause for members and families of the uniformed services of the United States.

PRIOR APPROVAL

Although these are new forms not intended to replace any previously approved forms, they contain only one substantive change from form BA-805-AR which was one of several forms previously Approved 12/18/06 (SERFF Tracking No. MCHX-125055387). All certifications provided with the previously approved forms still apply. (Non-substantive changes are the corporate signatures, form number and edition date, and the changes in the table of contents, page numbers and placement of provisions on the pages affected by the insertion of the new provision entitled "Right to Change Coverage Amount" described below. A redline copy is enclosed in Supporting Documentation for your ease of reference.)

Since the revision comprising the one substantive change from form BA-805-AR does not affect any of the actuarial information previously provided, I have not included any updated actuarial information. However, I have attached in Supporting Documentation the applicable actuarial information previously provided for your ease of reference.

DOMICILE APPROVAL

These forms were approved in Louisiana, 5 Star Life's domicile, on June 29, 2009.

DESCRIPTION OF REVISION

These forms are submitted as an enhancement of benefits for AFBA members.

Currently, at age 50 when the "Better Alternative" program provided under policy LT 050197(Rev) has a somewhat significant contribution increase, the member only has two options: (1) to pay the increased contribution; or (2) to let the coverage terminate.

In order to provide another option, the association has requested this "Right to Change Coverage Amount" provision be added to their forms in order to give their members an alternative to having their coverage terminated. This option enables the member to maintain their coverage for the same contribution level but at a decreased amount.

Accordingly, the submitted forms provide a new provision called "Right to Change Coverage Amount" quoted below allowing the member to maintain valuable coverage.

The minimum amount that can be maintained is bracketed as variable to allow for future changes in plan design. The sample Coverage and Contribution Schedule contains variable brackets [] to accommodate the personalized information that will be included upon issuance. Please be assured that no change will be made in variable text which

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contravenes any legal requirement.

“RIGHT TO CHANGE COVERAGE AMOUNT

If, at any time following the anniversary of the Coverage Effective Date after You attain age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, You will be given a new Coverage and Contribution Schedule that shows Your new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after You attain age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions.”

- The Certificate Notice form BA-805 R509 Cert. Notice is intended for issuance to existing certificateholders.
- The Member and Associate Member Certificate form BA-805 R509-AR is intended for issuance to new certificateholders.
- The Coverage and Contribution Schedule is enclosed for illustrative purposes only and serves as a sample of what will be given to a certificateholder whose coverage amount is changed in accordance with the Right to Change Coverage Amount provisions. This page will also be included as part of the new group certificate.
- Policy amendment form LT050197(Rev) A-BA R509 shows the updates to the master group policy to include the same change that is reflected in this revised certificate.

Should you have any questions or need additional information, please feel free to call me. Thank you for your attention and consideration in this matter.

Sincerely,

Carol K. Devine, FLMI, AIRC, CCP
Contract Manager
5 Star Life Insurance Company
909 North Washington Street
Alexandria, VA 22314
Tel: 703-299-5788
800-776-2322 ext.2202
Email: cdevine@afba.com

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Company and Contact

Filing Contact Information

Carol Devine, Contract Manager cdevine@afba.com
 909 North Washington Street 703-299-5788 [Phone]
 Alexandria, VA 22314 703-244-0214 [FAX]

Filing Company Information

5 Star Life Insurance Company CoCode: 77879 State of Domicile: Louisiana
 909 North Washington Street Group Code: 77879 Company Type: Life Insurance
 Company
 Alexandria, VA 22314 Group Name: NAIC State ID Number:
 (703) 706-5975 ext. [Phone] FEIN Number: 54-1829709

Filing Fees

Fee Required? Yes
 Fee Amount: \$100.00
 Retaliatory? Yes
 Fee Explanation: Per filing: 1 x \$100 = \$100
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
5 Star Life Insurance Company	\$100.00	07/30/2009	29547071

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	07/31/2009	07/31/2009

<i>SERFF Tracking Number:</i>	<i>FIVE-126249569</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>5 Star Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>43081</i>
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<i>TOI:</i>	<i>L04G Group Life - Term</i>	<i>Sub-TOI:</i>	<i>L04G.500 Other</i>
<i>Product Name:</i>	<i>BA-805 R509</i>		
<i>Project Name/Number:</i>	<i>BA Endorsement - AR/BA-805 R509</i>		

Disposition

Disposition Date: 07/31/2009

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Actuarial Memo		No
Supporting Document	Redlined copy of certificate		Yes
Supporting Document	Sample Coverage and Contribution Schedule		Yes
Supporting Document	Policy Amendment Form		Yes
Form	Member and Associate Member Certificate		Yes
Form	Certificate Notice		Yes

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Form Schedule

Lead Form Number: BA-805 R509-AR

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	BA-805 R509-AR	Certificate	Member and Associate Member Certificate	Initial			BA-805 R509-AR (Ed. 7-09).pdf
	BA-805 R509 Cert. Notice	Certificate Amendment, Insert Page, Endorsement or Rider	Certificate Notice	Initial			BA-805 R509 Cert Notice.pdf



Administrative Offices: 909 North Washington Street, Alexandria, VA 22314 • 800-776-2322 • www.afba.com

(hereinafter called the Insurance Company or 5 Star Life)

Certifies that under and subject to the terms and conditions of the Group Level Term Life Insurance Policy (the Group Policy) Number shown on the attached Coverage and Contribution Schedule issued to:

ARMED FORCES BENEFIT ASSOCIATION

(hereinafter called the Association)

the Member or Associate Member named in the Coverage and Contribution Schedule provided by the Association is covered for the group level term life insurance coverage described herein and for the coverage amount indicated on such Coverage and Contribution Schedule. The effective date is shown on the Coverage and Contribution Schedule. On receipt of due proof at the Administrative Offices of 5 Star Life of the death of the covered person occurring while covered under said Group Policy, 5 Star Life shall pay to the beneficiary the amount of coverage in force on the covered person at the date of death. Payment is subject to the conditions and provisions set forth in this Certificate of Insurance Coverage.

Right of Examination - This Certificate may be returned by delivering or mailing it to the Association within 30 days of the date the covered person receives it. If the law of the state where the certificate is delivered provides a different period, the law of the state governs. Immediately on such delivery or mailing, the coverage shall be deemed void from the beginning. Any contribution made on the coverage will then be refunded.

Secretary

President

You may call 1-800-776-2322 to present inquiries or to obtain information about coverage or if You need assistance in resolving any complaints. Or, You can write to 5 Star Life Insurance Company at their administrative offices at 909 North Washington Street, Alexandria, Virginia 22314.

Should You wish to contact the Arkansas Insurance Department for assistance, You may do so by calling 1-800-852-5494. Or, You may send written correspondence to the Arkansas Insurance Department at 1200 West Third Street, Little Rock, AR 72201-1904.

**AFBA's
BETTER ALTERNATIVE GROUP LEVEL TERM LIFE INSURANCE COVERAGE
MEMBER AND ASSOCIATE MEMBER CERTIFICATE**

READ YOUR CERTIFICATE CAREFULLY

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ELIGIBILITY

The eligible Class of Covered Persons includes all individuals outlined below. Spouses of individuals outlined below may apply as Associate Members. Each individual applying for coverage must complete an enrollment form for coverage on the prescribed form.

“Active Duty Forces” means those military personnel:

- (a) serving on Active Duty or Extended Active Duty for a period of more than 90 days: in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service or the National Oceanic and Atmospheric Administration; or
- (b) serving as a Midshipman or Cadet in one of the Service Academies of the United States; or
- (c) serving as an officer candidate in a program leading to commissioning in one of the Uniformed Services of the United States.

“Reserve Forces” means those military personnel of the Ready Reserve, including the Army and Air National Guard:

- (a) who are assigned to a Reserve or National Guard unit drilling for pay or points; or
- (b) who are designated as Individual Mobilization Augmentees (IMA's) by official orders requiring periodic drilling or training for pay or points.

“Retired Member/Retiree” means a Member who has been placed on an appropriate Retired List of the respective service, with or without pay; and who is not serving with the “Active Duty Forces” or the “Reserve Forces” as defined above.

“Separated Member/Separatee” means a Member who is separated from the “Active Duty Forces” or the “Reserve Forces” as defined above.

DATES OF ELIGIBILITY OF MEMBERS OR ASSOCIATE MEMBERS

Each Member or Associate Member in the Eligible Class shall become eligible for coverage upon submission of an enrollment form.

EFFECTIVE DATES OF COVERAGE OF MEMBERS OR ASSOCIATE MEMBERS

Each Member or Associate Member shall be covered on the date each person's requested coverage is approved by the Association, provided that:

- (a) Application for such coverage is made on the prescribed enrollment form;
- (b) The required initial contribution has been made; and
- (c) The guidelines established by 5 Star Life have been satisfied; and
- (d) Any required evidence of insurability has been provided and approved.

An enrollment form shall be deemed declined if it has not been approved by the Association within 60 days of receipt. The contribution made shall be refunded to the Member or Associate Member.

RIGHT TO REQUIRE EVIDENCE OF INSURABILITY

5 Star Life may require evidence of insurability prior to the date insurance coverage becomes effective in addition to the statements required to be declared on the enrollment form.

CONTINUATION OF COVERAGE UPON RETIREMENT OR SEPARATION

Each Active Member or Associate Member of the Association may continue to be covered under the Group Policy, following such Member's retirement or separation from Active Duty or the Reserve Forces. This is subject to the provision herein entitled “Termination of Coverage.” This continuation of coverage is available; if such Member or Associate Member is in good standing with the Association at the end of the calendar month in which the Member is retired or separated.

BENEFICIARY PROVISIONS

The beneficiary shall be the person designated on the covered person's enrollment form, or on any valid change of beneficiary form subject to the terms and conditions specified in such enrollment or change form. The covered person may from time to time change the beneficiary by filing written notice thereof with the Association. After such written notice has been received, the change shall relate back to take effect as of the date the covered person signed said written notice. This change is valid whether or not the covered person is living at the time of the receipt of such written notice, but without prejudice to 5 Star Life on account of any payment made by them before receipt of such written notice.

BENEFICIARY PROVISIONS - continued

Facility of Payment

If, with respect to any amount of insurance coverage payable at the covered person's death:

- (1) no beneficiary designation is in effect; or
- (2) no designated beneficiary is then living;

5 Star Life may, at its option:

- (a) pay a part of such amount not to exceed \$250 or the amount established by state law to any person appearing to the insurer to be entitled equitably thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person covered; or
- (b) pay such amount to the covered person's estate or to any one or more of the following relatives who survive the covered person:
 - (A) wife or husband;
 - (B) children, including adopted or stepchildren;
 - (C) mother or father;
 - (D) brothers or sisters.

The liability of 5 Star Life shall be fully discharged to the extent of payment made under this provision.

If the beneficiary is a minor or is otherwise incapable of giving a valid release for any payment due, 5 Star Life may, at its option and until claim is made by a court appointed guardian or committee of such beneficiary, make payment of the amount payable to such beneficiary at a rate not exceeding \$50 a month to any relative connected by blood or by marriage to such beneficiary, or to any other person or institutions appearing to them to have assumed custody and principal support of such beneficiary. Such payments shall constitute a full discharge of the liability of 5 Star Life to the extent thereof.

MISSTATEMENT OF AGE

If the age of the covered person has been misstated on the enrollment form for insurance coverage, 5 Star Life will determine the adjustments to be made to reflect the benefits that would have been provided at the true age.

CLAIMS OF CREDITORS

The death benefit proceeds and any income payments from this coverage will be exempt from the claims of creditors to the extent permitted by law. Before becoming payable the proceeds and payments may not be assigned or withdrawn without 5 Star Life's agreement.

MAKING CONTRIBUTIONS

Contributions for coverage are due on the first day of the coverage month. Coverage for which the contributions are not paid will be in default and the "Grace Period" provisions apply.

RIGHT TO CHANGE CONTRIBUTIONS

We do not expect to change the scheduled contributions shown on the Coverage and Contribution Schedule. We may increase the scheduled contributions if a significant change occurs to our expectations about cost factors like: expenses, persistency, mortality and interest. Any increase would apply to all individuals within the same class. Any contribution increase would not increase the amount of coverage.

RIGHT TO CHANGE COVERAGE AMOUNT

If, at any time following the anniversary of the Coverage Effective Date after You attain age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, You will be given a new Coverage and Contribution Schedule that shows Your new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after You attain age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions.

GRACE PERIOD

Any contribution not made on or before the first day of the coverage month shall be in default; but a grace period of thirty-one days, without interest, shall be allowed. If all overdue contribution(s) are made during the grace period the coverage shall continue in force.

PAYMENT OF CLAIMS

5 Star Life will pay a benefit to the Member's or Associate Member's beneficiary upon receipt at its Administrative Offices of due proof of the death of the Member or Associate Member while covered under this coverage. This benefit is equal to the amount of coverage in force at the Member's or Associate Member's death, as determined from the most recent Coverage and Contribution Schedule issued to the covered person.

The Member's or Associate Member's beneficiary will be determined from the beneficiary provisions.

The death benefit will be paid in one sum under this program. But, the Member or Associate Member may elect to have such benefit paid under a Settlement Option. If no such option is in effect at the Member's or Associate Member's death, the beneficiary may elect one. In either case, 5 Star Life must agree to and acknowledge the option selected.

ASSIGNMENT

A covered person may assign the interest and ownership in this coverage without the consent of any revocable beneficiary, by filing written notice with the Association. Such notice shall be on a form furnished by 5 Star Life for that purpose. When received, whether or not the assignee or the covered person is then alive, the change will take effect on the date the notice was signed.

A change shall be subject to the rights of any assignee of record with the Association, and subject to any payment made or other action taken by the Association or 5 Star Life before the notice is received.

5 Star Life and the Association shall not be bound by an assignment unless it is in writing and a duplicate copy of the original assignment has been filed with 5 Star Life. Nor shall they be responsible for determining the validity or sufficiency of an assignment.

The interest of the assignee, any interest of the covered person, and any revocable beneficiary shall be subject to the terms of the assignment.

INCONTESTABILITY

No statement or representation by an individual covered under the Group Policy which relates to the insurability of the person on whose behalf coverage is applied for shall be used in contesting the validity of:

- (a) such person's coverage; or
- (b) that coverage or portion of such person's coverage with respect to which the statement or representation was made;

after such insurance coverage, or portion, as the case may be, has been in force before the contest for 2 years during such person's life, except when contributions are insufficient to keep the coverage in force.

Nor shall such statement or representation be used at all unless:

- (1) contained in a written instrument signed by the person making such statement or representation; and
- (2) a copy of that instrument is or was provided to such person or such person's beneficiary or personal representative.

SUICIDE

If the covered person commits suicide, while sane or insane, within two years from the effective date of coverage; or from the effective date of any approved increase in coverage, no benefits will be paid. If the law of the state where the certificate is delivered provides a different period, the law of the state governs. However, in each such instance, all contributions received will be remitted to the beneficiary.

THE CONTRACT

The Group Policy is the contract of insurance coverage between the Association and 5 Star Life. The Group Policy contains all the terms and conditions of the covered person's coverage all of which are also contained in this individual Certificate of Insurance Coverage.

TERMINATION OF COVERAGE

Coverage will terminate on the earliest of:

- (1) the date the covered person terminates Membership or Associate Membership in the Association;
- (2) the date the covered person attains age 70;
- (3) the date the full contribution is not made for the period of coverage.

CONVERSION PRIVILEGE

The conversion privilege described below is available only to those who convert to an individual policy of life insurance prior to the date they attain age 70 plus (+) 31 days.

If all or any portion of coverage under the Group Policy ends in accordance with the Termination of Coverage provision contained in this Certificate, the covered person may convert to an individual policy of life insurance issued by 5 Star Life. The amount of that policy shall not be more than the amount of coverage that ends.

The following shall apply with respect to issue of the individual policy.

- (1) Written application and the first premium must be submitted to 5 Star Life within the conversion period. The conversion period is the 31-day period following the date the covered person's insurance coverage ends.
- (2) The policy will be issued in any of the forms of individual life insurance then issued by 5 Star Life, except term insurance. The policy shall not have any disability or supplementary benefits.
- (3) Premium for the individual policy will be determined from the rates used by 5 Star Life at the date of issue of such policy. The rates will be based upon:
 - (A) the covered person's attained age on the effective date of the individual policy;
 - (B) the class of risk to which the covered person belongs at such date; and
 - (C) the form and amount of such policy.
- (4) The individual policy will take effect at the end of the conversion period.
- (5) 5 Star Life will not require evidence of insurability.

BENEFITS FOR DEATH DURING CONVERSION PERIOD

If the covered person dies during the conversion period, 5 Star Life will pay a death benefit to the beneficiary:

- (a) upon receipt at its Administrative Offices of due proof of the covered person's death within such period; and
- (b) equal to the largest amount for which a policy could have been issued to the covered person under the conversion privilege provision.

5 Star Life will pay this benefit whether or not the covered person applied for an individual policy under that provision.

**PLEASE ATTACH THIS NOTICE TO YOUR GROUP LIFE INSURANCE
CERTIFICATE**

Except as stated in this notice, nothing contained herein shall be held to alter or affect any of the provisions of your certificate including any prior certificate notices.

**NOTICE TO MEMBERS AND ASSOCIATE MEMBERS
WHO ARE INSURED UNDER A GROUP POLICY**

issued by

5 STAR LIFE INSURANCE COMPANY

to

ARMED FORCES BENEFIT ASSOCIATION

On and after [May 1, 2009] by virtue of an amendment to the above Policy the following change is made in your certificate.

Your certificate is hereby changed to include the following provision:

“RIGHT TO CHANGE COVERAGE AMOUNT

If, at any time following the anniversary of the Coverage Effective Date after You attain age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, You will be given a new Coverage and Contribution Schedule that shows Your new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after You attain age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions.”

RIGHT TO CHANGE COVERAGE AMOUNT

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Supporting Document Schedules

Item Status: **Status**
Date:

Satisfied - Item: Flesch Certification

Comments:

Certifications attached pursuant to Rule & Regulation 19, 49 and Flesch requirements.

Consumer Information required by ACA 23-79-138 and Bulletin 11-88 is contained on cover page of BA-805 R509-AR certificate form.

Attachments:

- AR Certification - Reg 19.pdf
- AR Readability Certification.pdf
- GAA-AR (REV.1-04).pdf

Item Status: **Status**
Date:

Satisfied - Item: Application

Comments:

The group enrollment forms that will be used with this certificate being filed (BA-805 R509-AR) are G-Term App R107 and BANG App R107 approved on 2/26/07 (SERFF Tracking No. FIVE-125104831).

Item Status: **Status**
Date:

Satisfied - Item: Redlined copy of certificate

Comments:

As described in the Filing Description, there is only one substantive change to the previously approved certificate. This redlined version shows all changes - substantive and non-substantive.

Attachment:

- BA-805 R509-AR (Ed. 7-09) redline.pdf

Item Status: **Status**
Date:

Satisfied - Item: Sample Coverage and Contribution Schedule

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Comments:

Redlined version of a sample Coverage and Contribution Schedule is attached for your reference.

Attachment:

BA-805 R509-AR (CCS-1) (Ed.7-09) redline.pdf

	Item Status:	Status Date:
Satisfied - Item:	Policy Amendment Form	

Comments:

Since the master group policy is situated in another jurisdiction (DC), I have attached, for informational purposes, the policy amendment form that reflects the same change that is included in the revised certificate being submitted.

Attachment:

LT 050197(Rev)-A BA R509.pdf



STATE OF ARKANSAS

**CERTIFICATION OF COMPLIANCE WITH ARKANSAS RULE AND
REGULATION 19
Unfair Sex Discrimination in the Sale of Insurance**

Re: *BA-805 R509-AR et al*

I hereby certify that the above-referenced filing meets all applicable requirements including the requirements of Rule and Regulation 19.

A handwritten signature in blue ink, appearing to read 'Glenn R. Jones', written over a horizontal line.

Glenn R. Jones, JD, CLU, ChFC, FLMI, RHU
Vice President of Compliance

Dated: July 30, 2009



STATE OF ARKANSAS

READABILITY CERTIFICATION

Re: *BA-805 R509-AR et al*

The undersigned, authorized as Officer to be responsible for policy and related material filings by the officers of 5 Star Life Insurance Company, hereby certifies that the above forms meet Arkansas' statutory requirement of a minimum Flesch score of 40.

A handwritten signature in blue ink, appearing to read 'Glenn R. Jones', written over a horizontal line.

Glenn R. Jones, JD, CLU, ChFC, FLMI, RHU
Vice President of Compliance

Dated: July 30, 2009

LIMITATIONS AND EXCLUSIONS UNDER THE ARKANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of this state who purchase life insurance, annuities or health and accident insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Arkansas Life and Health Insurance Guaranty Association ("Guaranty Association"). The purpose of the Guaranty Association is to assure that policy and contract owners will be protected, within certain limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the claims of policy owners who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by the member insurers through the Guaranty Association is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting insurance companies that are well managed and financially stable.

DISCLAIMER

The Arkansas Life and Disability Insurance Guaranty Association ("Guaranty Association") may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in this state. You should not rely on coverage by the Guaranty Association in purchasing an insurance policy or contract.

Coverage is NOT provided for your policy or contract or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract.

Insurance companies or their agents are required by law to provide you with this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Guaranty Association to induce you to purchase any kind of insurance policy.

The Arkansas Life and Health Insurance Guaranty Association
c/o The Liquidation Division
1023 West Capitol
Little Rock, Arkansas 72201

Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

The state law that provides for this safety-net is called the Arkansas Life and Health Insurance Guaranty Association Act ("Act"). Below is a brief summary of the Act's coverages, exclusions and limits. This summary does not cover all provisions of the Act; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Guaranty Association.

COVERAGE

Generally, individuals will be protected by the Guaranty Association if they live in this state and hold a life, annuity or health insurance contract or policy, or if they are insured under a group insurance contract issued by a member insurer. The beneficiaries, payees or assignees of policy or contract owners are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons owning such policies are NOT protected by the Guaranty Association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- The insurer was not authorized to do business in this state;
- Their policy or contract was issued by a nonprofit hospital or medical service organization, an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policy or contract owner is subject to future assessments, or by an insurance exchange.

LIMITATIONS AND EXCLUSIONS UNDER THE ARKANSAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT – (CONTINUED)

The Guaranty Association also does NOT provide coverage for:

- Any policy or contract or portion thereof which is not guaranteed by the insurer or for which the owner has assumed the risk, such as non-guaranteed amounts held in a separate account under a variable life or variable annuity contract;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Interest rate yields that exceed an average rate;
- Dividends and voting rights and experience rating credits;
- Credits given in connection with the administration of a policy by a group contract holder;
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contractholders, not individuals);
- Unallocated annuity contracts issued to/in connection with benefit plans protected under Federal Pension Benefit Corporation ("FPBC") (whether the FPBC is yet liable or not);
- Portions of an unallocated annuity contract not owned by a benefit plan or a government lottery (unless the owner is a resident) or issued to a collective investment trust or similar pooled fund offered by a bank or other financial institution;
- Portions of a policy or contract to the extent assessments required by law for the Guaranty Association are preempted by State or Federal law;
- Obligations that do not arise under the policy or contract, including claims based on marketing materials or side letters, riders or other documents which do not meet filing requirements, or claims for policy misrepresentations, or extra-contractual or penalty claims;
- Contractual agreements establishing the member insurer's obligations to provide book value accounting guarantees for defined contribution benefit plan participants (by reference to a portfolio of assets owned by a nonaffiliate benefit plan or its trustees).

LIMITS ON AMOUNT OF COVERAGE

The Act also limits the amount the Guaranty Association is obligated to cover. The Guaranty Association cannot pay more than what the insurance company would owe under a policy or contract. Also, for any one insured life, the Guaranty Association will pay a maximum of \$300,000 -- no matter how many policies and contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$300,000 in health insurance benefits, \$300,000 in present value of annuity benefits, or \$300,000 in life insurance death benefits or net cash surrender values -- again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverages. There is a \$1,000,000 limit with respect to any contract holder for unallocated annuity benefits, irrespective of the number of contracts held by the contract holder. These are limitations for which the Guaranty Association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer.



Administrative Offices: 909 North Washington Street, Alexandria, VA 22314 • 800-776-2322 • www.afba.com

(hereinafter called the Insurance Company or 5 Star Life)

Certifies that under and subject to the terms and conditions of the Group Level Term Life Insurance Policy (the Group Policy) Number shown on the attached Coverage and Contribution Schedule issued to:

ARMED FORCES BENEFIT ASSOCIATION

(hereinafter called the Association)

the Member or Associate Member named in the Coverage and Contribution Schedule provided by the Association is covered for the group level term life insurance coverage described herein and for the coverage amount indicated on such Coverage and Contribution Schedule. The effective date is shown on the Coverage and Contribution Schedule. On receipt of due proof at the Administrative Offices of 5 Star Life of the death of the covered person occurring while covered under said Group Policy, 5 Star Life shall pay to the beneficiary the amount of coverage in force on the covered person at the date of death. Payment is subject to the conditions and provisions set forth in this Certificate of Insurance Coverage.

Right of Examination - This Certificate may be returned by delivering or mailing it to the Association within 30 days of the date the covered person receives it. If the law of the state where the certificate is delivered provides a different period, the law of the state governs. Immediately on such delivery or mailing, the coverage shall be deemed void from the beginning. Any contribution made on the coverage will then be refunded.

Secretary

President

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Secretary *President*

You may call 1-800-776-2322 to present inquiries or to obtain information about coverage or if You need assistance in resolving any complaints. Or, You can write to 5 Star Life Insurance Company at their administrative offices at 909 North Washington Street, Alexandria, Virginia 22314.

Should You wish to contact the Arkansas Insurance Department for assistance, You may do so by calling 1-800-852-5494. Or, You may send written correspondence to the Arkansas Insurance Department at 1200 West Third Street, Little Rock, AR 72201-1904.

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**AFBA's
BETTER ALTERNATIVE GROUP LEVEL TERM LIFE INSURANCE COVERAGE
MEMBER AND ASSOCIATE MEMBER CERTIFICATE**

READ YOUR CERTIFICATE CAREFULLY

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ELIGIBILITY

The eligible Class of Covered Persons includes all individuals outlined below. Spouses of individuals outlined below may apply as Associate Members. Each individual applying for coverage must complete an enrollment form for coverage on the prescribed form.

“Active Duty Forces” means those military personnel:

- (a) serving on Active Duty or Extended Active Duty for a period of more than 90 days: in the United States Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service or the National Oceanic and Atmospheric Administration; or
- (b) serving as a Midshipman or Cadet in one of the Service Academies of the United States; or
- (c) serving as an officer candidate in a program leading to commissioning in one of the Uniformed Services of the United States.

“Reserve Forces” means those military personnel of the Ready Reserve, including the Army and Air National Guard:

- (a) who are assigned to a Reserve or National Guard unit drilling for pay or points; or
- (b) who are designated as Individual Mobilization Augmentees (IMA’s) by official orders requiring periodic drilling or training for pay or points.

“Retired Member/Retiree” means a Member who has been placed on an appropriate Retired List of the respective service, with or without pay; and who is not serving with the “Active Duty Forces” or the “Reserve Forces” as defined above.

“Separated Member/Separatee” means a Member who is separated from the “Active Duty Forces” or the “Reserve Forces” as defined above.

DATES OF ELIGIBILITY OF MEMBERS OR ASSOCIATE MEMBERS

Each Member or Associate Member in the Eligible Class shall become eligible for coverage upon submission of an enrollment form.

EFFECTIVE DATES OF COVERAGE OF MEMBERS OR ASSOCIATE MEMBERS

Each Member or Associate Member shall be covered on the date each person’s requested coverage is approved by the Association, provided that:

- (a) Application for such coverage is made on the prescribed enrollment form;
- (b) The required initial contribution has been made; and
- (c) The guidelines established by 5 Star Life have been satisfied; and
- (d) Any required evidence of insurability has been provided and approved.

An enrollment form shall be deemed declined if it has not been approved by the Association within 60 days of receipt. The contribution made shall be refunded to the Member or Associate Member.

RIGHT TO REQUIRE EVIDENCE OF INSURABILITY

5 Star Life may require evidence of insurability prior to the date insurance coverage becomes effective in addition to the statements required to be declared on the enrollment form.

CONTINUATION OF COVERAGE UPON RETIREMENT OR SEPARATION

Each Active Member or Associate Member of the Association may continue to be covered under the Group Policy, following such Member’s retirement or separation from Active Duty or the Reserve Forces. This is subject to the provision herein entitled “Termination of Coverage.” This continuation of coverage is available; if such Member or Associate Member is in good standing with the Association at the end of the calendar month in which the Member is retired or separated.

BENEFICIARY PROVISIONS

The beneficiary shall be the person designated on the covered person’s enrollment form, or on any valid change of beneficiary form subject to the terms and conditions specified in such enrollment or change form. The covered person may from time to time change the beneficiary by filing written notice thereof with the Association. After such written notice has been received, the change shall relate back to take effect as of the date the covered person signed said written notice. This change is valid whether or not the covered person is living at the time of the receipt of such written notice, but without prejudice to 5 Star Life on account of any payment made by them before receipt of such written notice.

BENEFICIARY PROVISIONS - continued

Facility of Payment

If, with respect to any amount of insurance coverage payable at the covered person’s death:

- (1) no beneficiary designation is in effect; or
- (2) no designated beneficiary is then living;

5 Star Life may, at its option:

- (a) pay a part of such amount not to exceed \$250 or the amount established by state law to any person appearing to the insurer to be entitled equitably thereto by reason of having incurred funeral or other expenses incident to the last illness or death of the person covered; or
- (b) pay such amount to the covered person’s estate or to any one or more of the following relatives who survive the covered person:
 - (A) wife or husband;
 - (B) children, including adopted or stepchildren;
 - (C) mother or father;
 - (D) brothers or sisters.

The liability of 5 Star Life shall be fully discharged to the extent of payment made under this provision.

If the beneficiary is a minor or is otherwise incapable of giving a valid release for any payment due, 5 Star Life may, at its option and until claim is made by a court appointed guardian or committee of such beneficiary, make payment of the amount payable to such beneficiary at a rate not exceeding \$50 a month to any relative connected by blood or by marriage to such beneficiary, or to any other person or institutions appearing to them to have assumed custody and principal support of such beneficiary. Such payments shall constitute a full discharge of the liability of 5 Star Life to the extent thereof.

MISSTATEMENT OF AGE

If the age of the covered person has been misstated on the enrollment form for insurance coverage, 5 Star Life will determine the adjustments to be made to reflect the benefits that would have been provided at the true age.

CLAIMS OF CREDITORS

The death benefit proceeds and any income payments from this coverage will be exempt from the claims of creditors to the extent permitted by law. Before becoming payable the proceeds and payments may not be assigned or withdrawn without 5 Star Life’s agreement.

MAKING CONTRIBUTIONS

Contributions for coverage are due on the first day of the coverage month. Coverage for which the contributions are not paid will be in default and the “Grace Period” provisions apply.

RIGHT TO CHANGE CONTRIBUTIONS

We do not expect to change the scheduled contributions shown on the Coverage and Contribution Schedule. We may increase the scheduled contributions if a significant change occurs to our expectations about cost factors like: expenses, persistency, mortality and interest. Any increase would apply to all individuals within the same class. Any contribution increase would not increase the amount of coverage.

RIGHT TO CHANGE COVERAGE AMOUNT

If, at any time following the anniversary of the Coverage Effective Date after You attain age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, You will be given a new Coverage and Contribution Schedule that shows Your new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after You attain age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions.

GRACE PERIOD

Any contribution not made on or before the first day of the coverage month shall be in default; but a grace period of thirty-one days, without interest, shall be allowed. If all overdue contribution(s) are made during the grace period the coverage shall continue in force.

PAYMENT OF CLAIMS

5 Star Life will pay a benefit to the Member's or Associate Member's beneficiary upon receipt at its Administrative Offices of due proof of the death of the Member or Associate Member while covered under this coverage. This benefit is equal to the amount of coverage in force at the Member's or Associate Member's death, as determined from the most recent Coverage and Contribution Schedule issued to the covered person.

The Member's or Associate Member's beneficiary will be determined from the beneficiary provisions.

The death benefit will be paid in one sum under this program. But, the Member or Associate Member may elect to have such benefit paid under a Settlement Option. If no such option is in effect at the Member's or Associate Member's death, the beneficiary may elect one. In either case, 5 Star Life must agree to and acknowledge the option selected.

ASSIGNMENT

A covered person may assign the interest and ownership in this coverage without the consent of any revocable beneficiary, by filing written notice with the Association. Such notice shall be on a form furnished by 5 Star Life for that purpose. When received, whether or not the assignee or the covered person is then alive, the change will take effect on the date the notice was signed.

A change shall be subject to the rights of any assignee of record with the Association, and subject to any payment made or other action taken by the Association or 5 Star Life before the notice is received.

5 Star Life and the Association shall not be bound by an assignment unless it is in writing and a duplicate copy of the original assignment has been filed with 5 Star Life. Nor shall they be responsible for determining the validity or sufficiency of an assignment.

The interest of the assignee, any interest of the covered person, and any revocable beneficiary shall be subject to the terms of the assignment.

INCONTESTABILITY

No statement or representation by an individual covered under the Group Policy which relates to the insurability of the person on whose behalf coverage is applied for shall be used in contesting the validity of:

- (a) such person's coverage; or
- (b) that coverage or portion of such person's coverage with respect to which the statement or representation was made;

after such insurance coverage, or portion, as the case may be, has been in force before the contest for 2 years during such person's life, except when contributions are insufficient to keep the coverage in force.

Nor shall such statement or representation be used at all unless:

- (1) contained in a written instrument signed by the person making such statement or representation; and
- (2) a copy of that instrument is or was provided to such person or such person's beneficiary or personal representative.

SUICIDE

If the covered person commits suicide, while sane or insane, within two years from the effective date of coverage; or from the effective date of any approved increase in coverage, no benefits will be paid. If the law of the state where the certificate is delivered provides a different period, the law of the state governs. However, in each such instance, all contributions received will be remitted to the beneficiary.

THE CONTRACT

The Group Policy is the contract of insurance coverage between the Association and 5 Star Life. The Group Policy contains all the terms and conditions of the covered person's coverage all of which are also contained in this individual Certificate of Insurance Coverage.

TERMINATION OF COVERAGE

Coverage will terminate on the earliest of:

- (1) the date the covered person terminates Membership or Associate Membership in the Association;
- (2) the date the covered person attains age 70;
- (3) the date the full contribution is not made for the period of coverage.

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CONVERSION PRIVILEGE

The conversion privilege described below is available only to those who convert to an individual policy of life insurance prior to the date they attain age 70 plus (+) 31 days.

If all or any portion of coverage under the Group Policy ends in accordance with the Termination of Coverage provision contained in this Certificate, the covered person may convert to an individual policy of life insurance issued by 5 Star Life. The amount of that policy shall not be more than the amount of coverage that ends.

The following shall apply with respect to issue of the individual policy.

- (1) Written application and the first premium must be submitted to 5 Star Life within the conversion period. The conversion period is the 31-day period following the date the covered person’s insurance coverage ends.
- (2) The policy will be issued in any of the forms of individual life insurance then issued by 5 Star Life, except term insurance. The policy shall not have any disability or supplementary benefits.
- (3) Premium for the individual policy will be determined from the rates used by 5 Star Life at the date of issue of such policy. The rates will be based upon:
 - (A) the covered person’s attained age on the effective date of the individual policy;
 - (B) the class of risk to which the covered person belongs at such date; and
 - (C) the form and amount of such policy.
- (4) The individual policy will take effect at the end of the conversion period.
- (5) 5 Star Life will not require evidence of insurability.

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¶ CONVERSION PRIVILEGE – continued¶

BENEFITS FOR DEATH DURING CONVERSION PERIOD

If the covered person dies during the conversion period, 5 Star Life will pay a death benefit to the beneficiary:

- (a) upon receipt at its Administrative Offices of due proof of the covered person’s death within such period; and
- (b) equal to the largest amount for which a policy could have been issued to the covered person under the conversion privilege provision.

5 Star Life will pay this benefit whether or not the covered person applied for an individual policy under that provision.

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Member's Coverage and Contribution Schedule Better Alternative Level Term

[Policyholder: Armed Forces Benefit Association

AFBA Number: [1Q8542]

Better Alternative is group level term life insurance coverage to age 70. Contributions change upon attainment of the next age bracket on the Contribution Schedule below, as well as upon change of military duty status, or tobacco status.

Beneficiary is as stated in the Enrollment Form, unless AFBA is notified by You in writing of a change.

<u>Covered</u>			<u>Tobacco</u>	<u>Original</u>	<u>Current</u>		
<u>Person</u>	<u>Age</u>	<u>Status</u>	<u>User</u>	<u>Effective</u>	<u>Effective</u>	<u>Coverage**</u>	<u>Contribution</u>
				<u>Date</u>	<u>Date *</u>		
Jane Doe	34	Reserve	No	06/27/2003	06/27/2003	\$250,000	\$18.30
Children	<21	Child	No	06/27/2003	06/27/2003	\$10,000	\$2.00

Total Monthly Contribution \$20.30

*Current effective date represents the most recent change to the coverage. If no change has occurred, this date is the same as the original Coverage Effective Date.

** If, at any time following the anniversary of the Coverage Effective Date after You attain age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, You will be given a new Coverage and Contribution Schedule that shows Your new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after You attain age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions.

Frequency of Payment: [Monthly Allotment, Monthly checkmatic, Q, SA, A Billing]

Children's coverage is based on age and number of units of coverage elected (e.g. 1-5). Eligible dependent children ages 15 days to 6 months are covered for \$1,000 per unit of coverage. Eligible dependent children ages 6 months to 21 (23 if a full-time student) are covered for \$5,000 per unit of coverage. All eligible children are covered under one contribution. Contact AFBA to terminate children's coverage when your child(ren) no longer meets the eligibility criteria.

<u>Monthly Contribution Schedule for \$250,000</u>		
Ages	Active Duty	Retiree/Separatee
	Non-Tobacco*	Non-Tobacco
18-34	\$16.25	\$16.25
35-39	\$16.25	\$16.25
40-49	\$18.30	\$36.00
50-59	\$86.00	\$86.00
60-69	\$152.00	\$152.00

* Tobacco contributions are two times non-tobacco contributions.

Coverage is underwritten by 5 Star Life Insurance Company (Group Policy 050197 Rev.).

Please notify AFBA promptly upon any change of duty status.

Be sure to file this Schedule with your Certificate of Insurance Coverage documents.]

AMENDMENT

to be attached to and made a part of
Group Policy No. 050197 (Rev) (the Policy)
issued by

5 STAR LIFE INSURANCE COMPANY

to

ARMED FORCES BENEFIT ASSOCIATION

It is understood and agreed that effective as of [May 1, 2009], said Policy is hereby amended as follows:

The section entitled "Coverage Schedule" appearing on pages 16 and 17 of the Group Policy is hereby amended to include the following provision:

RIGHT TO CHANGE COVERAGE AMOUNT

(The following is applicable only to the Level Term Better Alternative to SGLI and VGLI Insurance Program)

If, at any time following the anniversary of the Coverage Effective Date after the Member or Associate Member attains age 50, the full required contribution is not paid, the Coverage Amount will automatically be decreased to the Coverage Amount the partial contribution would cover, subject to a minimum Coverage Amount of [\$5,000]. If applicable, the Member or Associate Member will be given a new Coverage and Contribution Schedule that shows the new Coverage Amount.

If, following the anniversary of the Coverage Effective Date after the Member or Associate Member attains age 50, the amount of partial contribution received would result in a Coverage Amount of less than [\$5,000], then such coverage will be terminated in accordance with the Grace Period and Termination provisions of the certificate.

Alexandria, Virginia

5 STAR LIFE INSURANCE COMPANY

By: Craig S. Piers
Craig S. Piers, CLU

Title: President

Accepted: ARMED FORCES BENEFIT ASSOCIATION

By: Ralph E. Eberhart
General, USAF (Ret.)

Title: President