

SERFF Tracking Number: HCCH-126714695 State: Arkansas  
Filing Company: Perico Life Insurance Company State Tracking Number: 46168  
Company Tracking Number: PPACA PLIC-10 MSL  
TOI: H12 Health - Excess/Stop Loss Sub-TOI: H12.004 Self-Funded Health Plan  
Product Name: Medical Stop Loss  
Project Name/Number: /

## Filing at a Glance

Company: Perico Life Insurance Company

Product Name: Medical Stop Loss

TOI: H12 Health - Excess/Stop Loss

Sub-TOI: H12.004 Self-Funded Health Plan

Filing Type: Form

SERFF Tr Num: HCCH-126714695 State: Arkansas

SERFF Status: Closed-Approved-  
Closed State Tr Num: 46168

Co Tr Num: PPACA PLIC-10 MSL State Status: Approved-Closed

Reviewer(s): Rosalind Minor

Authors: Brad Long, Misty Pagelsen Disposition Date: 07/20/2010

Date Submitted: 07/09/2010 Disposition Status: Approved-  
Closed

Implementation Date Requested: On Approval

State Filing Description:

Implementation Date:

## General Information

Project Name:

Project Number:

Requested Filing Mode: Review & Approval

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments: This filing was submitted to Perico Life's state of domicile, Delaware, on July 7, 2010 and is pending approval.

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 07/20/2010

Market Type: Group

Group Market Size: Large

Group Market Type: Employer

Explanation for Other Group Market Type:

State Status Changed: 07/20/2010

Deemer Date:

Submitted By: Misty Pagelsen

Filing Description:

Created By: Misty Pagelsen

Corresponding Filing Tracking Number:

Perico Life Insurance Company ("Perico Life") writes medical stop loss insurance to employer groups that self-fund their employee health benefit plans. With the passage of the Patient Protection and Affordable Care Act ("PPACA"), each of our self-funded clients have had to make changes to their plan of benefits and Perico Life is having to alter our stop loss forms to accommodate these changes. These two new medical stop loss policy forms are intended to replace two of Perico Life's stop loss forms previously approved in your state. Although stop loss forms were not addressed by the NAIC's Speed to Market Task Force in their recent efforts to accommodate health form changes due to PPACA, we

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would very much appreciate the Department's expedited handling of our form updates. Our self-funded policyholders are required to change their plans to comply with PPACA. Their stop loss coverage needs to be changed as well, so the Department's cooperation in handing this filing as quickly as possible will be helpful. Perico Life will immediately begin using these forms upon approval.

## Company and Contact

### Filing Contact Information

Misty Pagelsen, mpagelsen@hcclife.com  
 225 TownPark Drive 770-693-6455 [Phone]  
 Suite 145  
 Kennesaw, GA 30144

### Filing Company Information

Perico Life Insurance Company CoCode: 85561 State of Domicile: Delaware  
 225 TownPark Drive, NW Group Code: Company Type:  
 Suite 145 Group Name: State ID Number:  
 Kennesaw, GA 30144-5885 FEIN Number: 51-0137488  
 (770) 973-9851 ext. [Phone]

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? No  
 Fee Explanation: There is a \$50.00 fee per form being filed there is one (1) form being submitted with this filing.  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Perico Life Insurance Company	\$50.00	07/09/2010	37844377

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	07/20/2010	07/20/2010

*SERFF Tracking Number:*      *HCCH-126714695*                      *State:*                      *Arkansas*  
*Filing Company:*              *Perico Life Insurance Company*                      *State Tracking Number:*      *46168*  
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*TOI:*                      *H12 Health - Excess/Stop Loss*                      *Sub-TOI:*                      *H12.004 Self-Funded Health Plan*  
*Product Name:*              *Medical Stop Loss*  
*Project Name/Number:*      /

## **Disposition**

Disposition Date: 07/20/2010

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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*Company Tracking Number:*      *PPACA PLIC-10 MSL*  
*TOI:*                      *H12 Health - Excess/Stop Loss*                      *Sub-TOI:*                      *H12.004 Self-Funded Health Plan*  
*Product Name:*              *Medical Stop Loss*  
*Project Name/Number:*      /

<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Application	Approved-Closed	Yes
<b>Supporting Document</b>	Flesch Certification	Approved-Closed	Yes
<b>Supporting Document</b>	PLIC-10 MSL Redline	Approved-Closed	Yes
<b>Form</b>	Medical Stop Loss Policy	Approved-Closed	Yes

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## Form Schedule

### Lead Form Number: PLIC-10 MSL

Schedule Item	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed 07/20/2010	PLIC-10 MSL	Policy/Cont Medical Stop Loss ract/Fratern Policy al Certificate	Revised	Replaced Form #: MIC-06 MSL Previous Filing #:	50.000	PLIC-10 MSL - final.pdf

**PERICO Life Insurance Company** agrees to pay Stop Loss Insurance benefits under the provisions of this Contract to the Contractholder listed in the Schedule of Stop Loss Insurance.

### **READ YOUR CONTRACT CAREFULLY**

This Contract is legally binding between the Contractholder and PERICO Life Insurance Company ("Company"). The consideration for this Contract includes, but is not limited to, the Application and the payment of premiums as provided hereinafter.

### **AGREEMENT**

The Company will pay the Aggregate and Specific Benefits provided in this Contract. Payment is subject to the conditions, limitations and exceptions of this Contract.

The Contractholder agrees to pay premiums when due and to comply with the Contract provisions.

This Contract takes effect on the Effective Date shown in the Schedule, which will be the date of issue, and terminates on the end of the Contract Period shown in the Schedule unless it is renewed. All periods indicated in the Contract begin and end at 12:01 A.M. standard time at the Contractholder's office.

This Contract form is governed by the laws of the state of \_\_\_\_\_.

The sections set forth on the following pages are a part of this Contract and take effect on the Effective Date.

IN WITNESS WHEREOF PERICO Life Insurance Company has caused this Contract to be executed by its President and Secretary at St. Louis, Missouri.

**Signed by the Company:**

**Secretary**

**President**

**Policy Providing Stop Loss Insurance**

Nonparticipating

**PERICO LIFE INSURANCE COMPANY  
13358 Manchester Road  
St. Louis, MO 63131-1730**

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## I. DEFINITIONS

As used in this Contract, the following definitions shall be applicable:

**Agent**, when referring to the Contractholder, means the Contractholder's representative, including but not limited to its Designated Agent, Broker, or Third Party Administrator.

**Aggregate Benefit** means the amount that the Company agrees to pay the Contractholder after the end of the Contract Period for eligible claims Paid by the Contractholder as set forth in the Schedule and pursuant to the terms, conditions and limitations of the Contract.

**Aggregate Contract Basis** identifies the dates during which Employee Benefit Plan expenses must be Incurred and must be Paid to be considered eligible for reimbursement as Aggregate Benefits.

**Aggregate Deductible** means the sum of each Aggregate Deductible Per Month for each month during the Contract Period or fraction thereof.

**Aggregate Deductible Per Month** means the Aggregate Monthly Factor shown in the Schedule multiplied by the Number of Covered Units.

**Application** means the written request for insurance under the Contract by the Applicant or its Agent on a form acceptable to the Company.

**Continuation Beneficiary** is a Covered Unit which elects to extend its group health coverage under the Employee Benefit Plans entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

**Contract** means the entire agreement between the Contractholder and the Company, specifically including the Contract Application, the Contract Form, the Contract Addenda (if any), and a copy of the Contractholder's Employee Benefit Plan.

**Contract Addenda** means the papers, if any, attached to the Contract.

**Contract Month** means a period measured from the Effective Date of this Contract, while this Contract is in force. Each new Contract Month will begin on a day which corresponds to the Effective Date. If there is no such day in any applicable month, then the last day of the month will be used.

**Contract Period** is stated in the Schedule.

**Contractholder** is named in the Schedule.

**Covered Person** refers to each person, individually, who is a Covered Unit, or, in the case of a dependent, a member of a Covered Unit. In no event will coverage for a dependent become effective before the Effective Date of Coverage of a plan participant under the Employee Benefit Plan.

**Covered Unit**, for purposes of calculation of the premiums and the Aggregate Deductible Per Month, means a plan participant, a plan participant with dependents, or such other defined unit as agreed upon between the Company and the Contractholder, provided such plan participant, dependents or such other defined unit is covered under the Employee Benefit Plan.

**Disabled Person** is a plan participant not actively at work or, in the case of a dependent or Continuation Beneficiary, is by disability unable to perform his or her normal functions of a person of like sex and age on the Effective Date of this Contract or the date such person becomes eligible for coverage under the Employee Benefit Plan.

**Disclosure or Disclosed** means to provide the Company all documentation requested by the Company, or the Agent including but not limited to the information requested on the Disclosure Form, quote/proposal or renewal offer, within the time period(s) specified.

**Disclosure Form** means a document signed by the plan sponsor, Applicant, Contractholder, or Agent that provides information, upon which the Company will rely, in part, to issue or renew the Contract.

**Eligible Claims Payments** means expenses of the Employee Benefit Plan qualifying for coverage under the terms and conditions of this Contract.

**Employee Benefit Plan** means the master plan document of the Contractholder to provide medical expense benefits to the Contractholder's covered plan participants and dependents of such plan participants in effect on the Effective Date of this Contract, a copy of which is attached to and made a part of this Contract.

**Incurred** refers to the date on which a covered medical service was rendered, the date disability benefit payments become due, or a covered medical purchase was made for a Covered Person under the Employee Benefit Plan.

**Maximum Aggregate Benefit** means the amount set forth in the Schedule as the maximum total Aggregate Benefit payable under the terms, conditions and limitations of this Contract during the Contract Period.

**Maximum Eligible Claim Expense Per Person**, as it relates to aggregate coverage, means the maximum dollar value of claims Paid on any one Covered Person that can apply toward satisfaction of an Aggregate Deductible, or that can apply toward the calculation of the Aggregate Benefit for a Contract Period.

**Maximum Specific Benefit** means the amount set forth in the Schedule that is the maximum total Specific Benefit payable under the terms, conditions and limitations of this Contract during the Contract Period regardless of whether expenses for the Covered Person were Incurred and / or Paid during this Contract Period. In the context of the definition of Maximum Specific Benefit, references to "Employee Benefit Plan" include all predecessors and successors of the particular plan in effect on the Contract's Effective Date.

**Minimum Aggregate Deductible** means the lowest possible Aggregate Deductible applicable to the Contract Period or fraction thereof. This amount is set forth in the Schedule.

**Number of Covered Units** means the total number of Covered Units existing in any Contract Month.

**Paid** means that funds are actually disbursed by the Contractholder or his agent. Payment of a claim by the Contractholder or his Agent under the Employee Benefit Plan is the unconditional and direct payment of a claim to a Covered Person or their health care providers. Such payment will be deemed made on the date that both (1) the payor tenders payment by mailing (or otherwise delivering) a draft or check, and (2) the account upon which the payment is drawn contains, and continues to contain, sufficient funds to permit the check or draft to be honored.

**Payable Percentage** means the percentage payable as shown in the Schedule. The calculation of Specific Benefits may be subject to a different Payable Percentage than the calculation of Aggregate Benefits.

**Proof of Loss** is the form authorized by the Company to be used for the submission of claims as well as the supporting documentation reasonably necessary for the Company's independent evaluation of the legitimacy and extent of the claim. Claims for expenses not specifically identified in previously submitted Proofs of Loss must be accompanied by separate Proofs of Loss.

**Schedule** means the Schedule of Stop Loss Insurance.

**Specific Benefit** means the amount the Company will pay to the Contractholder for eligible claims Paid by the Contractholder over and above the Contractholder's Specific Deductible Per Person, and pursuant to the terms, conditions and limitations of the Contract.

**Specific Contract Basis** identifies the dates during which Employee Benefit Plan expenses must be Incurred and must be Paid to be considered eligible for reimbursement as Specific Benefits.

**Specific Deductible** means the per Covered Person deductible as shown in the Schedule.

## II. BENEFITS

The Company will pay, subject to the terms, conditions and limitations of the Contract, the following benefits, if shown in the Schedule, to the Contractholder within a reasonable time upon receipt of a fully executed Proof of Loss:

### 1. Aggregate

The Aggregate Benefit for the Contract Period, or fraction thereof, is the total of the Eligible Claim Payments, on an Incurred and/or Paid basis as shown in the Aggregate Contract Basis of the Schedule:

- a. less the Aggregate Deductible or Minimum Aggregate Deductible, whichever is greater; and
- b. less the amount of the claims Paid by the Contractholder in excess of the Maximum Eligible Claim Expense Per Person as shown in the Schedule; and
- c. less amounts recovered or due from other sources;
- d. multiplied by the Aggregate Payable Percentage.

Aggregate Benefits are not payable until after the end of the Paid basis shown in the Aggregate Contract Basis of the Schedule. If this Contract should terminate prior to the end of the Contract Period, the Company shall not be liable for Aggregate Benefits for expenses Incurred or Paid by the Contractholder after the termination date.

In no event will the Aggregate Benefit exceed the Maximum Aggregate Benefit shown in the Schedule.

### 2. Specific

The Specific Benefit with regard to each Covered Person, is the total of the Eligible Claim Payments, on an Incurred and/or Paid basis as shown in the Specific Contract Basis of the Schedule:

- a. less the Specific Deductible; and
- b. less amounts recovered or due from other sources;
- c. multiplied by the Specific Payable Percentage.

The Contractholder shall not be entitled to any Specific Benefit unless and until the Contractholder has actually Paid the full amount of the Specific Deductible as set forth in the Schedule for the Covered Person(s) for which the Specific Benefit is sought. The Contractholder shall only be entitled to a Specific Benefit up to the amount actually Paid by Contractholder over and above the Specific Deductible.

If this Contract should terminate prior to the end of the Contract Period, the Company shall not be liable for Specific Benefits for expenses Incurred or Paid by the Contractholder after the termination date.

In no event will the Specific Benefit with regard to any Covered Person exceed the Maximum Specific Benefit shown in the Schedule.

### III. LIMITATIONS

1. This Contract will not pay the Contractholder for any loss or expense caused by or resulting from any of the following:
  - a. Expenses incurred while the Employee Benefit Plan is not in force with respect to the Covered Person.
  - b. Expenses resulting from weekly (disability) income, dental, vision or any prescription card service, unless shown in the Schedule.
  - c. Liability assumed by the Contractholder under any contract or service agreement other than the Employee Benefit Plan.
  - d. Expenses as the result of extra-contractual damages, compensatory damages, or punitive damages.
  - e. Expenses resulting from services which are billed in excess of the general level of charges being made by other providers of services in the locality where the service is rendered.
  - f. Expenses for benefits for accidental bodily injury or sickness arising out of or in the course of any occupation for wage or profit, and for which the Covered Person would be entitled to benefits under any Worker's Compensation, U. S. Longshoremen and Harbor Worker's or other occupational disease legislation or policy, whether or not such policy is actually in force.
  - g. Expenses which: (1) are not accepted as standard medical treatment for the illness, disease or injury being treated by physicians practicing the suitable medical specialty; (2) are the subject of scientific or medical research or study to determine the item's effectiveness and safety; (3) have not been granted, at the time services were rendered, any required approval by a federal or state governmental agency, including without limitation, the Federal Department of Health and Human Services, Food and Drug Administration, or any comparable state governmental agency; (4) are not approved for reimbursement at the time service was rendered by the Federal Centers for Medicare & Medicaid Services under Medicare Title XVIII; or (5) are performed subject to the Covered Person's informed consent under a treatment protocol that explains the treatment or procedure as being conducted under a human subject study or experiment.
  - h. Cost of the administration of claim payments or expense of litigation with individual claimants.

- i. Expenses for benefit to any Covered Person with coverage under any other plan, including Medicare, which, when combined with the benefits payable by such other plan, would cause the total to exceed 100% of the Covered Person's actual expenses.
  - j. Payments under the Employee Benefit Plan arising out of or caused by or contributed to or in consequence of war, hostilities (whether war be declared or not), invasion or civil war.
  - k. Expenses resulting from the loss of provider discounts of any kind due to the untimely payment of claims.
2. If the Schedule shows disabled persons are not covered, no benefits will be paid under the Contract for expenses Incurred or Paid under the Employee Benefit Plan for a Disabled Person until:
- a. if a plan participant, he or she returns to active, full-time employment for at least one (1) full working day; or
  - b. if a dependent or Continuation Beneficiary, he or she is able to perform the normal functions of a person of like sex and age.
3. Newborn children of plan participants who have previously enrolled and continue to cover their eligible dependents under the Employee Benefit Plan will be eligible under the Contract on the date of the child's birth. Employees who have not previously enrolled for dependent coverage will be eligible for newborn child coverage as defined within the Employee Benefit Plan.
4. Retired plan participants and their dependents, who are eligible under the Employee Benefit Plan, will be eligible for coverage under the Contract only if so indicated in the Schedule.

#### IV. CLAIMS PROVISIONS

1. **Payment of Claim:** All benefits as they become payable under this Contract will be paid to the Contractholder. All expenses as they become payable under the Employee Benefit Plan shall be Paid by the Contractholder. The Company shall pay claim within a reasonable time after receiving fully executed Proofs of Loss and the documentation reasonably necessary to evaluate the eligibility and extent of the claim.
2. **Warranty:** Upon presentation of Proof of Loss to the Company for Aggregate Benefits, the Contractholder warrants that all monies necessary to pay for services and supplies have been paid to the respective providers of medical services or supplies to which the claim for reimbursement relates.
3. **Notice of Claim:** The Contractholder shall give written notice of claims to the Company on the Company's customary notice (Proof of Loss form), within thirty (30) days of the date the Contractholder becomes aware of the existence of facts which would reasonably suggest the possibility that benefits will be incurred which are covered by this Contract and which are equal to or exceed fifty percent (50%) of the Specific Deductible.

In addition, the Contractholder shall notify the Company immediately of the expenses of any Covered Person which meet any of the following criteria:

- a. continuous hospitalization for more than one month; or
- b. a claim for any one of the following disabilities: mental disorder requiring

hospitalization; brain injury; spinal injury resulting in real or suspected paralysis of the limbs; serious burns involving ten percent (10%) or more of the body with third degree burns or thirty percent (30%) or more of the body with second degree burns; multiple or serious fracture; crushing or massive internal injuries; premature birth; Acquired Immune Deficiency Syndrome (AIDS).

The Contractholder shall submit on a timely basis proofs, reports, and supporting documents including, but not limited to, a monthly summary of all Eligible Claims Payments processed by the Contractholder.

4. **Late Claims:** Any claim that is either submitted, or that remains incomplete more than 180 days after the last date for which Eligible Claims Payments can be reimbursed under the terms of the Contract will be denied, whether or not the delay has prejudiced the Company. The Contractholder or the Contractholder's Designated Third Party Administrator's failure to file a complete claim in a timely manner may result in an adjustment of the Company's reimbursement to the Contractholder to reflect any savings the Company could have obtained had a timely claim filing taken place pursuant to this provision.

## V. CONTRACT TERMINATION

The Contract and all benefits hereunder will terminate upon the earliest of the following dates:

1. The termination date specified in writing by the Contractholder provided that the Company is notified not less than 31 days in advance of the termination date.
2. The end of any period for which premiums were paid and subsequent premiums are not paid.
3. The end of the Contract Period.
4. The date of termination of the Employee Benefit Plan.
5. The date of cancellation of the administrative agreement between the Contractholder and the Designated Third Party Administrator, unless the Company has, prior to such cancellation, consented in writing to the Contractholder's designation of a successor Third Party Administrator.
6. This Contract will automatically terminate if the Contractholder does not pay claims or make available funds to pay claims as required by the Contract.

## VI. MISCELLANEOUS PROVISIONS

1. **Liability:** The Company will have neither the right nor the obligation under this Contract to directly pay any Covered Person or provider of professional or medical services for any benefit which the Contractholder has agreed to provide under the terms of the Employee Benefit Plan.

The Company's sole liability hereunder is to the Contractholder, subject to the terms, conditions and limitations of this Contract. Nothing in this Contract shall be construed to permit a Covered Person to have a direct right of action against the Company.

2. **Payment of Premiums:** Each Premium for this Contract is payable on or before its due date as set forth in the Schedule to the Company or to this authorized representative. Payment of a premium will not maintain this Contract in force beyond the period for which such premium is paid, except as otherwise stated in the Grace Period.

If the Effective Date of this Contract is other than the first day of a calendar month, premiums payable under this Contract are due and payable on the first of each calendar month.

3. **Grace Period:** A Grace Period of thirty (30) days will be allowed for the payment of each premium after the first premium. Should a premium otherwise due not be paid during the Grace Period, this Contract will terminate without further notice retroactive to the date for which premiums were last paid. The liability of the Company will be limited to claims Paid by the Contractholder prior to the date of termination. There will be no refund of any premium shown in the Schedule.
4. **Reinstatement:** If coverage under this Contract has lapsed, the Contract may be reinstated at the sole discretion of the Company upon receipt by the Company of an application for reinstatement and receipt of all past due premium.
5. **Entire Contract:** This Contract Form as issued to the Contractholder, together with the Contractholder's Application, Contract Addenda (if any), and a copy of the Contractholder's Employee Benefit Plan, constitute the entire contract. The Company has relied upon the underwriting information provided by the Contractholder or the Contractholder's Agent, in the issuance and renewal (if permitted by the Company) of this Contract. Should subsequent information become known by the Company which, if known at the time of Disclosure, would affect the rates, deductibles, terms or conditions for coverage hereunder, the Company will have the right to revise such rates, deductibles, terms or conditions as of the Effective Date or renewal date of this Contract or to waive any of its provisions.  
  
An Agent shall be the agent of the Contractholder. Under no circumstances shall an Agent be deemed to act as a representative of the Company.
6. **Concealment, Fraud:** This entire Contract will be void if, whether before or after a claim or loss, the Contractholder or its Agent has concealed or misrepresented any material fact or circumstance concerning this Contract or the subject thereof, including any claim thereunder or in any case of fraud by the Contractholder or its Agent relating thereto.
7. **Clerical Error:** Clerical error, whether by the Contractholder or by the Company, in keeping any records pertaining to the coverage, will not invalidate coverage otherwise validly in force nor continue coverage otherwise validly terminated.
8. **Audits:** The Company will have the right: (1) to inspect and audit all records and procedures of the Contractholder and Designated Third Party Administrator; and (2) to require, upon request, proof of records satisfactory to the Company that payment has been made to the Covered Person or the provider of such services or benefits which are the basis for any claim by the Contractholder hereunder.
9. **Notice of Appeal:** Any objection, notice of legal action, or complaint received on a claim process by the Contractholder or the Third Party Administrator, and on which it reasonably appears a benefit will be payable to the Contractholder under this Contract shall be brought to the immediate attention of the claims department of the Company.
10. **Changes:** Only the President or Executive Officer of the Company has the authority to alter this Contract, or to waive any of the Company's rights and then only in writing. No such alteration of this Contract shall be valid unless endorsed on or attached to this Contract. No Agent, Broker, or Third Party Administrator has the authority to alter this Contract or to waive any of its provisions.

11. **Notice:** For the purpose of any notice required from the Company under the provisions of this Contract, notice to the Contractholder's Designated Third Party Administrator shall be considered notice to the Contractholder.
12. **Amendments to the Employee Benefit Plan:** The Employee Benefit Plan shall not be changed while this Contract is in force without the prior written consent of the Company. Notice of any amendment to the Employee Benefit Plan must be given to the Company or its authorized representative at least 30 days prior to the Effective Date of the Amendment. The Company will have the sole option to accept the amendment to the Employee Benefit Plan, and if accepted, the Company reserves the right to revise the rates, deductibles, terms or conditions of the Contract as of the Effective Date of the amendment. If such amendment is not agreed to in writing, the Company will be liable to pay benefits as if the Employee Benefit Plan was not changed.
13. **Responsibilities of the Contractholder's Designated Third Party Administrator:** Without waiving any of its rights under this Contract, and without making the Designated Third Party Administrator a party to this Contract, the Company agrees to recognize the Designated Third Party Administrator as respects the normal administration of the Contractholder's Plan subject to:
- a. The Third Party Administrator being responsible on behalf of the Contractholder for auditing, calculating and processing all claims eligible under the Employee Benefit Plan within a reasonable period of time, preparing periodic reports as required by the Company and maintaining and making available to the Company at all times such information as the Company may reasonably require for proof of payment of the claims(s) by the Contractholder;
  - b. The Third Party Administrator performing such other duties as may be reasonably required by the Company, including but not limited to, maintaining an accurate record of eligible Covered Persons of the Contractholder;
  - c. The Company will not be responsible for any compensation due the Designated Third Party Administrator for functions performed in relation to this Contract; and
  - d. This Contract will not be deemed to make the Company a party to any agreement between the Contractholder and the Designated Third Party Administrator.
14. **Hold Harmless:**
- a. The Contractholder agrees to indemnify and hold the Company harmless for any legal expenses incurred, reasonable settlements made, or judgment(s) awarded, arising out of any dispute involving a participant or former participant of the Contractholder's Employee Benefit Plan provided such legal expenses, settlements, or judgments were not incurred as a result of the sole negligence or intentional wrongful acts of the Company.

The Company, following any notification of its being, or likely to be, named as a defendant on any action concerning the aforementioned dispute will, within a reasonable time, in writing, notify the Contractholder of the dispute. The Company will cooperate with the Contractholder in matters pertaining to the dispute, however, such cooperation with the Contractholder will not waive the right of the Company to solely defend or settle any action in a manner it deems prudent.

- b. The Contractholder shall be responsible for any State premium taxes incurred with respect to funds paid to or by the Contractholder under the Employee Benefit Plan. Taxes incurred with respect to premiums paid for the Contract will be the responsibility of the Company.
15. **Offset:** The Company will be entitled to offset claim reimbursements to the Contractholder against premiums due and unpaid by the Contractholder.
16. **Assignments:** The Contractholder shall not assign any of its rights under this Contract without the prior written consent of the Company, and any assignment without prior written consent shall be void.
17. **Subrogation:** The Contractholder shall pursue any and all valid claims that the Contractholder may have against third parties arising out of any occurrence resulting in a loss payment by the Contractholder and to account for any amounts recovered. Should the Contractholder fail to pursue any valid claims against third parties and the Company thereupon becomes liable to make payments to the Contractholder under the terms and conditions of this Contract, then the Company shall assume all the Contractholder's rights to pursue any valid claims against third parties, and the Contractholder will be responsible for any reasonable legal expenses incurred in the course of the pursuit.
18. **Recoveries:** The Company shall be entitled to recover first up to its full share of reimbursed claims before the Contractholder shares in any amount so recovered whether by way of subrogation or otherwise.
19. **Arbitration:** Any controversy or claim arising out of or relating to this Contract, or the breach thereof, shall be settled by Arbitration in accordance with the rules of the American Arbitration Association, with the express stipulation that the arbitrator(s) shall strictly abide by the terms of this Contract and shall strictly apply rules of law applicable thereto. All matters shall be decided by a panel of three (3) arbitrators. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. This provision shall survive the termination or expiration of this Contract. The parties hereto may alter any of the terms of this provision only by express written agreement, although such alteration may be before or after any rights or obligations arise under this provision.
20. **Insolvency:** The insolvency, bankruptcy, financial impairment, receivership, voluntary plan of arrangement with creditors, or dissolution of the Contractholder or the Contractholder's Designated Third Party Administrator shall not impose upon the Company any liability other than the liability defined in this Contract. In particular, the insolvency of the Contractholder shall not make the Company liable to the creditors of the Contractholder, including Covered Persons.
21. **Severability Clause:** Any clause deemed void, voidable, invalid, or otherwise unenforceable, whether or not such a provision is contrary to public policy, shall not render any of the remaining provisions of the Contract invalid.
22. **Renewal:** Renewal is not automatic but is available if permitted by the Company. Renewal may be subject to Disclosure and/or large claim notification upon request, new premium rates, new underwriting terms, and new Contract terms.

23. **Group Specifications - Changes:** The Company reserves the right to revise rates, deductibles, terms or conditions of the Contract on any of the following dates:
1. When the Contractholder adds or deletes a subsidiary or affiliate;
  2. When there is a change in the geographical area in which the Contractholder is located;
  3. When there is a change in the nature of business in which the Contractholder is engaged;
  4. When there is an increase or decrease in the number of Covered Units which exceeds 10% in any one month or 20% over any period of three consecutive months
24. **Legal Actions:** No action at law or in equity may be brought to recover under the Contract until sixty days after written proof of loss has been furnished to the Company. No such action may be brought more than three years after the time within which proof of loss is required to be furnished.

<i>SERFF Tracking Number:</i>	<i>HCCH-126714695</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Perico Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>46168</i>
<i>Company Tracking Number:</i>	<i>PPACA PLIC-10 MSL</i>		
<i>TOI:</i>	<i>H12 Health - Excess/Stop Loss</i>	<i>Sub-TOI:</i>	<i>H12.004 Self-Funded Health Plan</i>
<i>Product Name:</i>	<i>Medical Stop Loss</i>		
<i>Project Name/Number:</i>	<i>/</i>		

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status</b>
			<b>Date:</b>
<b>Satisfied - Item:</b>	Application	Approved-Closed	07/20/2010

**Comments:**

Attached is the previously approved Perico Life Medical Stop Loss Application. This application will continue to be used with this revised policy.

**Attachment:**

PLIC Life stop loss application\_AR\_Final.pdf

		<b>Item Status:</b>	<b>Status</b>
			<b>Date:</b>
<b>Satisfied - Item:</b>	Flesch Certification	Approved-Closed	07/20/2010

**Comments:**

**Attachment:**

PLIC-10 MSL Signed Readability Certification.pdf

		<b>Item Status:</b>	<b>Status</b>
			<b>Date:</b>
<b>Satisfied - Item:</b>	PLIC-10 MSL Redline	Approved-Closed	07/20/2010

**Comments:**

**Attachment:**

PLIC-10 MSL - redline changes.pdf

**APPLICATION TO  
PERICO LIFE INSURANCE COMPANY  
13358 Manchester Road  
St. Louis, MO 63131-1730  
FOR  
AGGREGATE AND SPECIFIC STOP LOSS INSURANCE**

Application is hereby made to PERICO Life Insurance Company ("Company") for Stop Loss Insurance. This Application must be accepted and approved by the Company or its authorized representative prior to any Contract being in existence.

1. Full Legal Name of Applicant: \_\_\_\_\_
  
2. Address: \_\_\_\_\_  
Street  
\_\_\_\_\_  
City State Zip Code
  
3. If employee benefit plans of subsidiary or affiliated companies (companies under common control through stock ownership, contract, or otherwise) are to be included, list legal name and addresses of such companies.  
\_\_\_\_\_  
\_\_\_\_\_
  
4. Enter the full name of your Employee Benefit Plan(s) - (A copy of such Employee Benefit Plan(s) must be attached.)  
\_\_\_\_\_
  
5. Name and address of Designated Third Party Administrator:  
\_\_\_\_\_
  
6. Effective Date: \_\_\_\_\_
  
7. Estimated Initial Enrollment (will be used as the Number of Covered Units during the first Contract Month):  
\_\_\_\_\_ Singles and \_\_\_\_\_ Families (or) \_\_\_\_\_ Composite
  
8. **GENERAL SCHEDULE OPTIONS:**
  - (a) Disabled Persons  are  are not covered.  
Retired Employees  are  are not covered.
  - (b) Aggregate Benefit  Yes  No

Aggregate Contract Basis: Employee Benefit Plan Expenses must be  
Incurred from \_\_\_\_\_ through \_\_\_\_\_, and  
Paid from \_\_\_\_\_ through \_\_\_\_\_.  
Claims Incurred prior to the Contract Effective Date are limited to  
\$\_\_\_\_\_.



**10. SPECIAL RISK LIMITATIONS:**

Contract will be based upon the current employee benefits as defined in the Employee Benefit Plan by reference or by attachment, except as noted below:

Specific: \_\_\_\_\_

Aggregate: \_\_\_\_\_

**11. IT IS UNDERSTOOD AND AGREED, AS CONDITIONS PRECEDENT TO THE APPROVAL OF THIS APPLICATION, THAT:**

- (a) All documentation, including but not limited to disclosure and large claim notification, as of the date specified by the Company must be submitted prior to any approval of this Application and must be received by the Company within 90 days of the requested Effective Date.
- (b) If the Schedule shows disabled persons are not covered, no benefits will be paid under the Contract for expenses Incurred or Paid under the Employee Benefit Plan for a disabled person until:
  - (1) if an employee, he or she returns to active, full-time employment for at least one (1) full working day; or
  - (2) if a dependent or Continuation Beneficiary, he or she is able to perform the normal functions of a person of like sex and age.
- (c) Issuance of the Contract is in reliance upon the underwriting information provided by the Applicant or its Agent. Should subsequent information become known which, if known as of the date specified by the Company for disclosure, would have affected the rates, deductibles, terms or conditions for coverage, the Company will have the right to revise the rates, deductibles, terms or conditions as of the Effective Date, by providing written notice to the Applicant.
- (d) The Contract, if issued, may be void, if whether before or after a claim or loss, any material fact or circumstance was concealed or misrepresented on behalf of the Applicant, or if the Applicant or its Agent, committed fraud.
- (e) Receipt of a premium and its deposit in connection with the Application shall not constitute an acceptance of liability. In the event that PERICO Life Insurance Corporation disapproves this Application, its sole obligation shall be to refund such sum to the Applicant.
- (f) If a Contract is issued and later rescinded, the sum of all benefits paid will be deducted from the sum of all premiums paid. If the result is positive, such amount will be paid by the Company to the Applicant. If the result is negative, such amount will be paid by the Applicant to the Company.
- (g) The initial premium will be paid on or before the Effective Date, and subsequent premiums are due no later than the first day of each calendar month during the Contract Year.
- (h) Applicant acknowledges that the Contract which is the subject of this Application is a reimbursement Contract. Applicant must first pay claims before submitting them for reimbursement.

11. **IT IS UNDERSTOOD AND AGREED, AS CONDITIONS PRECEDENT TO THE APPROVAL OF THIS APPLICATION, THAT: (Continued)**

- (i) Oral Statements not expressly incorporated herein are not part of this Contract. Only the President or Executive Officer of the Company may make changes to the Contract Form or Addenda on behalf of the Company. All changes to this Contract must be in writing and attached to this Contract.
- (j) NEITHER THIS APPLICATION NOR THE TERMS OF THIS APPLICATION MAY BE ALTERED.

**NOTICE:** Employers/Plan Sponsors of self-funded health plans should not consider the purchase of stop loss coverage and/or excess loss coverage as complete protection from all liability created by the self-funded health plan. Employers/Plan Sponsors should be aware that the failure to comply with the terms of the stop loss policy and/or the provisions in the self-funded health plan may cause the Employer/Plan Sponsor to incur liabilities under the health plan. For instance, if medical claims are paid on an ineligible individual, the stop loss carrier may deny the reimbursement under the stop loss policy. In addition, the Arkansas Life and Health Insurance Guaranty Association does not cover claims reimbursable under a stop loss policy.

In making this Application, the Applicant represents that, to the best of its knowledge and belief, such information accurately reflects the true facts and that the undersigned has authority to bind the Applicant to the proposed Contract. Accordingly, this Application will be a part of the Contract if accepted by the Company or its authorized representative.

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

Witness: \_\_\_\_\_ Applicant: \_\_\_\_\_  
Signature of Agent

Applicant's Tax ID #: \_\_\_\_\_

By: \_\_\_\_\_  
(Officer/Partner)

Title: \_\_\_\_\_

Agent's Name: \_\_\_\_\_  
**(Type or Print)**

Agent's Address: \_\_\_\_\_  
Street

\_\_\_\_\_ City

\_\_\_\_\_ State

\_\_\_\_\_ Zip Code

\_\_\_\_\_ Agent's Social Security or Tax ID #

\_\_\_\_\_ Agent's License #

**ACCEPTANCE**

Accepted on behalf of the Company, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Contract No.: \_\_\_\_\_ Effective Date: \_\_\_\_\_

Dated at \_\_\_\_\_, on \_\_\_\_\_, 20\_\_\_\_  
(City, State) (Month, Day)

# PERICO LIFE INSURANCE COMPANY



13358 Manchester Road, St. Louis, Missouri 53131-1730 Telephone: (314) 965-5675 Facsimile: (314) 965-7054

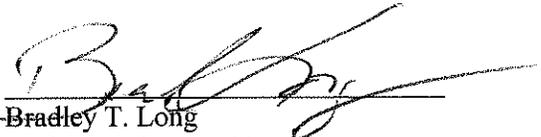
July 7, 2010

## Certificate of Readability

I, Bradley T. Long, as an officer of Perico Life Insurance Company hereby certify that the form listed below has the following readability score as calculated by the Flesch Reading Ease Test.

<u>Form Number</u>	<u>Form Name</u>	<u>Score</u>
PLIC-10 MSL	Medical Stop Loss Policy	50.0

Respectfully,

  
\_\_\_\_\_  
Bradley T. Long  
Assistant Vice President  
800/447-0460 Ext. 485  
[blong@hcclife.com](mailto:blong@hcclife.com)

**PERICO Life Insurance Company** agrees to pay Stop Loss Insurance benefits under the provisions of this Contract to the Contractholder listed in the Schedule of Stop Loss Insurance.

### **READ YOUR CONTRACT CAREFULLY**

This Contract is legally binding between the Contractholder and PERICO Life Insurance Company ("Company"). The consideration for this Contract includes, but is not limited to, the Application and the payment of premiums as provided hereinafter.

### **AGREEMENT**

The Company will pay the Aggregate and Specific Benefits provided in this Contract. Payment is subject to the conditions, limitations and exceptions of this Contract.

The Contractholder agrees to pay premiums when due and to comply with the Contract provisions.

This Contract takes effect on the Effective Date shown in the Schedule, which will be the date of issue, and terminates on the end of the Contract Period shown in the Schedule unless it is renewed. All periods indicated in the Contract begin and end at 12:01 A.M. standard time at the Contractholder's office.

This Contract form is governed by the laws of the state of .

The sections set forth on the following pages are a part of this Contract and take effect on the Effective Date.

IN WITNESS WHEREOF PERICO Life Insurance Company has caused this Contract to be executed by its President and Secretary at St. Louis, Missouri.

**Signed by the Company:**

**Secretary**

**President**

### **Policy Providing Stop Loss Insurance**

Nonparticipating

**PERICO LIFE INSURANCE COMPANY**  
**13358 Manchester Road**  
**St. Louis, MO 63131-1730**

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## I. DEFINITIONS

As used in this Contract, the following definitions shall be applicable:

**Agent**, when referring to the Contractholder, means the Contractholder's representative, including but not limited to its Designated Agent, Broker, or Third Party Administrator.

**Aggregate Benefit** means the amount that the Company agrees to pay the Contractholder after the end of the Contract Period for eligible claims Paid by the Contractholder as set forth in the Schedule and pursuant to the terms, conditions and limitations of the Contract.

**Aggregate Contract Basis** identifies the dates during which Employee Benefit Plan expenses must be Incurred and must be Paid to be considered eligible for reimbursement as Aggregate Benefits.

**Aggregate Deductible** means the sum of each Aggregate Deductible Per Month for each month during the Contract Period or fraction thereof.

**Aggregate Deductible Per Month** means the Aggregate Monthly Factor shown in the Schedule multiplied by the Number of Covered Units.

**Application** means the written request for insurance under the Contract by the Applicant or its Agent on a form acceptable to the Company.

**Continuation Beneficiary** is a Covered Unit which elects to extend its group health coverage under the Employee Benefit Plans entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

**Contract** means the entire agreement between the Contractholder and the Company, specifically including the Contract Application, the Contract Form, the Contract Addenda (if any), and a copy of the Contractholder's Employee Benefit Plan.

**Contract Addenda** means the papers, if any, attached to the Contract.

**Contract Month** means a period measured from the Effective Date of this Contract, while this Contract is in force. Each new Contract Month will begin on a day which corresponds to the Effective Date. If there is no such day in any applicable month, then the last day of the month will be used.

**Contract Period** is stated in the Schedule.

**Contractholder** is named in the Schedule.

**Covered Person** refers to each person, individually, who is a Covered Unit, or, in the case of a dependent, a member of a Covered Unit. In no event will coverage for a dependent become effective before the Effective Date of Coverage of a plan participant under the Employee Benefit Plan.

**Covered Unit**, for purposes of calculation of the premiums and the Aggregate Deductible Per Month, means a plan participant, a plan participant with dependents, or such other defined unit as agreed upon between the Company and the Contractholder, provided such plan participant, dependents or such other defined unit is covered under the Employee Benefit Plan.

**Disabled Person** is a plan participant not actively at work or, in the case of a dependent or Continuation Beneficiary, is by disability unable to perform his or her normal functions of a person of like sex and age on the Effective Date of this Contract or the date such person becomes eligible for coverage under the Employee Benefit Plan.

**Disclosure or Disclosed** means to provide the Company all documentation requested by the Company, or the Agent including but not limited to the information requested on the Disclosure Form, quote/proposal or renewal offer, within the time period(s) specified.

**Disclosure Form** means a document signed by the plan sponsor, Applicant, Contractholder, or Agent that provides information, upon which the Company will rely, in part, to issue or renew the Contract.

**Eligible Claims Payments** means expenses of the Employee Benefit Plan qualifying for coverage under the terms and conditions of this Contract.

**Employee Benefit Plan** means the master plan document of the Contractholder to provide medical expense benefits to the Contractholder's covered plan participants and dependents of such plan participants in effect on the Effective Date of this Contract, a copy of which is attached to and made a part of this Contract.

**Incurred** refers to the date on which a covered medical service was rendered, the date disability benefit payments become due, or a covered medical purchase was made for a Covered Person under the Employee Benefit Plan.

**Maximum Aggregate Benefit** means the amount set forth in the Schedule as the maximum total Aggregate Benefit payable under the terms, conditions and limitations of this Contract during the Contract Period.

**Maximum Eligible Claim Expense Per Person**, as it relates to aggregate coverage, means the maximum dollar value of claims Paid on any one Covered Person that can apply toward satisfaction of an Aggregate Deductible, or that can apply toward the calculation of the Aggregate Benefit for a Contract Period.

**Maximum Specific Benefit** means the amount set forth in the Schedule that is the maximum total Specific Benefit payable under the terms, conditions and limitations of this Contract during the Contract Period regardless of whether expenses for the Covered Person were Incurred and/or Paid during this Contract Period. In the context of the definition of Maximum Specific Benefit, references to "Employee Benefit Plan" include all predecessors and successors of the particular plan in effect on the Contract's Effective Date.

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Deleted: an individual is a Covered Person under the Employee Benefit Plan, regardless of the number of years the Covered Person is eligible under the Employee Benefit Plan and regardless of whether expenses for this Covered Person were Incurred and/or Paid during this Contract Period.

**Minimum Aggregate Deductible** means the lowest possible Aggregate Deductible applicable to the Contract Period or fraction thereof. This amount is set forth in the Schedule.

**Number of Covered Units** means the total number of Covered Units existing in any Contract Month.

**Paid** means that funds are actually disbursed by the Contractholder or his agent. Payment of a claim by the Contractholder or his Agent under the Employee Benefit Plan is the unconditional and direct payment of a claim to a Covered Person or their health care providers. Such payment will be deemed made on the date that both (1) the payor tenders payment by mailing (or otherwise delivering) a draft or check, and (2) the account upon which the payment is drawn contains, and continues to contain, sufficient funds to permit the check or draft to be honored.

**Payable Percentage** means the percentage payable as shown in the Schedule. The calculation of Specific Benefits may be subject to a different Payable Percentage than the calculation of Aggregate Benefits.

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**Proof of Loss** is the form authorized by the Company to be used for the submission of claims as well as the supporting documentation reasonably necessary for the Company's independent evaluation of the legitimacy and extent of the claim. Claims for expenses not specifically identified in previously submitted Proofs of Loss must be accompanied by separate Proofs of Loss.

**Schedule** means the Schedule of Stop Loss Insurance.

**Specific Benefit** means the amount the Company will pay to the Contractholder for eligible claims Paid by the Contractholder over and above the Contractholder's Specific Deductible Per Person, and pursuant to the terms, conditions and limitations of the Contract.

**Specific Contract Basis** identifies the dates during which Employee Benefit Plan expenses must be Incurred and must be Paid to be considered eligible for reimbursement as Specific Benefits.

**Specific Deductible** means the per Covered Person deductible as shown in the Schedule.

## II. BENEFITS

The Company will pay, subject to the terms, conditions and limitations of the Contract, the following benefits, if shown in the Schedule, to the Contractholder within a reasonable time upon receipt of a fully executed Proof of Loss:

### 1. Aggregate

The Aggregate Benefit for the Contract Period, or fraction thereof, is the total of the Eligible Claim Payments, on an Incurred and/or Paid basis as shown in the Aggregate Contract Basis of the Schedule:

- a. less the Aggregate Deductible or Minimum Aggregate Deductible, whichever is greater; and
- b. less the amount of the claims Paid by the Contractholder in excess of the Maximum Eligible Claim Expense Per Person as shown in the Schedule; and
- c. less amounts recovered or due from other sources;
- d. multiplied by the Aggregate Payable Percentage.

Aggregate Benefits are not payable until after the end of the Paid basis shown in the Aggregate Contract Basis of the Schedule. If this Contract should terminate prior to the end of the Contract Period, the Company shall not be liable for Aggregate Benefits for expenses Incurred or Paid by the Contractholder after the termination date.

In no event will the Aggregate Benefit exceed the Maximum Aggregate Benefit shown in the Schedule.

### 2. Specific

The Specific Benefit with regard to each Covered Person, is the total of the Eligible Claim Payments, on an Incurred and/or Paid basis as shown in the Specific Contract Basis of the Schedule:

- a. less the Specific Deductible; and
- b. less amounts recovered or due from other sources;
- c. multiplied by the Specific Payable Percentage.

The Contractholder shall not be entitled to any Specific Benefit unless and until the Contractholder has actually Paid the full amount of the Specific Deductible as set forth in the Schedule for the Covered Person(s) for which the Specific Benefit is sought. The Contractholder shall only be entitled to a Specific Benefit up to the amount actually Paid by Contractholder over and above the Specific Deductible.

If this Contract should terminate prior to the end of the Contract Period, the Company shall not be liable for Specific Benefits for expenses Incurred or Paid by the Contractholder after the termination date.

In no event will the Specific Benefit with regard to any Covered Person exceed the Maximum Specific Benefit shown in the Schedule.

### III. LIMITATIONS

1. This Contract will not pay the Contractholder for any loss or expense caused by or resulting from any of the following:
  - a. Expenses incurred while the Employee Benefit Plan is not in force with respect to the Covered Person.
  - b. Expenses resulting from weekly (disability) income, dental, vision or any prescription card service, unless shown in the Schedule.
  - c. Liability assumed by the Contractholder under any contract or service agreement other than the Employee Benefit Plan.
  - d. Expenses as the result of extra-contractual damages, compensatory damages, or punitive damages.
  - e. Expenses resulting from services which are billed in excess of the general level of charges being made by other providers of services in the locality where the service is rendered.
  - f. Expenses for benefits for accidental bodily injury or sickness arising out of or in the course of any occupation for wage or profit, and for which the Covered Person would be entitled to benefits under any Worker's Compensation, U. S. Longshoremen and Harbor Worker's or other occupational disease legislation or policy, whether or not such policy is actually in force.
  - g. Expenses which: (1) are not accepted as standard medical treatment for the illness, disease or injury being treated by physicians practicing the suitable medical specialty; (2) are the subject of scientific or medical research or study to determine the item's effectiveness and safety; (3) have not been granted, at the time services were rendered, any required approval by a federal or state governmental agency, including without limitation, the Federal Department of Health and Human Services, Food and Drug Administration, or any comparable state governmental agency; (4) are not approved for reimbursement at the time service was rendered by the Federal Centers for Medicare & Medicaid Services under Medicare Title XVIII; or (5) are performed subject to the Covered Person's informed consent under a treatment protocol that explains the treatment or procedure as being conducted under a human subject study or experiment.
  - h. Cost of the administration of claim payments or expense of litigation with individual claimants.

- i. Expenses for benefit to any Covered Person with coverage under any other plan, including Medicare, which, when combined with the benefits payable by such other plan, would cause the total to exceed 100% of the Covered Person's actual expenses.
  - j. Payments under the Employee Benefit Plan arising out of or caused by or contributed to or in consequence of war, hostilities (whether war be declared or not), invasion or civil war.
  - k. Expenses resulting from the loss of provider discounts of any kind due to the untimely payment of claims.
2. If the Schedule shows disabled persons are not covered, no benefits will be paid under the Contract for expenses Incurred or Paid under the Employee Benefit Plan for a Disabled Person until:
    - a. if a plan participant, he or she returns to active, full-time employment for at least one (1) full working day; or
    - b. if a dependent or Continuation Beneficiary, he or she is able to perform the normal functions of a person of like sex and age.
  3. Newborn children of plan participants who have previously enrolled and continue to cover their eligible dependents under the Employee Benefit Plan will be eligible under the Contract on the date of the child's birth. Employees who have not previously enrolled for dependent coverage will be eligible for newborn child coverage as defined within the Employee Benefit Plan.
  4. Retired plan participants and their dependents, who are eligible under the Employee Benefit Plan, will be eligible for coverage under the Contract only if so indicated in the Schedule.

**IV. CLAIMS PROVISIONS**

1. **Payment of Claim:** All benefits as they become payable under this Contract will be paid to the Contractholder. All expenses as they become payable under the Employee Benefit Plan shall be Paid by the Contractholder. The Company shall pay claim within a reasonable time after receiving fully executed Proofs of Loss and the documentation reasonably necessary to evaluate the eligibility and extent of the claim.
2. **Warranty:** Upon presentation of Proof of Loss to the Company for Aggregate Benefits, the Contractholder warrants that all monies necessary to pay for services and supplies have been paid to the respective providers of medical services or supplies to which the claim for reimbursement relates.
3. **Notice of Claim:** The Contractholder shall give written notice of claims to the Company on the Company's customary notice (Proof of Loss form), within thirty (30) days of the date the Contractholder becomes aware of the existence of facts which would reasonably suggest the possibility that benefits will be incurred which are covered by this Contract and which are equal to or exceed fifty percent (50%) of the Specific Deductible.

In addition, the Contractholder shall notify the Company immediately of the expenses of any Covered Person which meet any of the following criteria:

- a. continuous hospitalization for more than one month; or
- b. a claim for any one of the following disabilities: mental disorder requiring

hospitalization; brain injury; spinal injury resulting in real or suspected paralysis of the limbs; serious burns involving ten percent (10%) or more of the body with third degree burns or thirty percent (30%) or more of the body with second degree burns; multiple or serious fracture; crushing or massive internal injuries; premature birth; Acquired Immune Deficiency Syndrome (AIDS).

The Contractholder shall submit on a timely basis proofs, reports, and supporting documents including, but not limited to, a monthly summary of all Eligible Claims Payments processed by the Contractholder.

4. **Late Claims:** Any claim that is either submitted, or that remains incomplete more than 180 days after the last date for which Eligible Claims Payments can be reimbursed under the terms of the Contract will be denied, whether or not the delay has prejudiced the Company. The Contractholder or the Contractholder's Designated Third Party Administrator's failure to file a complete claim in a timely manner may result in an adjustment of the Company's reimbursement to the Contractholder to reflect any savings the Company could have obtained had a timely claim filing taken place pursuant to this provision.

## V. CONTRACT TERMINATION

The Contract and all benefits hereunder will terminate upon the earliest of the following dates:

1. The termination date specified in writing by the Contractholder provided that the Company is notified not less than 31 days in advance of the termination date.
2. The end of any period for which premiums were paid and subsequent premiums are not paid.
3. The end of the Contract Period.
4. The date of termination of the Employee Benefit Plan.
5. The date of cancellation of the administrative agreement between the Contractholder and the Designated Third Party Administrator, unless the Company has, prior to such cancellation, consented in writing to the Contractholder's designation of a successor Third Party Administrator.
6. This Contract will automatically terminate if the Contractholder does not pay claims or make available funds to pay claims as required by the Contract.

## VI. MISCELLANEOUS PROVISIONS

1. **Liability:** The Company will have neither the right nor the obligation under this Contract to directly pay any Covered Person or provider of professional or medical services for any benefit which the Contractholder has agreed to provide under the terms of the Employee Benefit Plan.

The Company's sole liability hereunder is to the Contractholder, subject to the terms, conditions and limitations of this Contract. Nothing in this Contract shall be construed to permit a Covered Person to have a direct right of action against the Company.

2. **Payment of Premiums:** Each Premium for this Contract is payable on or before its due date as set forth in the Schedule to the Company or to this authorized representative. Payment of a premium will not maintain this Contract in force beyond the period for which such premium is paid, except as otherwise stated in the Grace Period.

If the Effective Date of this Contract is other than the first day of a calendar month, premiums payable under this Contract are due and payable on the first of each calendar month.

3. **Grace Period:** A Grace Period of thirty (30) days will be allowed for the payment of each premium after the first premium. Should a premium otherwise due not be paid during the Grace Period, this Contract will terminate without further notice retroactive to the date for which premiums were last paid. The liability of the Company will be limited to claims Paid by the Contractholder prior to the date of termination. There will be no refund of any premium shown in the Schedule.
4. **Reinstatement:** If coverage under this Contract has lapsed, the Contract may be reinstated at the sole discretion of the Company upon receipt by the Company of an application for reinstatement and receipt of all past due premium.
5. **Entire Contract:** This Contract Form as issued to the Contractholder, together with the Contractholder's Application, Contract Addenda (if any), and a copy of the Contractholder's Employee Benefit Plan, constitute the entire contract. The Company has relied upon the underwriting information provided by the Contractholder or the Contractholder's Agent, in the issuance and renewal (if permitted by the Company) of this Contract. Should subsequent information become known by the Company which, if known at the time of Disclosure, would affect the rates, deductibles, terms or conditions for coverage hereunder, the Company will have the right to revise such rates, deductibles, terms or conditions as of the Effective Date or renewal date of this Contract or to waive any of its provisions.  
  
An Agent shall be the agent of the Contractholder. Under no circumstances shall an Agent be deemed to act as a representative of the Company.
6. **Concealment, Fraud:** This entire Contract will be void if, whether before or after a claim or loss, the Contractholder or its Agent has concealed or misrepresented any material fact or circumstance concerning this Contract or the subject thereof, including any claim thereunder or in any case of fraud by the Contractholder or its Agent relating thereto.
7. **Clerical Error:** Clerical error, whether by the Contractholder or by the Company, in keeping any records pertaining to the coverage, will not invalidate coverage otherwise validly in force nor continue coverage otherwise validly terminated.
8. **Audits:** The Company will have the right: (1) to inspect and audit all records and procedures of the Contractholder and Designated Third Party Administrator; and (2) to require, upon request, proof of records satisfactory to the Company that payment has been made to the Covered Person or the provider of such services or benefits which are the basis for any claim by the Contractholder hereunder.
9. **Notice of Appeal:** Any objection, notice of legal action, or complaint received on a claim process by the Contractholder or the Third Party Administrator, and on which it reasonably appears a benefit will be payable to the Contractholder under this Contract shall be brought to the immediate attention of the claims department of the Company.
10. **Changes:** Only the President or Executive Officer of the Company has the authority to alter this Contract, or to waive any of the Company's rights and then only in writing. No such alteration of this Contract shall be valid unless endorsed on or attached to this Contract. No Agent, Broker, or Third Party Administrator has the authority to alter this Contract or to waive any of its provisions.

11. **Notice:** For the purpose of any notice required from the Company under the provisions of this Contract, notice to the Contractholder's Designated Third Party Administrator shall be considered notice to the Contractholder.
12. **Amendments to the Employee Benefit Plan:** The Employee Benefit Plan shall not be changed while this Contract is in force without the prior written consent of the Company. Notice of any amendment to the Employee Benefit Plan must be given to the Company or its authorized representative at least 30 days prior to the Effective Date of the Amendment. The Company will have the sole option to accept the amendment to the Employee Benefit Plan, and if accepted, the Company reserves the right to revise the rates, deductibles, terms or conditions of the Contract as of the Effective Date of the amendment. If such amendment is not agreed to in writing, the Company will be liable to pay benefits as if the Employee Benefit Plan was not changed.
13. **Responsibilities of the Contractholder's Designated Third Party Administrator:** Without waiving any of its rights under this Contract, and without making the Designated Third Party Administrator a party to this Contract, the Company agrees to recognize the Designated Third Party Administrator as respects the normal administration of the Contractholder's Plan subject to:
- a. The Third Party Administrator being responsible on behalf of the Contractholder for auditing, calculating and processing all claims eligible under the Employee Benefit Plan within a reasonable period of time, preparing periodic reports as required by the Company and maintaining and making available to the Company at all times such information as the Company may reasonably require for proof of payment of the claims(s) by the Contractholder;
  - b. The Third Party Administrator performing such other duties as may be reasonably required by the Company, including but not limited to, maintaining an accurate record of eligible Covered Persons of the Contractholder;
  - c. The Company will not be responsible for any compensation due the Designated Third Party Administrator for functions performed in relation to this Contract; and
  - d. This Contract will not be deemed to make the Company a party to any agreement between the Contractholder and the Designated Third Party Administrator.
14. **Hold Harmless:**
- a. The Contractholder agrees to indemnify and hold the Company harmless for any legal expenses incurred, reasonable settlements made, or judgment(s) awarded, arising out of any dispute involving a participant or former participant of the Contractholder's Employee Benefit Plan provided such legal expenses, settlements, or judgments were not incurred as a result of the sole negligence or intentional wrongful acts of the Company.

The Company, following any notification of its being, or likely to be, named as a defendant on any action concerning the aforementioned dispute will, within a reasonable time, in writing, notify the Contractholder of the dispute. The Company will cooperate with the Contractholder in matters pertaining to the dispute, however, such cooperation with the Contractholder will not waive the right of the Company to solely defend or settle any action in a manner it deems prudent.

- b. The Contractholder shall be responsible for any State premium taxes incurred with respect to funds paid to or by the Contractholder under the Employee Benefit Plan. Taxes incurred with respect to premiums paid for the Contract will be the responsibility of the Company.
15. **Offset:** The Company will be entitled to offset claim reimbursements to the Contractholder against premiums due and unpaid by the Contractholder.
16. **Assignments:** The Contractholder shall not assign any of its rights under this Contract without the prior written consent of the Company, and any assignment without prior written consent shall be void.
17. **Subrogation:** The Contractholder shall pursue any and all valid claims that the Contractholder may have against third parties arising out of any occurrence resulting in a loss payment by the Contractholder and to account for any amounts recovered. Should the Contractholder fail to pursue any valid claims against third parties and the Company thereupon becomes liable to make payments to the Contractholder under the terms and conditions of this Contract, then the Company shall assume all the Contractholder's rights to pursue any valid claims against third parties, and the Contractholder will be responsible for any reasonable legal expenses incurred in the course of the pursuit.
18. **Recoveries:** The Company shall be entitled to recover first up to its full share of reimbursed claims before the Contractholder shares in any amount so recovered whether by way of subrogation or otherwise.
19. **Arbitration:** Any controversy or claim arising out of or relating to this Contract, or the breach thereof, shall be settled by Arbitration in accordance with the rules of the American Arbitration Association, with the express stipulation that the arbitrator(s) shall strictly abide by the terms of this Contract and shall strictly apply rules of law applicable thereto. All matters shall be decided by a panel of three (3) arbitrators. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. This provision shall survive the termination or expiration of this Contract. The parties hereto may alter any of the terms of this provision only by express written agreement, although such alteration may be before or after any rights or obligations arise under this provision.
20. **Insolvency:** The insolvency, bankruptcy, financial impairment, receivership, voluntary plan of arrangement with creditors, or dissolution of the Contractholder or the Contractholder's Designated Third Party Administrator shall not impose upon the Company any liability other than the liability defined in this Contract. In particular, the insolvency of the Contractholder shall not make the Company liable to the creditors of the Contractholder, including Covered Persons.
21. **Severability Clause:** Any clause deemed void, voidable, invalid, or otherwise unenforceable, whether or not such a provision is contrary to public policy, shall not render any of the remaining provisions of the Contract invalid.
22. **Renewal:** Renewal is not automatic but is available if permitted by the Company. Renewal may be subject to Disclosure and/or large claim notification upon request, new premium rates, new underwriting terms, and new Contract terms.

23. **Group Specifications - Changes:** The Company reserves the right to revise rates, deductibles, terms or conditions of the Contract on any of the following dates:
1. When the Contractholder adds or deletes a subsidiary or affiliate;
  2. When there is a change in the geographical area in which the Contractholder is located;
  3. When there is a change in the nature of business in which the Contractholder is engaged;
  4. When there is an increase or decrease in the number of Covered Units which exceeds 10% in any one month or 20% over any period of three consecutive months
24. **Legal Actions:** No action at law or in equity may be brought to recover under the Contract until sixty days after written proof of loss has been furnished to the Company. No such action may be brought more than three years after the time within which proof of loss is required to be furnished.