

SERFF Tracking Number: PRLF-127364704 State: Arkansas
Filing Company: Principal Life Insurance Company State Tracking Number: 49689
Company Tracking Number:
TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR
Project Name/Number: /

Filing at a Glance

Company: Principal Life Insurance Company

Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR SERFF Tr Num: PRLF-127364704 State: Arkansas

TOI: H11G Group Health - Disability Income SERFF Status: Closed-Approved-Closed State Tr Num: 49689

Sub-TOI: H11G.003 Long Term

Filing Type: Form

Co Tr Num:

State Status: FEES PAID

Reviewer(s): Rosalind Minor,
Donna Lambert

Authors: Mark Curtis, Dorthy
Mcgrean, Brenda Mcleran, Ann
McCoy, Colletta Maddy

Disposition Date: 09/09/2011

Date Submitted: 08/31/2011

Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name:

Status of Filing in Domicile: Not Filed

Project Number:

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments: Not required to be
filed in Iowa

Explanation for Combination/Other:

Market Type: Group

Submission Type: New Submission

Group Market Size: Large

Group Market Type: Employer

Overall Rate Impact:

Filing Status Changed: 09/09/2011

State Status Changed: 09/08/2011

Deemer Date:

Created By: Ann McCoy

Submitted By: Ann McCoy

Corresponding Filing Tracking Number:

Filing Description:

Principal Life Insurance Company

NAIC No. 332-61271

FEIN No. 42-0127290

Group Long Term Disability

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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Policy Form Series GC 3000 (DIL)-2
Booklet-Certificate Form Series - GH 800 (DIL)-2

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

A large insured group policyholder located in Arkansas has requested Long Term Disability Coverage for Hourly Participants. In addition, this policyholder has requested we revise the definition of Member to Participant. The changes are italicized in red font on the attached insert pages for your ease in reviewing.

If approved, these forms will be used for this one case only, with our Group Long Term Disability Insurance Policy forms series GC 3000, et al, (most recently filed and approved March 14, 2002, with various subsequent filing and approval dates for changes).

Enrollment form number GP 56002 is specific to this policyholder is also attached. Please note this enrollment form was included in the Group Long Term Disability filing for this policyholder, SERFF Tracking Number PRLF-126245114 and was approved on September 23, 2009.

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

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

Ann McCoy

Company and Contact

Filing Contact Information

Ann McCoy, State/Federal Compliance Analyst mccoey.ann@principal.com
711 High St. 800-986-3343 [Phone] 89658 [Ext]
K-005-E81 515-246-2491 [FAX]
Des Moines, IA 50392-0002

Filing Company Information

Principal Life Insurance Company CoCode: 61271 State of Domicile: Iowa
711 High Street Group Code: 332 Company Type: Life & Health
Des Moines, IA 50392-0002 Group Name: State ID Number:
(800) 986-3343 ext. [Phone] FEIN Number: 42-0127290

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation: 2 form filings at \$50.00 each = \$100.00
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Principal Life Insurance Company	\$100.00	08/31/2011	51143875
Principal Life Insurance Company	\$1,550.00	09/07/2011	51294161

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Donna Lambert	09/09/2011	09/09/2011

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Donna Lambert	09/06/2011	09/06/2011	Ann McCoy	09/07/2011	09/07/2011

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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Disposition

Disposition Date: 09/09/2011

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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 Project Name/Number: /

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	Approved	No
Supporting Document	Application	Approved	No
Supporting Document	Cover Letter	Approved	No
Form	Title Page	Approved	No
Form	Table of Contents	Approved	No
Form	PART IA - LONG TERM DISABILITY SUMMARY OF BENEFITS	Approved	No
Form	PART I - DEFINITIONS	Approved	No
Form	PART II - POLICY ADMINISTRATION, Section A - Contract	Approved	No
Form	PART II - POLICY ADMINISTRATION, Section B - Premiums	Approved	No
Form	PART II - POLICY ADMINISTRATION, Section C - Policy Termination	Approved	No
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS, Section A - Eligibility	Approved	No
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS, Section B - Effective Dates	Approved	No
Form	PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS, Section C - Member Termination, Continuation, and Reinstatement	Approved	No
Form	PART IV - BENEFITS, Section A - Benefit Qualification	Approved	No
Form	PART IV - BENEFITS, Section B - Benefits Payable	Approved	No
Form	PART IV - BENEFITS, Section C - Rehabilitation [Services and] Benefits	Approved	No
Form	PART IV - BENEFITS, Section K - Monthly Payment Limit	Approved	No
Form	PART IV-BENEFITS Section M - Benefit Payment Period and Recurring Disability	Approved	No
Form	PART IV - BENEFITS, Section N - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction,a Mental Health Condition or a Special Condition	Approved	No

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Form	PART IV - BENEFITS, Section O - Limitations	Approved	No
Form	PART IV - BENEFITS, Section Q - Claims Procedures	Approved	No
Form	Introductory Page	Approved	No
Form	Table of Contents	Approved	No
Form	Long Term Disability Summary of Benefits	Approved	No
Form	How to be Insured - Eligibility and Individual Incontestability	Approved	No
Form	How to be Insured - Effective Dates	Approved	No
Form	How to be Insured - Termination, Continuation and Reinstatement	Approved	No
Form	Description of Benefits - Benefit Qualification	Approved	No
Form	Description of Benefits - Benefits Payable	Approved	No
Form	Description of Benefits - Rehabilitation Services and Benefits	Approved	No
Form	Description of Benefits - Monthly Payment Limit	Approved	No
Form	Description of Benefits - Benefit Payment Period and Recurring Disability	Approved	No
Form	Description of Benefits - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition or a Special Condition	Approved	No
Form	Description of Benefits - Limitations	Approved	No
Form	Description of Benefits - Claims Procedures	Approved	No
Form	Definitions	Approved	No

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TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 09/06/2011
Submitted Date 09/06/2011
Respond By Date 10/06/2011

Dear Ann McCoy,

This will acknowledge receipt of the captioned filing.

Objection 1

- Title Page, GC 3000 (DIL)-2 (Form)

Comment: Our filing fees under Rule and Regulation 57 have been updated. Please review the General Instructions for ArkansasLH or Rule and Regulation 57.

The fee for this submission is \$50 per form for a total of \$1,650. Please submit an additional \$1,550 for this submission.

We will begin our review of this submission upon receipt of the additional filing fee.

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,

Donna Lambert

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Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/07/2011
Submitted Date 09/07/2011

Dear Donna Lambert,

Comments:

Dear Donna Lambert

Thank you for your note dated September 7, 2011. We have submitted the additional \$1550.00 owed for this filing and have so noted for further filings.

Please let me know if you need any additional information for your review of this filing.

Thank you
Ann McCoy

Response 1

Comments: Additional fee has been submitted.

Related Objection 1

Applies To:

- Title Page, GC 3000 (DIL)-2 (Form)

Comment:

Our filing fees under Rule and Regulation 57 have been updated. Please review the General Instructions for ArkansasLH or Rule and Regulation 57.

The fee for this submission is \$50 per form for a total of \$1,650. Please submit an additional \$1,550 for this submission.

We will begin our review of this submission upon receipt of the additional filing fee.

Changed Items:

No Supporting Documents changed.

SERFF Tracking Number: *PRLF-127364704* *State:* *Arkansas*
Filing Company: *Principal Life Insurance Company* *State Tracking Number:* *49689*
Company Tracking Number:
TOI: *H11G Group Health - Disability Income* *Sub-TOI:* *H11G.003 Long Term*
Product Name: *Single Case Filing-Group Long Term Disability-Hourly-AR*
Project Name/Number: /

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,

Ann McCoy, Brenda Mcleran, Colletta Maddy, Dorothy Mcgrean, Mark Curtis

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Form Schedule

Lead Form Number:

Schedule Item	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
Approved 09/09/2011	GC 3000 (DIL)-2	Policy/Cont Title Page ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GC 3000 (DIL)-2.pdf
Approved 09/09/2011	GC 3001 (DIL)-2	Policy/Cont Table of Contents ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GC 3001 (DIL)-2.pdf
Approved 09/09/2011	GC 3002 (DIL)-2	Policy/Cont PART IA - LONG ract/Fratern TERM DISABILITY al SUMMARY OF Certificate: BENEFITS Amendmen t, Insert Page, Endorseme nt or Rider	Initial		0.000	GC 3002 (DIL)-2.pdf
Approved 09/09/2011	GC 3004 (DIL)-2	Policy/Cont PART I - ract/Fratern DEFINITIONS al Certificate:	Initial		0.000	GC 3004 (DIL)-2.pdf

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 Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR
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Approved	GC 3014	Page, Endorseme nt or Rider	Initial	0.000	GC 3014 (DIL)-2.pdf
09/09/2011 (DIL)-2		Policy/Cont PART III - ract/Fratern INDIVIDUAL al REQUIREMENTS Certificate: AND RIGHTS, Amendmen Section B - Effective t, Insert Dates Page, Endorseme nt or Rider			
Approved	GC 3016	Page, Endorseme nt or Rider	Initial	0.000	GC 3016 (DIL)-2.pdf
09/09/2011 (DIL)-2		Policy/Cont PART III - ract/Fratern INDIVIDUAL al REQUIREMENTS Certificate: AND RIGHTS, Amendmen Section C - Member t, Insert Termination, Page, Continuation, and Endorseme Reinstatement nt or Rider			
Approved	GC 3018	Page, Endorseme nt or Rider	Initial	0.000	GC 3018 (DIL)-2.pdf
09/09/2011 (DIL)-2		Policy/Cont PART IV - ract/Fratern BENEFITS, Section al A - Benefit Certificate: Qualification Amendmen t, Insert Page, Endorseme nt or Rider			
Approved	GC 3020	Page, Endorseme nt or Rider	Initial	0.000	GC 3020 (DIL)-2.pdf
09/09/2011 (DIL)-2		Policy/Cont PART IV - ract/Fratern BENEFITS, Section al B - Benefits Payable Certificate: Amendmen t, Insert Page, Endorseme			

SERFF Tracking Number: PRLF-127364704 State: Arkansas
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 Company Tracking Number:
 TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
 Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR
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Approved	GC 3022	Policy/Cont PART IV - ract/Fratern BENEFITS, Section al C - Rehabilitation Certificate: [Services and] Amendmen Benefits t, Insert Page, Endorseme nt or Rider	Initial	0.000	GC 3022 (DIL)-2.pdf
Approved	GC 3038	Policy/Cont PART IV - ract/Fratern BENEFITS, Section al K - Monthly Payment Certificate: Limit Amendmen t, Insert Page, Endorseme nt or Rider	Initial	0.000	GC 3038 (DIL)-2.pdf
Approved	GC 3042	Policy/Cont PART IV-BENEFITS ract/Fratern Section M - Benefit al Payment Period and Certificate: Recurring Disability Amendmen t, Insert Page, Endorseme nt or Rider	Initial		GC 3042 (DIL)-2.pdf
Approved	GC 3044	Policy/Cont PART IV - ract/Fratern BENEFITS, Section al N - Treatment of Certificate: Alcohol, Drug or Amendmen Chemical Abuse, t, Insert Dependency, or Page, Addiction,a Mental Endorseme Health Condition or a nt or Rider Special Condition	Initial	0.000	GC 3044 (DIL)-2.pdf
Approved	GC 3046	Policy/Cont PART IV -	Initial	0.000	GC 3046

<i>SERFF Tracking Number:</i>	<i>PRLF-127364704</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>49689</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.003 Long Term</i>
<i>Product Name:</i>	<i>Single Case Filing-Group Long Term Disability-Hourly-AR</i>		
<i>Project Name/Number:</i>	/		
09/09/2011 (DIL)-2	ract/Fratern BENEFITS, Section al O - Limitations Certificate: Amendmen t, Insert Page, Endorseme nt or Rider		(DIL)-2.pdf
Approved GC 3050 09/09/2011 (DIL)-2	Policy/Cont PART IV - ract/Fratern BENEFITS, Section al Q - Claims Certificate: Procedures Amendmen t, Insert Page, Endorseme nt or Rider	Initial 0.000	GC 3050 (DIL)-2.pdf
Approved GH 800 09/09/2011 (DIL)-2	Certificate Introductory Page Amendmen t, Insert Page, Endorseme nt or Rider	Initial 0.000	GH 800 (DIL)- 2.pdf
Approved GH 801 09/09/2011 (DIL)-2	Certificate Table of Contents Amendmen t, Insert Page, Endorseme nt or Rider	Initial 0.000	GH 801 (DIL)- 2.pdf
Approved GH 802 09/09/2011 (DIL)-2	Certificate Long Term Disability Amendmen Summary of Benefits t, Insert Page, Endorseme nt or Rider	Initial 0.000	GH 802 (DIL)- 2.pdf
Approved GH 804 09/09/2011 (DIL)-2	Certificate How to be Insured - Amendmen Eligibility and t, Insert Individual	Initial 0.000	GH 804 (DIL)- 2.pdf

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 Project Name/Number: /

Approval Status	Case Number	Document Description	Initial	Amount	File Name
Approved	GH 805 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate How to be Insured - Amendment Effective Dates t, Insert Page, Endorsement or Rider	Initial	0.000	GH 805 (DIL)-2.pdf
Approved	GH 806 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate How to be Insured - Amendment Termination, t, Insert Continuation and Page, Reinstatement Endorsement or Rider	Initial	0.000	GH 806 (DIL)-2.pdf
Approved	GH 807 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate Description of Amendment Benefits - Benefit t, Insert Qualification Page, Endorsement or Rider	Initial	0.000	GH 807 (DIL)-2.pdf
Approved	GH 808 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate Description of Amendment Benefits - Benefits t, Insert Payable Page, Endorsement or Rider	Initial	0.000	GH 808 (DIL)-2.pdf
Approved	GH 809 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate Description of Amendment Benefits - t, Insert Rehabilitation Page, Services and Endorsement or Rider	Initial	0.000	GH 809 (DIL)-2.pdf
Approved	GH 817 09/09/2011 (DIL)-2	Page, Incontestability Endorsement or Rider Certificate Description of Amendment Benefits - Monthly t, Insert Payment Limit Page, Endorsement or Rider	Initial	0.000	GH 817 (DIL)-2.pdf

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Approval Status	Case ID	Document Type	Description	Initial	Amount	File Name
Approved	GH 819	Certificate	Description of Benefits - Benefit Payment Period and Recurring Disability	Initial	0.000	GH 819 (DIL)-2.pdf
Approved	GH 820	Certificate	Description of Benefits - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition or a Special Condition	Initial	0.000	GH 820 (DIL)-2.pdf
Approved	GH 821	Certificate	Description of Benefits - Limitations	Initial	0.000	GH 821 (DIL)-2.pdf
Approved	GH 823	Certificate	Description of Benefits - Claims Procedures	Initial	0.000	GH 823 (DIL)-2.pdf
Approved	GH 824	Certificate	Definitions	Initial	0.000	GH 824 (DIL)-2.pdf

PRINCIPAL LIFE INSURANCE COMPANY
(called *Principal Life* in this Group Policy)
Des Moines, Iowa 50392-0002

This group insurance policy is issued to:

DILLARD'S, INC. FLEXIBLE BENEFIT PLAN

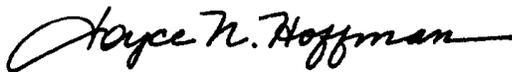
(called the Policyholder in this Group Policy)

The Date of Issue is June 1, 2011.

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

LONG TERM DISABILITY INSURANCE

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



Senior Vice President and Corporate Secretary



President and Chief Executive Officer

GROUP POLICY NO. *GLT H70802*
NON-PARTICIPATING
CONTRACT STATE OF ISSUE: ARKANSAS

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PART IA - LONG TERM DISABILITY INSURANCE *SUMMARY*

<i>Participant</i> Contribution	<i>Participants</i> are required to contribute the entire premium for their insurance under this Group Policy	
Elimination Period	<i>the greater of salary continuance or 180 days</i>	
Own Occupation Period	two year(s)	
Primary Monthly Benefit	50% of <i>the Participant's</i> Predisability Earnings.	
Maximum Monthly Benefit	\$4,000	
Minimum Monthly Benefit	the greater of 10% of <i>the Participant's</i> Primary Monthly Benefit or \$100	
Maximum Benefit Payment Period	<i>Participant's</i> Age on The Date Disability <u>Begins</u>	Months of the Benefit Payment <u>Period</u>
	Before age 62	lesser of 5 years or to age 65
	62	42 months
	63	36 months
	64	30 months
	65	24 months
	66	21 months
	67	18 months
	68	15 months
	69 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	10%	
Reasonable Accommodation Benefit	\$2,000	
Other Coverage Features		
Work Incentive Benefit	12 months	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

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

PART I - DEFINITIONS

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

Active Work; Actively at Work

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

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

A Participant's Monthly Earnings for each month that he or she is Disabled. This includes all sources of income from the Policyholder that comprised earnings prior to Disability such as personal time off (PTO), sick pay, vacation pay, and holiday pay. Earnings from Secondary Employment are not considered Current Earnings except as identified in Secondary Earnings. While Disabled, *a Participant's* Monthly Earnings may result from working for the Policyholder or any other employer.

Date of Issue

The date this Group Policy is placed in force: June 1, 2011

Dependent

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

Disability; Disabled

A Participant will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Own Occupation Period, one of the following applies:

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

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of any occupation for which he or she is or may reasonably become qualified based on education, training, or experience.
- b. The *Participant* is performing the Substantial and Material Duties of his or her Own Occupation or any occupation on a Modified Basis and is unable to earn more than 50% of his or her Indexed Predisability Earnings.

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

Elimination Period

The period of time *a Participant* must be Disabled before benefits begin to accrue. An Elimination Period starts on the date *a Participant* is Disabled and must be satisfied for each period of Disability. *A Participant* who is in the process of satisfying the Elimination Period may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require *the Participant* to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period. *A Participant* cannot satisfy any part of the Elimination Period with any period of Disability that results from a cause for which *Principal Life* does not pay benefits.

Employee

A person who is employed by and receives a W-2 from the Policyholder or has a direct ownership interest in the Policyholder.

Generally Accepted

Treatment, service, or medication that:

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

Group Policy

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

Hospital

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

Income Loss Percentage

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

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

Indexed Predisability Earnings

A *Participant's* Predisability Earnings adjusted for increases in the Consumer Price Index.

Insurance Month

Calendar month.

Maximum Monthly Benefit

\$4,000

***Mental* Health Condition**

Any condition which is:

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

Conditions not considered a Mental Health Condition include:

- a. dementia that is the result of any of the following conditions:
 - (1) stroke;
 - (2) head injury;
 - (3) viral infection; or
 - (4) Alzheimer's disease; and
- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

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

Monthly Earnings

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

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

Commissions and bonuses will be averaged for:

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

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

For *Participants* with a direct ownership interest in the business entity of the Policyholder, such as, but not limited to, an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

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

With respect to *a Participant* with an ownership interest of less than two calendar years, *Principal Life* will use the amounts of a., b. and c. as described above during the completed

months of direct ownership divided by the number of such completed months of direct ownership.

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

Other Income Sources

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

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

NOTE:

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

Any retirement payments the *Participant* receives under the Federal Social Security Act or a pension plan which *a Participant has* been receiving in addition to *a Participant's* Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

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

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

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

Any income the *Participant* receives for services rendered prior to *the Participant's* date of Disability will not be considered Other Income Sources.

Own Occupation

The occupation the *Participant is* routinely performing when Disability begins. Own Occupation does not mean the specific tasks or job the *Participant* is performing for the Policyholder or at a specific location.

Own Occupation Period

The first two year(s) of the Benefit Payment Period.

Participant

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

Physician

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

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

Policy Anniversary

June 1, 2012, and the same day of each year.

Policyholder

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

Predisability Earnings

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

Primary Monthly Benefit

50% of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of \$4,000.

Proof of Good Health

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

Reasonable Accommodation

Changes in a *Participant's* work environment or in the way a job is performed which allows the *Participant* to perform the essential functions of that job.

Regular and Appropriate Care

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

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

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

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

Rehabilitation Plan

An individualized Written agreement between *the Participant* and *Principal Life* developed with the assistance of the *Participant*, and others as appropriate. The Rehabilitation Plan may include medical, psychological, or vocational services and benefits, which are provided with the intent to restore the *Participant's* ability to perform his or her Own Occupation or any occupation which the *Participant* is or could reasonably become qualified by education, training, or experience.

Secondary Employment

Employment the *Participant* is engaged in with an employer, other than the Policyholder, prior to the date Disability begins. Earnings from Secondary Employment will be determined by using the average monthly earnings over the six calendar months just prior to the date of Disability. Any post disability increase above the average monthly earnings will be considered Current Earnings.

Signed or Signature

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

Social Security Normal Retirement Age (SSNRA)

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

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

Special Condition

Special Condition means:

- a. thoracic outlet syndrome; and
- b. headaches (including, but not limited to functional, migraine, organic, sinus, and tension); and
- c. chronic fatigue syndrome; and
- d. fibromyalgia; and
- e. temporomandibular joint (TMJ); and
- f. cumulative trauma disorder, overuse syndrome, or repetitive stress disorder including carpal tunnel syndrome and ulnar tunnel syndrome; and
- g. environmental allergies and Multiple Chemical Sensitivity (MCS); and
- h. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic, and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, except:

Musculoskeletal conditions that are not considered Special Conditions are:

- (1) arthritis; and
 - (2) ruptured intervertebral discs; and
 - (3) scoliosis; and
 - (4) spinal fractures; and
 - (5) osteopathies; and
 - (6) spinal tumors, malignancy, or vascular malformations; and
 - (7) radiculopathies, documented by electromyogram; and
 - (8) spondylolisthesis, grade II or higher; and
 - (9) myelopathies and myelitis; and
 - (10) demyelinating disease; and
 - (11) traumatic spinal cord necrosis; and
- i. Complex Regional Pain Syndrome (CRPS).

Substantial and Material Duties

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

Written or Writing

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

PART II - POLICY ADMINISTRATION

Section A - Contract

Article 1 - Entire Contract

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

Article 2 - Policy Changes

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

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

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

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

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

PART II - POLICY ADMINISTRATION

Article 3 - Policyholder Eligibility Requirements

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

- a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit organization within the meaning of the Internal Revenue Code, or be a governmental agency; and
- b. maintain the following participation with respect to eligible employees, excluding those for whom Proof of Good Health is not satisfactory to *Principal Life*:
 - (1) 100% if the *Participant* is to contribute no part of the premium; or
 - (2) maintain the greater of 20% participation or five insured employees.

Article 4 - Policy Incontestability

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

Article 5 - Individual Incontestability and Eligibility

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

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

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

PART II - POLICY ADMINISTRATION

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

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

Article 6 - Information to be Furnished

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

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

Article 7 - Certificates

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

Article 8 - Workers' Compensation Insurance Not Replaced

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

PART II - POLICY ADMINISTRATION

Article 9 - Policy Interpretation

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

Article 10 - Electronic Transactions

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

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

Article 11 - Value Added Service

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

PART II - POLICY ADMINISTRATION

Section B - Premiums

Article 1 - Payment Responsibility; Due Dates; Grace Period

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

The first premium is due on the Date of Issue of this Group Policy. Each premium thereafter will be due on the first of each Insurance Month. Except for the first premium, a Grace Period of 60 days will be allowed for payment of premium. "Grace Period" means the first 60-day period following a premium due date. The Group Policy will remain in force until the end of the Grace Period, unless the Group Policy has been terminated by notice as described in this PART II, Section C. The Policyholder will be liable for payment of the premium for the time this Group Policy remains in force during the Grace Period.

Article 2 - Premium Rates

The premium rate will be as shown below as a percent of covered Monthly Earnings for each *Participant* insured for Long Term Disability Insurance:

(Age)	
Under 25	0.13%
25-29	0.2
30-34	0.32
35-39	0.49
40-44	0.72
45-49	1.02
50-54	1.42
55-59	2.1
60-64	2.55
65-69	1.77
70 and over	1.25

PART II - POLICY ADMINISTRATION

Article 3 - Premium Rate Changes

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

- a. on any premium due date, after the initial premium rate has then been in force two years or more and if Written notice is given to the Policyholder at least 31 days before the date of change. After the initial premium rate has been in force for two years, *Principal Life* may change the premium rate on any due date if the rate has been in force for 12 months or more and if Written notice is given to the Policyholder at least 31 days before the date of change; or
- b. on any date the definition of *Participant* is changed; or
- c. on any date that the policy design features or class of insured *Participants* is changed; or
- d. on any date a division, subsidiary, or affiliated company is added or terminated; or
- e. on any date the premium contribution required of *Participants* is changed; or
- f. on any Policy Anniversary, if the total covered Monthly Earnings for then insured *Participants* has increased or decreased by more than 25% since the last Policy Anniversary; or
- g. on any premium due date, if the age for then insured *Participants* has changed since the last premium due date.

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

Article 4 - Premium Amount

The amount of premium to be paid on each due date will be the product of total Benefit Payable for all *Participants* then insured multiplied by the premium rate per \$100 then in effect for each age bracket.

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

- a. *Participants* who are eligible to become insured are to be reported during the month prior to or during the month that coverage becomes effective.

PART II - POLICY ADMINISTRATION

- b. *Participants* whose coverage has terminated are to be reported within a month of the date coverage terminated.
- c. Changes in Monthly Earnings are to be reported during the month of or prior to the Policy Anniversary.
- d. Changes in *Participant* insurance class are to be reported during the month of or prior to the Policy Anniversary.

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

Article 5 - Contributions from *Participants*

Participants are required to contribute the entire premium for their insurance under this Group Policy.

PART II - POLICY ADMINISTRATION

Section C - Policy Termination

Article 1 - Failure to Pay Premium

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

Article 2 - Termination Rights of the Policyholder

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

Article 3 - Termination Rights of The Principal

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

- a. ceases to be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit organization within the meaning of the Internal Revenue Code; or
- b. has performed an act or practice that constitutes fraud or has made an intentional misrepresentation of material fact under the terms of this Group Policy; or
- c. does not promptly provide *Principal Life* with information that is reasonably required; or
- d. fails to perform any of its obligations that relate to this Group Policy.

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

PART II - POLICY ADMINISTRATION

Article 4 - Policyholder Responsibility to *Participants*

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

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

PART II - POLICY ADMINISTRATION

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section A - Eligibility

Article 1 - *Participant* Insurance

A person will be eligible for insurance on the later of:

- a. the Date of Issue of this Group Policy; or
- b. *the 1st day of the month according to Dillard's accounting calendar in which the Participant meets eligibility and has enrolled in coverage. Eligibility will be determined by Dillard's.*

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section B - Effective Dates

Article 1 - Actively at Work

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

Article 2 - Effective Date for Contributory Insurance

If a *Participant* is to contribute a part of premium, insurance must be requested in a form provided by *Principal Life*. Unless Proof of Good Health is required (see Articles 3 and 4 below), the requested insurance will be in force on:

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

If the request is made more than **30** days after the date the *Participant* is eligible, Proof of Good Health will be required before insurance can be in force (see Articles 3 and 4 below).

Article 3 - Effective Date When Proof of Good Health is Required

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

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

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 4 - Proof of Good Health Requirements

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

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

Article 5 - Effective Date for Benefit Changes Due to a Change in Monthly Earnings

Unless Proof of Good Health is required (see Articles 3 and 4 above), a change in Benefit Payable amount because of a change in the *Participant's* Monthly Earnings will normally be effective on the June 1st that next follows the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

Article 5A - Effective Date for Benefit Changes Due to a Change in Insurance Class

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

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 6 - Effective Date for Benefit Changes - Change by Policy Amendment

Unless Proof of Good Health is required (see Articles 3 and 4 above), a change in the amount of a *Participant's* Benefit Payable because of a change in the Benefit Payable (as described in PART IV, Section B) by amendment to this Group Policy will be effective on the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section C - *Participant* Termination, Continuation, and Reinstatement

Article 1 - *Participant* Termination

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

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

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

Article 2 - *Participant* Continuation

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

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

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

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

- a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
- b. the end of the Insurance Month in which the *Participant* recovers; or
- c. the date, *the greater of salary continuance or 180 days* after Active Work ends.

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

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

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

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

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

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

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

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

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

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

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

If a *Participant* ceases Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue the *Participant's* insurance, subject to premium payment until the date either 12 weeks or 26 weeks, as determined by law, after Active Work ends.

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

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

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

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART IV - BENEFITS

Section A - Benefit Qualification

Article 1 - Benefit Qualification

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

- a. The *Participant* is Disabled under the terms of this Group Policy.
- b. The Disability begins while he or she is insured under this Group Policy.
- c. The Disability is not subject to any Limitations listed in this PART IV, Section O.
- d. An Elimination Period of *the greater of salary continuance or 180 days* is completed.
- e. A Benefit Payment Period is established.
- f. The *Participant* is under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in this PART IV, Section Q are satisfied.

A Benefit Payment Period will be established on the latest of:

- a. the date the *Participant* completes an Elimination Period; or
- b. the date six months before *Principal Life* receives Written proof of the *Participant's* Disability; or
- c. the day after the *Participant's* Short Term Disability Benefit Payment period ends.

NOTE: No premiums are required during a Long Term Disability Benefit Payment Period.

No benefits will be payable for any Disability during a *Participant's* incarceration in a penal or correctional institution for a period greater than six months. Benefits will be terminated effective on the day immediately following six months of such incarceration and will be reinstated, without retroactive payment of benefits, upon the *Participant's* release, provided:

- a. the *Participant* continues to qualify for benefits as provided in this PART IV, Section A, Article 1; and

PART IV - BENEFITS

- b. the *Participant's* current Disability and the Disability for which the Elimination Period was completed are from the same or related cause; and
- c. the *Participant* has not exceeded the Benefit Payment Period as outlined in PART IV, Section M of this Group Policy.

Reinstated benefits are not paid retroactively during the period of the *Participant's* incarceration.

PART IV - BENEFITS

Section B - Benefits Payable

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

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

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

The work incentive Benefit Payable to a *Participant* for each full month of a Benefit Payment Period will be:

- a. for the first 12 months, the lesser of:
 - (1) 100% of Indexed Predisability Earnings less Other Income Sources, less Current Earnings from his or her Own Occupation or any occupation; or
 - (2) the Primary Monthly Benefit less Other Income Sources; and
- b. thereafter, the *Participant's* Primary Monthly Benefit less Other Income Sources, multiplied by the *Participant's* Income Loss Percentage.

On each March 1, following the date the *Participant* becomes Disabled, the *Participant's* Predisability Earnings will be increased by the average rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If the *Participant* has been Disabled for less than one year as of March 1, the amount of the increase will be multiplied by the ratio of:

- a. the number of completed months of Disability as of March 1;
- b. divided by 12 months.

Consumer Price Index means the U.S. City Average for Urban Consumers, All Items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

PART IV - BENEFITS

Article 3 - Minimum Monthly Benefit

In no event will the Monthly Benefit Payable be less than the greater of 10% of the *Participant's* Primary Monthly Benefit or \$100 for each full month of a Benefit Payment Period, except that *Principal Life* will have the right to reduce the Minimum Monthly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

PART IV - BENEFITS

Section C - Rehabilitation Services and Benefits

Article 1 - Rehabilitation Services and Benefits

While the *Participant* is Disabled and covered under this Group Policy, he or she may qualify to participate in a Rehabilitation Plan and receive Rehabilitation Services and Benefits. *Principal Life* will work with the *Participant* and others as appropriate, to develop an individualized Rehabilitation Plan intended to assist the *Participant* in returning to work.

Article 2 - Rehabilitation Services

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

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

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

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

PART IV - BENEFITS

Principal Life may require a *Participant* to participate in an individualized Rehabilitation Plan at the expense of *Principal Life*. If the *Participant* refuses to participate in or does not comply with the Rehabilitation Plan, without good cause, all benefits will cease to be payable. As used in this section, "good cause" means a medical reason preventing implementation of the Rehabilitation Plan.

Article 3 - Predisability Intervention Services

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

Article 4 - Rehabilitation Incentive Benefit

During a Benefit Payment Period, if the *Participant* is participating in and fulfilling the requirements of the Rehabilitation Plan, but is not yet working, he or she will be eligible for a 10% increase in the Primary Monthly Benefit percentage as a Rehabilitation Incentive Benefit. Payment of the Rehabilitation Incentive Benefit will begin with the Benefit Payable amount that next follows implementation of the Rehabilitation Plan. The Rehabilitation Incentive Benefit is not subject to the Maximum Monthly Benefit.

The Rehabilitation Incentive Benefit will terminate on the earliest of:

- a. the date the time frame established in the Rehabilitation Plan has elapsed; or
- b. the date the *Participant* fails to meet the goals and objectives established in the Rehabilitation Plan; or
- c. the date the *Participant* has received a total of 12 months of Rehabilitation Incentive Benefits; or
- d. the date benefits would otherwise terminate as provided in this PART IV, Section M, Article 1.

PART IV - BENEFITS

Article 5 - Reasonable Accommodation Benefit

a. Eligibility

An employer or the *Participant* may be eligible for a Reasonable Accommodation Benefit provided the *Participant* would be able to return to work with Reasonable Accommodation of the work environment. This benefit must be approved by *Principal Life* in Writing prior to implementation.

b. Benefit

Principal Life will reimburse an employer or the *Participant* for expenses incurred to modify the workplace to allow the *Participant* to return to work, up to the actual expense, not to exceed \$2,000 per Benefit Payment Period. Expenses may include the cost of tools, equipment, furniture, or any other changes to the work-site or environment that *Principal Life* agrees will allow the *Participant* to return to work. Any payment made for Reasonable Accommodation would be the difference between the cost and the amount paid or payable by third parties (including any amount paid under a policy of medical coverage).

PART IV - BENEFITS

Section K - Monthly Payment Limit

Article 1 - Monthly Payment Limit

In no event will the sum of amounts payable for:

- a. Benefits Payable under this PART IV, Section B, Article(s) 1 and 2;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from the *Participant's* Own Occupation or any occupation;

exceed 100% of Predisability Earnings. If the *Participant* is eligible for benefits under this PART IV, Section B, Article 2, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first 12 months.

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

PART IV - BENEFITS

Section M - Benefit Payment Period and Recurring Disability

Article 1 - Benefit Payment Period

Benefits are payable:

- a. if Disability begins before age 62, until the earlier of the date five years after the Benefit Payment Period starts for one continuous Disability or Recurring Disability, or the date the *Participant* attains age 65 (except that the Benefit Payment Period will not be less than 42 months); or
- b. if Disability begins at or after age 62, until the date of completion of the number of months shown below after the Benefit Payment Period begins.

<i>Participant's</i> Age on the Date <u>Disability Begins</u>	Months of the Benefit Payment Period (Beginning with the date the <u>Benefit Payment Period begins</u>)
62	42
63	36
64	30
65	24
66	21
67	18
68	15
69 and over	12

However, in no event, will benefits continue beyond:

- a. the date of the *Participant's* death; or
- b. the date Disability ends, unless a Recurring Disability exists as explained in this section; or
- c. the date the *Participant* fails to provide any required proof of Disability; or
- d. the date the *Participant* fails to submit to any required medical examination or evaluation as provided in this PART IV, Section Q, Article 13; or
- e. the date the *Participant* fails to report any required Current Earnings information; or
- f. the date the *Participant* fails to report income from Other Income Sources; or

PART IV - BENEFITS

- g. the date ten days after receipt of notice from *Principal Life* if the *Participant* fails to pursue Social Security Benefits or benefits under a Workers' Compensation Act or similar law as outlined in this PART IV, Section Q, Article(s) 8 and 9; or
- h. if Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition or a Special Condition, the date 12 months after the Benefit Payment Period begins; or
- i. the date the *Participant* ceases to be under the Regular and Appropriate Care of a Physician; or
- j. the date the *Participant* refuses to participate in or does not comply with a Rehabilitation Plan.

Article 2 - Recurring Disability

A Recurring Disability will exist under this Group Policy if:

- a. after completing an Elimination Period and during a Benefit Payment Period, a *Participant* ceases to be Disabled; and
- b. the *Participant* then returns to Active Work; and
- c. while insured under this Group Policy, but before completing six continuous months of Active Work, the *Participant* is again Disabled; and
- d. the current Disability and the Disability for which the Elimination Period was completed result from the same or a related cause.

PART IV - BENEFITS

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. The *Participant* will not be required to complete a new Elimination Period. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability. The effective date of any salary increase received during return to Active Work as stated in PART III, Section B, Article 6 which would otherwise be effective, will not apply to any benefit payable under this Recurring Disability provision.

PART IV - BENEFITS

Section N

Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition

Article 1 - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition or a Special Condition

The *Participant's* period of Disability will be considered due to alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition if:

- a. the *Participant* is limited by one or more of the stated conditions; and
- b. the *Participant* does not have other conditions which, in the absence of the above stated conditions, would continue to exist, limit activities and lead *Principal Life* to conclude that the *Participant* is Disabled for another condition in and of itself.

When Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition or a Special Condition, a *Participant's* maximum number of Benefits Payable for all such periods of Disability is limited to 12 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 12 months, the *Participant* is confined in a Hospital or other facility qualified to provide necessary care and treatment for alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, then the Benefit Payment Period may be extended to include the time during which the *Participant* remains confined.

When Disability results from a Special Condition a *Participant's* maximum number of Benefits Payable for all such periods of Disability is limited to 12 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 12 months, the *Participant* is confined in a Hospital or other facility qualified to provide necessary care and treatment for a Special Condition, then the Benefit Payment Period may be extended to include the time during which the *Participant* remains confined.

PART IV - BENEFITS

Benefits will be payable for the length of the confinement and for up to 60 days following the end of the confinement. If the *Participant* is Hospital confined again during the 60-day period for at least ten consecutive days, benefits will be payable for the length of the second confinement and for up to 60 days following the end of the second confinement.

PART IV - BENEFITS

Section O - Limitations

Article 1 - Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury or self-destruction, while sane or insane; or
- b. results from war or act of war; or
- c. results from voluntary participation in an assault, felony, criminal activity, insurrection, or riot; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended or a claim for benefits has been denied and the *Participant* has not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended or a claim for benefits has been denied and the *Participant* has not returned to Active Work (except as provided for a Recurring Disability in this PART IV, Section M, Article 2); or
- f. is caused by, a complication of, or resulting from a Preexisting Condition as described in this Group Policy.

Article 2 - Preexisting Conditions Exclusion for Initial Coverage

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which a *Participant*:

- a. received medical treatment, consultation, care, or services; or
- b. was prescribed or took prescription medications;

in the six month period before he or she became insured under this Group Policy.

No benefits will be paid for a Disability that results from a Preexisting Condition unless, on the date the *Participant* becomes Disabled, he or she has been Actively at Work for one full day after completing the earlier of:

- a. 12 consecutive months during which the *Participant* was insured under the Group Policy, during which the *Participant* received no treatment, consultation, care, or service, and no prescription medication was prescribed or taken for the Preexisting Condition; or

PART IV - BENEFITS

- b. 24 consecutive months during which the *Participant* was insured under this Group Policy.

Article 3 - Preexisting Conditions Exclusion for Benefit Increases

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which a *Participant*:

- a. received medical treatment, consultation, care, or services; or
- b. was prescribed or took prescription medications;

in the six month period prior to an increase in benefits or change in the Group Policy, including increases in benefits due to a change in Monthly Earnings of 25% or greater.

The benefits and the Group Policy provisions in force immediately prior to the increase or change will be payable for the duration of a Disability that:

- a. results from a Preexisting Condition; and
- b. begins within 24 months after the effective date of the increase in benefits or change in the Group Policy provisions.

The increase in benefits or change in the Group Policy provisions will be payable if the *Participant* received no treatment, consultation, care, or service, and no prescription medication was prescribed or taken for the Preexisting Condition in the 12 consecutive months following the effective date of the increase in benefits or change in the Group Policy provisions. The *Participant* must be Actively at Work for one full day following this 12 consecutive month period.

PART IV - BENEFITS

Section Q - Claim Procedures

Article 1 - Notice of Claim

Written notice must be sent to *Principal Life* by or for a *Participant* who wishes to file claim for benefits under this Group Policy. This notice must be sent within 30 days after the date of loss for which claim is being made. If it is not possible to give proof within 90 days after the Elimination Period, it must be given no later than one year after the time proof is required except in the absence of legal capacity.

Article 2 - Claim Forms

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

Article 3 - Proof of Disability

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

PART IV - BENEFITS

Article 3A - Documentation of Loss

Principal Life must receive satisfactory Written proof of loss. Until *Principal Life* receives the proof of loss requested, benefits will not be paid. Proof of loss may include:

- a. Any requested claim form including claim forms from the *Participant* or his or her Physician.
- b. Documentation that the *Participant* is under Regular and Appropriate Care by a Physician.
- c. Copies of medical records, test results and/or Physician's progress notes.
- d. Occupation information, such as documentation of work duties and activities. This may include the *Participant's* job description or appointment calendar.
- e. Independent medical examination(s) (see Examinations and Evaluations in Article 13 below).
- f. A Written authorization, signed by the *Participant*, on a form supplied by *Principal Life*, to obtain records and information needed to determine the *Participant's* eligibility for benefits.
- g. Other proof of loss as required by *Principal Life*.

Article 3B - Earnings Documentation

Principal Life may require proof to determine the *Participant's* Predisability Earnings and Current Earnings. A company representative has the right to examine the *Participant's* financial and business records, including his or her Federal income tax returns and supporting documentation, as often as *Principal Life* may require.

Article 3C - Investigation of *Participant's* Claim

Principal Life may conduct an investigation of the *Participant's* claim at any time, which may include a personal interview with a company representative and/or an examination under oath. Benefits may not be payable until *Principal Life* has had a reasonable time to conduct an investigation of the *Participant's* claim and determines benefits are payable.

Any costs involved in submission of proof of loss or earnings documentation are the *Participant's* responsibility to pay, except for costs incurred by *Principal Life* for items c. and e. in Article 3A above or personal interview or financial examination.

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Once the *Participant's* claim is approved, no benefits will be continued beyond the end of the period for which the *Participant* has provided *Principal Life* with satisfactory proof of loss. *Principal Life* will require the *Participant* to provide additional documentation of his or her claim, at the *Participant's* expense, at reasonable intervals while the *Participant's* is claiming Disability.

Article 4 - Proof of Disability while outside the United States

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

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

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

In administering the benefits provided under this Group Policy, all Predisability Earnings and Current Earnings will be expressed in U.S. dollars and all premium and benefit amounts must be paid in U.S. dollars.

Article 5 - Payment, Denial, and Review

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

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

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

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

Article 6 - Report of Payments from Other Income Sources

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

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

Article 7 - Lump Sum Payments from Other Income Sources

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

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the monthly amount which:
 - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or

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

Article 8 - Social Security Estimates

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

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

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

Article 9 - Workers' Compensation and Other Disability Coverage Estimates

Until exact amounts are known, *Principal Life* may estimate the Workers' Compensation benefits and other disability coverage that provides benefits for loss of time from work that are attributable to employer contributions in whole or in part or makes payroll deductions for which a *Participant* is eligible and may include those estimates in the *Participant's* Other Income Sources.

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

PART IV - BENEFITS

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

Article 10 - Payments for Less Than a Full Month

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

Article 11 - Right to Recover Overpayments

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

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

Article 12 - Facility of Payment

Benefits under this Group Policy will be payable at the end of each month of a Benefit Payment Period, provided complete and proper proof of Disability has been received by *Principal Life*.

Principal Life reserves the right to offer a lump sum payment in lieu of continued monthly payments where liability has been established for a Benefit Payment Period if the *Participant* and *Principal Life* agree.

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

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

PART IV - BENEFITS

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

Article 13 - Examinations and Evaluations

Principal Life has the right to require a *Participant* to undergo medical evaluations, functional capacity evaluations, vocational evaluations, and/or psychiatric evaluations during the course of a claim. The examinations or evaluations will be performed by a Physician or evaluator *Principal Life* chooses as appropriate for the condition and will be conducted at the time, place and frequency *Principal Life* reasonably requires. *Principal Life* will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of the *Participant's* benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of the *Participant's* benefits. If the *Participant* fails to attend an examination or an evaluation, any charges incurred for not attending an appointment as scheduled may be his or her responsibility.

Article 14 - Legal Action

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

Article 15 - Time Limits

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

PART IV - BENEFITS

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

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

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

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

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

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

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

In administering the benefits provided under the Group Policy, all Predisability Earnings and Current Earnings will be expressed in U.S. dollars and all premium and benefit amounts must be paid in U.S. dollars.

Principal Life reserves discretion to construe or interpret the provisions of the Group Policy, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. *Principal Life's* decisions in such matters will be controlling, binding, and final as between *Principal Life* and persons covered by this group insurance, subject to the Claim Procedures shown on page GH 823 of this booklet-*certificate*.

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

PRINCIPAL LIFE
INSURANCE COMPANY
Des Moines, IA 50392-0002

INTRODUCTION

Dillard's Inc. has established the Dillard's Inc. Long Term Disability Plan (the "Plan") for its hourly Employees. The Plan provides eligible Employees long term disability benefits as described in this Summary Plan Description (hereinafter may be referred to as the "Summary Plan Description", "Booklet-Certificate", or "SPD"). Plan Participants who have elected to participate in the Plan will receive long term disability benefits on the terms and conditions described in the Plan, and as summarized in this Summary Plan Description.

The Plan described is designed to provide Plan Participants with certain long term disability benefits. Plan Participants are required to contribute towards their benefits.

This document represents the Summary Plan Description which is effective June 1, 2006. The Summary Plan Description is to set forth the terms and provisions of the Plan. This Summary Plan Description is applicable only to those Plan Participants who have elected to participate in the Plan during the enrollment of the Plan.

The purpose of this Summary Plan Description is to set forth the terms and provisions of the Plan. This Summary Plan Description is also incorporated and made a part of the Plan. No oral interpretation can change this Summary Plan Description of the Plan.

Coverage under the Plan will take effect for an eligible Employee when the eligible Employee satisfies all the eligibility requirements of the Plan.

The employer fully intends to maintain this Plan indefinitely. However, it reserves the right to terminate, suspend, discontinue or amend the Plan at any time and for any reason.

Changes in the Plan may occur in any or all parts of the Plan including contributions, benefit coverage, limitations, definition, eligibility and the like.

Failure to follow the eligibility or enrollment requirements of this Plan may result in the delay of coverage or no coverage at all.

No action at law or in equity shall be brought to recover under any section of this Plan until the Plan Participant has exhausted all administrative claims procedures under the Plan. The Claims Provisions of this Summary Plan Description describe the claims procedures under the Plan.

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LONG TERM DISABILITY INSURANCE SUMMARY

<i>Who</i> Pays for Coverage	You are required to pay the entire premium for insurance under the Group Policy.	
Elimination Period	<i>the greater of salary continuance or 180 days</i>	
Own Occupation Period	two year(s)	
Primary Monthly Benefit	50% of <i>the Participant's</i> Predisability Earnings.	
Maximum Monthly Benefit	\$4,000	
Minimum Monthly Benefit	the greater of 10% of <i>the Participant's</i> Primary Monthly Benefit or \$100	
Maximum Benefit Payment Period	Your Age on The Date Disability <u>Begins</u> Before age 62	Months of the Benefit Payment <u>Period</u> lesser of 5 Years or to Age 65
	62	42 months
	63	36 months
	64	30 months
	65	24 months
	66	21 months
	67	18 months
	68	15 months
	69 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	10%	
Reasonable Accommodation Benefit	\$2,000	
Other Coverage Features		
Work Incentive Benefit	12 months	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

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

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Eligibility and Individual Incontestability

Eligibility

You will be eligible for insurance on the later of:

- a. June 1, 2011; or
- b. *the 1st day of the month according to Dillard's accounting calendar in which the Participant meets eligibility and has enrolled in coverage. Eligibility will be determined by Dillard's.*

Individual Incontestability

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

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

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

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

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

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;
- b. upon finding in a civil or criminal case that a *Participant* has submitted claims that contain false or fraudulent elements under state or federal law;

- c. when a *Participant* has submitted a claim which, in good faith judgment and investigation, a *Participant* knew or should have known, contains false or fraudulent elements under state or federal law.

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Effective Dates

Actively at Work

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

Effective Date for Contributory Insurance

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

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

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

Effective Date When Proof of Good Health is Required

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

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

Proof of Good Health Requirements

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

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

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

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

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

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

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

Effective Date for Benefit Changes - Change by Policy Amendment

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

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Termination, Continuation, and Reinstatement

Termination of Insurance

Your insurance will terminate on the earliest of:

the date the Group Policy is terminated; or

the date the last premium is paid for your insurance; or

for contributory insurance, any date if requested by you before that date; or

the date you cease to be a *Participant* as defined; or

the date you cease to be in a class for which *Participant* Insurance is provided; or

the date you cease Active Work except as provided below.

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

Continuation

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

Continuation and Reinstatement - Sickness, Injury, or Pregnancy

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

the date insurance would otherwise terminate as provided in items a. through e. above; or

the end of the Insurance Month in which you recover; or

the date, *the greater of salary continuance or 180 days* after Active Work ends.

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

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

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

Continuation and Reinstatement - Layoff or Leave of Absence

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

the date insurance would otherwise terminate as provided in items a. through e. above; or

the end of the Insurance Month in which Active Work ends.

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

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

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

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

If you cease Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue your insurance, subject to premium payment, until the date either 12 weeks or 26 weeks, as determined by law, after Active Work ends.

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

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

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

DESCRIPTION OF BENEFITS

Benefit Qualification

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

- a. You are Disabled under the terms of the Group Policy.
- b. Your Disability begins while *a Participant is* insured under the Group Policy.
- c. Your Disability is not subject to any of the Limitations listed in this booklet-*certificate*.
- d. An Elimination Period of *the greater of salary continuance or 180 days* is completed.
- e. A Benefit Payment Period is established.
- f. You are under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in the CLAIM PROCEDURES Section are satisfied.

A Benefit Payment Period will be established on the latest of:

- a. the date you complete an Elimination Period; or
- b. the date six months before *Principal Life* receives Written proof of your Disability; or
- c. the day after the date your Short Term Disability Benefit Payment Period ends.

NOTE: No premiums are required during a Long Term Disability Benefit Payment Period.

No benefits will be payable for any Disability during your incarceration in a penal or correctional institution for a period greater than six months. Benefits will be terminated effective on the day immediately following six months of such incarceration and will be reinstated, without retroactive payment of benefits, upon your release, provided:

- a. you continue to qualify for benefits as provided in this section; and
- b. your current Disability and the Disability for which the Elimination Period was completed are from the same or related cause; and
- c. you have not exceeded the Benefit Payment Period as outlined on GH 819.

Reinstated benefits are not paid retroactively during the period of your incarceration.

DESCRIPTION OF BENEFITS

Benefits Payable

If you are not working during a period of Disability

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

If you are working during a period of Disability

Your work incentive Benefit Payable for each full month of a Benefit Payment Period will be:

- a. For the first 12 months, the lesser of:
 - (1) 100% of Indexed Predisability Earnings less Other Income Sources, less Current Earnings from your Own Occupation or any occupation; or
 - (2) the Primary Monthly Benefit less Other Income Sources; and
- b. Thereafter, your Primary Monthly Benefit less Other Income Sources, multiplied by your Income Loss Percentage.

On each March 1, following the date you became Disabled, your Predisability Earnings will be increased by the average rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If you have been Disabled for less than one year as of March 1, the amount of the increase will be multiplied by the ratio of:

- a. the number of completed months of Disability as of March 1;
- b. divided by 12 months.

Consumer Price Index means the U.S. City Average for Urban Consumers, All Items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

Minimum Monthly Benefit

In no event will the Monthly Benefit Payable be less than the greater of 10% of your Primary Monthly Benefit or \$100 for each full month of a Benefit Payment Period, except that *Principal Life* will have the right to reduce the Minimum Monthly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

DESCRIPTION OF BENEFITS

Rehabilitation Services and Benefits

Rehabilitation Services and Benefits

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

Rehabilitation Services

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

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

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

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

Principal Life may require you to participate in an individualized Rehabilitation Plan at *Principal Life's* expense. If you refuse to participate in or do not comply with the Rehabilitation Plan without good cause, all benefits will cease to be payable. As used in this section, "good cause" means a medical reason preventing implementation of the Rehabilitation Plan.

Predisability Intervention Services

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

Rehabilitation Incentive Benefit

During a Benefit Payment Period, if you are participating in and fulfilling the requirements of the Rehabilitation Plan, but are not yet working, you will be eligible for a 10% increase in the Primary Monthly Benefit percentage as a Rehabilitation Incentive Benefit. Payment of the Rehabilitation Incentive Benefit will begin with the Benefit Payable amount that next follows implementation of the Rehabilitation Plan. The Rehabilitation Incentive Benefit is not subject to the Maximum Monthly Benefit.

The Rehabilitation Incentive Benefit will terminate on the earliest of:

- a. the date the time frame established in the Rehabilitation Plan has elapsed; or
- b. the date you fail to meet the goals and objectives established in the Rehabilitation Plan; or
- c. the date you have received a total of 12 months of Rehabilitation Incentive Benefits; or
- d. the date benefits would otherwise terminate as described in this booklet-*certificate*.

Reasonable Accommodation Benefit

a. Eligibility

You or an employer may be eligible for a Reasonable Accommodation Benefit provided you would be able to return to work with Reasonable Accommodation of the work environment. This benefit must be approved by *Principal Life* in Writing prior to implementation.

b. Benefit

Principal Life will reimburse you or an employer for expenses incurred to modify the workplace to allow you to return to work, up to the actual expense, not to exceed \$2,000 per Benefit Payment Period. Expenses may include the cost of tools, equipment, furniture, or any other changes to the work-site or environment that *Principal Life agrees* will allow you to return to work. Any payment made for Reasonable Accommodation would be the difference between the cost and the amount paid or payable by third parties (including any amount paid under a policy of medical coverage).

DESCRIPTION OF BENEFITS

Monthly Payment Limit

In no event will the sum of amounts payable for:

Benefits Payable as described in this booklet-*certificate*;

Rehabilitation Incentive Benefit;

income from Other Income Sources;

Current Earnings from your Own Occupation or any occupation;

exceed 100% of Predisability Earnings. If you are eligible for a work incentive Benefit Payable, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first 12 months.

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

DESCRIPTION OF BENEFITS

Benefit Payment Period and Recurring Disability

Benefit Payment Period

Benefits are payable:

- a. if your Disability begins before age 62, until the earlier of the date five years after the Benefit Payment Period starts for one continuous Disability or Recurring Disability, or the date you attain age 65 (except that the Benefit Payment Period will not be less than 42 months); or
- b. if your Disability begins on or after age 62, until the date of completion of the number of months shown below after the Benefit Payment Period begins:

<u>Your Age on the Date Disability Begins</u>	<u>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</u>
62	42
63	36
64	30
65	24
66	21
67	18
68	15
69 and over	12

However, in no event, will benefits continue beyond:

- a. the date your death; or
- b. the date your Disability ends, unless a Recurring Disability exists as explained in this booklet-*certificate*; or
- c. the date you fail to provide any required proof of Disability; or
- d. the date you fail to submit to any required medical examination or evaluation; or
- e. the date you fail to report any required Current Earnings information; or
- f. the date you fail to report income from Other Income Sources; or

- g. the date ten days after receipt of notice from *Principal Life* if you fail to pursue Social Security Benefits or benefits under a Workers' Compensation Act or similar law as described in this booklet-*certificate*; or
- h. if Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition or a Special Condition, the date 12 months after the Benefit Payment Period begins; or
- i. the date you cease to be under the Regular and Appropriate Care of a Physician; or
- j. the date you refuse to participate in or do not comply with a Rehabilitation Plan.

Recurring Disability

A Recurring Disability will exist under the Group Policy if:

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

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. You will not be required to complete a new Elimination Period. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability. The effective date of any salary increase received during your return to Active Work as stated in this booklet-*certificate* on GH 805 which would otherwise be effective, will not apply to any benefit payable under this Recurring Disability provision.

DESCRIPTION OF BENEFITS

Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition

Your period of Disability will be considered due to alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition if:

- a. you are limited by one or more of the stated conditions; and
- b. you do not have other conditions which, in the absence of the above stated conditions, would continue to exist, limit activities and lead *Principal Life* to conclude that you are Disabled for another condition in and of itself.

When Disability results from alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition or a Special Condition, the maximum number of Benefits Payable for all such periods of Disability is limited to 12 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 12 months, you are confined in a Hospital or other facility qualified to provide necessary care and treatment for alcohol, drug or chemical abuse, dependency, or addiction, or a Mental Health Condition or a Special Condition, then the Benefit Payment Period may be extended to include the time during which you remain confined.

When Disability results from a Special Condition, the maximum number of Benefits Payable for all such periods of Disability is limited to 12 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 12 months, you are confined in a Hospital or other facility qualified to provide necessary care and treatment for a Special Condition, then the Benefit Payment Period may be extended to include the time during which you remain confined.

Benefits will be payable for the length of the confinement and for up to 60 days following the end of the confinement. If you are Hospital confined again during the 60-day period for at least ten consecutive days, benefits will be payable for the length of the second confinement and for up to 60 days following the end of the second confinement.

DESCRIPTION OF BENEFITS

Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury or self-destruction, while sane or insane; or
- b. results from war or act of war; or
- c. results from voluntary participation in an assault, felony, criminal activity, insurrection, or riot; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended or a claim for benefits has been denied and you have not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended or a claim for benefits has been denied and you have not returned to Active Work (except as provided for a Recurring Disability in this booklet); or
- f. is caused by, a complication of, or resulting from a Preexisting Condition as described in this booklet.

Preexisting Conditions Exclusion for Initial Insurance

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which you:

- a. received medical treatment, consultation, care, or services; or
- b. were prescribed or took prescription medications;

in the six month period before you became insured under the Group Policy.

No benefits will be paid for a Disability that results from a Preexisting Condition unless, on the date you became Disabled, you have been Actively at Work for one full day after completing the earlier of:

- a. 12 consecutive months during which you were insured under the Group Policy, during which you received no treatment, consultation, care, or service, and no prescription medication was prescribed or taken for the Preexisting Condition; or
- b. 24 consecutive months during which you were insured under the Group Policy.

Preexisting Conditions Exclusion for Benefit Increases

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which you:

- a. received medical treatment, consultation, care, or services; or
- b. were prescribed or took prescription medications;

in the six month period prior to an increase in benefits or change in the Group Policy, including increases in benefits due to a change in Monthly Earnings of 25% or greater.

The benefits and the Group Policy provisions in force immediately prior to the increase or change will be payable for the duration of a Disability that:

- a. results from a Preexisting Condition; and
- b. begins within 24 months after the effective date of the increase in benefits or change in the Group Policy provisions.

The increase in benefits or change in the Group Policy provisions will be payable if you have received no treatment, consultation, care, or service, and no prescription medication was prescribed or taken for the Preexisting Condition in the 12 consecutive months following the effective date of the increase in benefits or change in the Group Policy provisions. You must be Actively at Work for one full day following this 12 consecutive month period.

CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to *Principal Life* within 30 days after the date of loss for which claim is being made. If it is not possible to give proof within 90 days after the Elimination Period, it must be given no later than one year after the time proof is required except in the absence of legal capacity.

Claim Forms

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

Proof of Disability

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

Documentation of Loss

Principal Life must receive satisfactory Written proof of loss. Until *Principal Life receives* the proof of loss requested, benefits will not be paid. Proof of loss may include:

- a. Any requested claim form including claim forms from you or your Physician.
- b. Documentation that you are under Regular and Appropriate Care by a Physician.
- c. Copies of medical records, test results and/or Physician's progress notes.

- d. Occupation information, such as documentation of work duties and activities. This may include your job description or appointment calendar.
- e. Independent medical examination(s) (see Examinations and Evaluations in this section).
- f. A Written authorization, signed by you, on a form supplied by *Principal Life*, to obtain records and information needed to determine your eligibility for benefits.
- g. Other proof of loss as required by *Principal Life*.

Earnings Documentation

Principal Life may require proof to determine your Predisability Earnings and Current Earnings. A company representative has the right to examine your financial and business records, including your Federal income tax returns and supporting documentation, as often as *Principal Life* may require.

Investigation of Your Claim

Principal Life may conduct an investigation of your claim at any time, which may include a personal interview with a company representative and/or an examination under oath. Benefits may not be payable until *Principal Life* has had a reasonable time to conduct an investigation of your claim and determine that benefits are payable.

Any costs involved in submission of proof of loss or earnings documentation are your responsibility to pay, except for costs incurred by *Principal Life* for items c. and e. as shown under Documentation of Loss above or personal interview or financial examination.

Once your claim is approved, no benefits will be continued beyond the end of the period for which you have provided *Principal Life* with satisfactory proof of loss. *Principal Life* will require you to provide additional documentation of your claim, at your expense, at reasonable intervals while you are claiming Disability.

Proof of Disability while outside the United States

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

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

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

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

Payment, Denial, and Review

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

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

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

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

Report of Payments from Other Income Sources

When asked, you must give *Principal Life*:

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

Lump Sum Payments from Other Income Sources

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

Lump Sum Payments under:

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

Social Security Estimates

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

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

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

Workers' Compensation and Other Disability Coverage Estimates

Until exact amounts are known, *Principal Life* may estimate the Workers' Compensation benefits and other disability coverage that provides benefits for loss of time from work that are attributable to employer contributions in whole or in part or makes payroll deductions for which you are eligible and may include those estimates in your Other Income Sources.

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

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

Payments for Less Than a Full Month

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

Right to Recover Overpayments

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

- a. reduce or withhold any future benefits *Principal Life* determine to be due, including the Minimum Monthly Benefit; or
- b. recover the overpayment directly from *Participant's*; or
- c. take any other legal action.

Facility of Payment

Benefits under the Group Policy will be payable at the end of each month of a Benefit Payment Period, provided complete and proper proof of Disability has been received by *Principal Life*.

Principal Life reserves the right to offer a lump sum payment in lieu of continued monthly payments where liability has been established for a Benefit Payment Period if agreed upon by you and *Principal Life*.

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

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

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

Examinations and Evaluations

Principal Life has the right to require you to undergo medical evaluations, functional capacity evaluations, vocational evaluations, and/or psychiatric evaluations during the course of a claim. The examinations or evaluations will be performed by a Physician or evaluator *Principal Life* choose as appropriate for the condition and will be conducted at the time, place and frequency *Principal Life* reasonably requires. *Principal Life* will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of your benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of your benefits. If you fail to attend an examination or an evaluation, any charges incurred for not attending an appointment as scheduled may be your responsibility.

Legal Action

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

Time Limits

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

DEFINITIONS

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

Active Work; Actively at Work

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

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

Your Monthly Earnings for each month that you are Disabled. This includes all sources of income from Policyholder that comprised earnings prior to Disability such as personal time off (PTO), sick pay, vacation pay, and holiday pay. Earnings from Secondary Employment are not considered Current Earnings except as identified in Secondary Earnings. While Disabled, your Monthly Earnings may result from working for Policyholder or any other employer.

Dependent

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

Disability; Disabled

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

During the Elimination Period and the Own Occupation Period, one of the following applies:

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

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of any occupation for which you are or may reasonably become qualified based on education, training, or experience.
- b. *The Participant is* performing the Substantial and Material Duties of your Own Occupation or any occupation on a Modified Basis and are unable to earn more than 50% of your Indexed Predisability Earnings.

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

Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability. If you are in the process of satisfying the Elimination Period, you may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require you to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period. You cannot satisfy any part of the Elimination Period with any period of Disability that results from a cause for which *Principal Life* does not pay benefits.

Employee

A person who is employed by and receives a W-2 from the Policyholder or has a direct ownership interest in the Policyholder.

Generally Accepted

Treatment, service, or medication that:

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

Group Policy

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

Hospital

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

Income Loss Percentage

Your Income Loss Percentage is equal to:

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

Indexed Predisability Earnings

Your Predisability Earnings adjusted for increases in the Consumer Price Index.

Insurance Month

Calendar month.

Maximum Monthly Benefit

\$4,000

Mental Health Condition

Any condition which is:

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

Conditions not considered a Mental Health Condition include:

- a. dementia that is the result of any of the following conditions:
 - (1) stroke;
 - (2) head injury;
 - (3) viral infection; or
 - (4) Alzheimer's disease; and
- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

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

Monthly Earnings

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

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

Commissions and bonuses will be averaged for:

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

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

For *Participants* with a direct ownership interest in the business entity of the Policyholder, such as, but not limited to, an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

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

With respect to *a Participant* with an ownership interest of less than two calendar years, *Principal Life* will use the amounts of a., b., and c. as described above during the completed months of direct ownership divided by the number of such completed months of direct ownership.

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

Other Income Sources

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

Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and

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

NOTE:

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

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

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

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

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

Any income you receive for services rendered prior to your date of Disability will not be considered Other Income Sources.

Any commissions earned prior to your date of Disability will not be considered Other Income Sources.

Own Occupation

The occupation you are routinely performing when Disability begins. Own Occupation does not mean the specific tasks or job you are performing for the Policyholder or at a specific location.

Own Occupation Period

The first two year(s) of the Benefit Payment Period.

Participant

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

Physician

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

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

Policyholder

DILLARD'S, INC. FLEXIBLE BENEFIT PLAN.

Predisability Earnings

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

Primary Monthly Benefit

50% of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of \$4,000.

Proof of Good Health

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

Reasonable Accommodation

Changes in your work environment or in the way a job is performed which allows you to perform the essential functions of that job.

Regular and Appropriate Care

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

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

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

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

Rehabilitation Plan

An individualized Written agreement between you and *Principal Life*, developed with your assistance and others as appropriate. The Rehabilitation Plan may include medical, psychological, or vocational services and benefits, which are provided with the intent to restore your ability to perform your Own Occupation or any occupation which you are or could reasonably become qualified by education, training, or experience.

Secondary Employment

Employment you are engaged in with an employer, other than the Policyholder, prior to the date Disability begins. Earnings from Secondary Employment will be determined by using the average monthly earnings over the six calendar months just prior to the date of Disability. Any post disability increase above the average monthly earnings will be considered Current Earnings.

Signed or Signature

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

Social Security Normal Retirement Age (SSNRA)

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

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

Special Condition

Special Condition means:

- a. thoracic outlet syndrome; and
- b. headaches (including, but not limited to functional, migraine, organic, sinus, and tension); and
- c. chronic fatigue syndrome; and
- d. fibromyalgia; and
- e. temporomandibular joint (TMJ); and
- f. cumulative trauma disorder, overuse syndrome, or repetitive stress disorder, including carpal tunnel syndrome and ulnar tunnel syndrome; and
- g. environmental allergies and Multiple Chemical Sensitivity (MCS); and

- h. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic, and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, except:

Musculoskeletal conditions that are not considered Special Conditions are:

- (1) arthritis; and
- (2) ruptured intervertebral discs; and
- (3) scoliosis; and
- (4) spinal fractures; and
- (5) osteopathies; and
- (6) spinal tumors, malignancy, or vascular malformations; and
- (7) radiculopathies, documented by electromyogram; and
- (8) spondylolisthesis, grade II or higher; and
- (9) myelopathies and myelitis; and
- (10) demyelinating disease; and
- (11) traumatic spinal cord necrosis; and

- i. Complex Regional Pain Syndrome (CRPS)./

Substantial and Material Duties

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

***Written* or Writing**

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

SERFF Tracking Number: PRLF-127364704 State: Arkansas
 Filing Company: Principal Life Insurance Company State Tracking Number: 49689
 Company Tracking Number:
 TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
 Product Name: Single Case Filing-Group Long Term Disability-Hourly-AR
 Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Flesch Certification	Approved	09/09/2011
Comments:		
Attachment: Readability Cert.pdf		

	Item Status:	Status Date:
Satisfied - Item: Application	Approved	09/09/2011
Comments: Enrollment form number GP 56002 is specific to this policyholder is attached below. Please note this enrollment form was included in the Group Long Term Disability filing for this policyholder, SERFF Tracking Number PRLF-126245114 and was approved on September 23, 2009.		
Attachment: GP56002.pdf		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter	Approved	09/09/2011
Comments:		
Attachment: Cover Letter.pdf		

**STATE OF ARKANSAS
INSURANCE DEPARTMENT**

CERTIFICATION OF READABILITY

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

Form No.	Form Name	Flesch Score
GC 3000 (DIL)-2	Group Long Term Disability Policy Forms	52.7
GH 800 (DIL)-2	Group Long Term Disability Booklet-Certificate Forms	50.1

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

PRINCIPAL LIFE INSURANCE COMPANY



Kimberly Douglas, Director
Group Life and Health Compliance

August 31, 2011
Date

12/1999





Mailing Address: Des Moines, IA 50392-0002

Principal Life Insurance Company Health Statement for Self Administered Plans

Account Number / Unit Number H35922

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

Employer name Dillard's, Inc.

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

Address (street) 1600 Cantrell Road

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

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

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

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

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

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

Employee to Complete This Section

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

Home address (street) _____

City _____ State _____ ZIP code _____

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

Name of spouse _____ Spouse's date of birth _____

This statement is for: myself my spouse my children

Name of each dependent child applying for coverage (last, first, middle initial)	Sex	Date of birth	Full-time student	Foster/step child*	Disabled or handicapped* child
1.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Health Information for All Coverages Being Applied for

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

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

1. yes no Is any person on whom coverage is requested currently using tobacco products, including cigarette, pipe, cigar or chewing tobacco? If so, how long? _____
Which applicant(s)? _____

2. yes no Is any person on whom coverage is requested **currently** receiving medical treatment, taking medication, or pregnant?

3. yes no **In the past 5 years**, has any person on whom coverage is requested had surgery, been hospitalized or consulted with a doctor, had blood or other diagnostic tests (other than for HIV antibody), or been advised to receive medical treatment?

4. yes no **In the past 5 years**, has any person on whom coverage is requested been diagnosed with or received treatment for any of the following (check all that apply)?

<input type="checkbox"/> cancer	<input type="checkbox"/> liver disorder	<input type="checkbox"/> bone disorder	<input type="checkbox"/> mental disorder
<input type="checkbox"/> tumors	<input type="checkbox"/> kidney disorder	<input type="checkbox"/> joint disorder	<input type="checkbox"/> nervous disorder
<input type="checkbox"/> heart condition	<input type="checkbox"/> muscle disorder	<input type="checkbox"/> urinary disorder	<input type="checkbox"/> diabetes
<input type="checkbox"/> high blood pressure	<input type="checkbox"/> multiple sclerosis/ neurological disorder	<input type="checkbox"/> respiratory disorder	<input type="checkbox"/> hepatitis
<input type="checkbox"/> stroke			

5. yes no **In the past 10 years**, has any person on whom coverage is requested been treated for, diagnosed as having or tested positive for Acquired Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC), or any other immune disorder?

Health Information for All Coverages Being Applied for (continued)

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

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

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Authorization, Acknowledgment, and Signatures

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

Authorization, Acknowledgment, and Signatures (continued)

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

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

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

Notice of Information Practices for Life and Disability Coverages

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

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

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

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

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

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

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

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

Instructions for Employee

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



August 31, 2011

**Principal Life
Insurance Company**

Arkansas Insurance Department
Life and Health Division
1200 West Third Street
Little Rock, AR 72201-1904

RE Group Long Term Disability
Policy Forms GC 3000 (DIL)-2
Booklet-Certificate Forms GH 800 (DIL)-2
Principal Life Insurance Company
NAIC No. 61271-332
FEIN # 42-0127290

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

A large insured group policyholder located in Arkansas has requested Long Term Disability Coverage for Hourly Participants. In addition, this policyholder has requested we revise the definition of Member to Participant. The changes are italicized in red font on the attached insert pages for your ease in reviewing. Enrollment form number GP 56002 is specific to this policyholder is also included.

If approved, these forms will be used for this one case only, with our Group Long Term Disability Insurance Policy forms series GC 3000, et al, (most recently filed and approved March 14, 2002, with various subsequent filing and approval dates for changes).

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

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

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

Sincerely

A handwritten signature in black ink that reads "Ann McCoy". The signature is written in a cursive, flowing style.

Ann McCoy
State/Federal Compliance Analyst
Group Life & Health Compliance
Principal Life Insurance Company
Des Moines, IA 50392-0002
Phone 515-248-9658
Fax – 515-246-2491
E-mail address: mccoy.ann@principal.com
Attachments

711 High Street, Des Moines, Iowa 50392-0001 (515) 247-5111