

**NEVADA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT GUARANTY  
ASSOCIATION ACT SUMMARY DOCUMENT (2011)**

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

**The Nevada Life and Health Insurance Guaranty Association may not provide coverage for a policy. If coverage is provided, it will be subject to substantial limitations and exclusions, and require continued residency in Nevada. A person should not rely on coverage by the Association when selecting an insurance company or when selecting an insurance policy.**

Coverage is NOT provided for a policy or any portion of it that is not guaranteed by the Insurer or for which the policyholder has assumed the risk, such as a variable contract sold by prospectus.

Insurance companies are required by law to deliver this notice to you. **However, insurance companies and their agents are prohibited by law from using the existence of the Association for sales, solicitation or to induce the purchase of any kind of insurance policy.**

The state law that provides for this safety-net coverage is called the Nevada Life and Health Insurance Guaranty Association. Below is a brief summary of this law's coverages, exclusions and limits. The summary does not cover all provisions of the law, nor does it in any way change anyone's rights or obligations under the act, or the rights or obligations of the Association. **Anyone may obtain additional information from the Association or file a complaint with the Commissioner of Insurance to allege a violation of any provision of the Nevada Life and Health Insurance Guaranty Association Act, at the applicable address listed below:**

**The Nevada Life and Health Insurance Guaranty Association  
P. O. Box 3302  
Reno, Nevada 89505**

**Nevada Commissioner of Insurance  
Department of Business and Industry  
Division of Insurance  
1818 E. College Parkway, Suite 103  
Carson City, Nevada 89706**

## **COVERAGE**

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

## **EXCLUSIONS FROM COVERAGE**

However, persons holding such policies are **NOT** protected by this Association if:

- they are eligible for protection under the law of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside the state);

- the insurer was not authorized to do business in this state; or
- their policy was insured by a nonprofit hospital or medical service organization, a health maintenance organization (HMO), a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.

The Association also does **NOT** provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- interest rate yields that exceed an average rate;
- dividends;
- credits given in connection with the administration of a policy by a group contract holder;
- employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them); and
- unallocated annuity contracts (which give rights to group contract holders, not individuals) other than an annuity owned by a governmental retirement plan established under section 401, 403(b) or 457 of the Internal Revenue Code 26 U.S.C. §§ 401, 403(b) and 457, respectively, or trustees of such a plan.

### **LIMITS ON AMOUNT OF COVERAGE**

The act also limits the amount the Association is obligated to pay. The Association cannot pay more than what the insurance company would owe under a policy or contract.

Also, for any one insured life, the Association will pay a maximum of \$300,000, regardless of how many policies and contracts there are with the same company, and even if they provide different types of coverage. Within this overall \$300,000 limit, the Association will not pay more than: 1) \$100,000 in cash surrender values; 2) \$100,000 in present values of an annuity; or 3) \$300,000 in life insurance death benefits.

With respect to health insurance for any one natural person, the Association will not pay more than: 1) \$100,000 for coverages other than disability insurance, basic hospital, medical and surgical insurance or major medical insurance, including any net cash for surrender or withdrawal; 2) \$300,000 for disability insurance; or 3) \$500,000 for basic hospital, medical and surgical insurance or major medical insurance.

With respect to each payee of a structured settlement annuity, or beneficiary or beneficiaries of the payee if deceased, the Association will not pay more than \$100,000 in present values of benefits from the annuity in the aggregate, including any net cash for surrender or withdrawal.

With respect to any one life or person, in no event will the Association be obligated to cover more than: 1) an aggregate of \$300,000 in benefits, excluding benefits for basic hospital, medical and surgical insurance or major medical insurance; or 2) an aggregate of \$500,000 in benefits, including benefits for basic hospital, medical or surgical insurance or major medical insurance.

With respect to one owner of several non-group policies of life insurance, whether the owner is a natural person or an organization and whether the persons insured are officers, managers, employees or other persons, the Association will not pay more than \$5,000,000 in benefits, regardless of the number of policies and contracts held by the owner.

With respect to each participant in a governmental retirement plan covered by an unallocated annuity contract as described in chapter 686C of the Nevada Revised Statutes, the Association will not pay more than an aggregate of \$100,000 regardless of the number of contracts issued by any single member company.

**FOR MORE INFORMATION AND ANSWERS TO THE MOST FREQUENTLY ASKED  
QUESTIONS, PLEASE VISIT THE ASSOCIATION'S WEB SITE:  
[www.nvlifega.org](http://www.nvlifega.org)**



Liberty Life Assurance Company of Boston

## GROUP LIFE INSURANCE POLICY

**Sponsor:** Diamond Resorts Corporation

**Policy Number:** SA3-860-065428-01

**Effective Date:** January 1, 2010

**Governing Jurisdiction** is Nevada and subject to the laws of that State.

**Premiums** are due and payable monthly on the first day of each month.

**Policy Anniversaries** shall occur each January 1st beginning in 2011.

Liberty Life Assurance Company of Boston (hereinafter referred to as Liberty) agrees to pay the benefits provided by this policy in accordance with its provisions.

**PLEASE READ THIS POLICY CAREFULLY FOR FULL DETAILS.**

This policy is a legal contract and is issued in consideration of the Application of the Sponsor, a copy of which is attached, and of the payment of premiums by the Sponsor.

For purposes of this policy, the Sponsor acts on its own behalf or as the Covered Employee's agent. Under no circumstances will the Sponsor be deemed the agent of Liberty.

This policy is delivered in and governed by the laws of the governing jurisdiction and to the extent applicable by The Employee Retirement Income Security Act of 1974 (ERISA) and any subsequent amendments.

The following pages including any amendments, riders or endorsements are a part of this policy.

Signed at Liberty's Home Office, 175 Berkeley Street, Boston, Massachusetts, 02117.

  
SECRETARY

  
PRESIDENT

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## SECTION 1 - SCHEDULE OF BENEFITS

### ELIGIBILITY REQUIREMENTS FOR INSURANCE BENEFITS

#### Minimum Hourly Requirement:

Applicable to Class 1, 4:

Employees working a minimum of 30 regularly scheduled hours per week

Applicable to Class 2, 3, 5:

Employees working a minimum of 20 regularly scheduled hours per week

#### Classification of Covered Employees:

Class 1: All Full-time U.S. Mainland Employees except Senior and Executive Vice Presidents

Class 2: All Full-time Hawaii Non-Union Employees and Hawaii Union Local 142 Employees

Class 3: All Hawaii Union Employees excluding Local 142

Class 4: All Senior and Executive Vice Presidents

Class 5: All Part-time Hawaii Non-Union Employees and Hawaii Union Local 142 Employees

**Note:** This policy does not cover the following Employees: Temporary and seasonal Employees, and Employees who are not legal residents working in the United States.

#### Eligibility Waiting Period:

1. If the Covered Person is employed by the Sponsor on the policy effective date -  
None
2. If the Covered Person begins employment for the Sponsor after the policy effective date -  
First of the month following 30 days of continuous, Active Employment

#### Employee Contributions Required:

Employee Basic Life Insurance Benefits:	No
Employee Optional Life Insurance Benefits:	Yes
Employee Basic Accidental Death and Dismemberment Insurance Benefits:	No
Dependent Basic Life Insurance Benefits:	No
Dependent Optional Life Insurance Benefits:	Yes

#### Name of Associated Companies:

Hospitality Management and Consulting Services,  
LLC  
10600 West Charleston Blvd.  
Las Vegas, NV 89135

## SECTION 1 - SCHEDULE OF BENEFITS

(Continued)

### LIFE INSURANCE

#### Amount of Insurance:

#### Employee Basic Life Insurance:

Applicable to Class 1, 2:

An amount equal to one times Annual Earnings. If not a multiple of \$1,000.00, this amount will be rounded to the next higher multiple of \$1,000.00. This amount may not exceed \$500,000.00. The minimum amount is \$25,000.00.

Applicable to Class 3:

\$15,000.00

Applicable to Class 4:

An amount equal to one times Annual Earnings. If not a multiple of \$1,000.00, this amount will be rounded to the next higher multiple of \$1,000.00. This amount may not exceed \$750,000.00. The minimum amount is \$25,000.00.

Applicable to Class 5:

\$10,000.00

#### Employee Optional Life Insurance:

Applicable to Class 1, 3, 4, 5:

An amount in increments of \$25,000.00, not to exceed the lesser of \$500,000.00 or 5 times Annual Earnings.

Applicable to Class 2:

An amount in increments of \$25,000.00, not to exceed the lesser of \$500,000.00 or 5 times Annual Earnings.

#### Dependent Basic Life Insurance:

### SPOUSE

Spouse or Domestic Partner:

\$5,000.00

### CHILD

Children (Age at Death):

Live birth, but under 26 years.

\$2,000.00

#### Dependent Optional Life Insurance:

**SPOUSE**

Spouse or Domestic Partner:

\$25,000.00

**CHILD**

Children (Age at Death):

Live birth, but under 26 years.

\$10,000.00

## **SECTION 1 - SCHEDULE OF BENEFITS**

(Continued)

### **ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE**

#### **Full Amount of Insurance:**

#### **Employee Basic Accidental Death and Dismemberment Insurance:**

Applicable to Class 1, 2:

An amount equal to one times Annual Earnings. If not a multiple of \$1,000.00, this amount will be rounded to the next higher multiple of \$1,000.00. This amount may not exceed \$500,000.00. The minimum amount is \$25,000.00.

Applicable to Class 3:

\$15,000.00

Applicable to Class 4:

An amount equal to one times Annual Earnings. If not a multiple of \$1,000.00, this amount will be rounded to the next higher multiple of \$1,000.00. This amount may not exceed \$750,000.00. The minimum amount is \$25,000.00.

Applicable to Class 5:

\$10,000.00



## SECTION 1 - SCHEDULE OF BENEFITS

(Continued)

### Evidence of Insurability Requirements

#### Non-Medical Maximum:

Employee Optional Life Insurance Benefits: \$350,000.00

Applicable to Optional Employee Life:

Any amounts of insurance in excess of the amount shown above that are due solely to salary increases are not subject to Evidence of Insurability.

#### Annual Enrollment:

Employee Optional Life Insurance Benefits: Any increases of more than one level above the current benefit level will be subject to Evidence of Insurability.

Any increases elected during Annual Enrollment will be subject to Evidence of Insurability if an Employee has previously been denied coverage. The Non-Medical Maximum will apply to any changes made during the Annual Enrollment Period.

#### Family Status Change:

Employee Optional Life Insurance Benefits: Any increases in excess of the Non-Medical Maximum will be subject to Evidence of Insurability.

Any increases elected due to a Family Status Change will be subject to Evidence of Insurability if an Employee has previously been denied coverage. The Non-Medical Maximum will apply to any changes made due to a Family Status Change.

## SECTION 2 - DEFINITIONS

In this section Liberty defines some basic terms needed to understand this policy. The male pronoun whenever used in this policy includes the female.

**"Active Employment"** means the Employee must be actively at work for the Sponsor:

1. on a full-time or part-time basis and paid regular earnings;
2. for at least the minimum number of hours shown in the Schedule of Benefits; and either perform such work:
  - a. at the Sponsor's usual place of business; or
  - b. at a location to which the Sponsor's business requires the Employee to travel.

An Employee will be considered actively at work if he was actually at work on the day immediately preceding:

1. a weekend (except where one or both of these days are scheduled work days);
2. holidays (except when the holiday is a scheduled work day);
3. paid vacations;
4. any non-scheduled work day;
5. an excused leave of absence (except medical leave for the Covered Person's own disabling condition and lay-off); and
6. an emergency leave of absence (except emergency medical leave for the Covered Person's own disabling condition).

**"Administrative Office"** means Liberty Life Assurance Company of Boston, 9 Riverside Road, Weston, MA 02493.

**"Annual Earnings"** means the Covered Person's annual rate of earnings from the Sponsor. However, such earnings will not include bonuses, overtime pay and extra compensation other than commissions. Commissions will be averaged over the lesser of (a) the 12 month period prior to the date of loss; or (b) the period of employment.

**"Annual Enrollment Period"** or **"Enrollment Period"** means the period before each policy anniversary so designated by the Sponsor and Liberty during which an Employee may enroll for coverage under this policy.

## SECTION 2 - DEFINITIONS

(Continued)

**"Application"** is the document designated in Section 9; it is attached to and is made a part of this policy.

**"Confined"** means confinement in a hospital, skilled nursing facility or rehabilitation facility.

**"Covered Dependent"** means a Dependent whose coverage is in effect. It does not include a Dependent whose coverage has ended.

**"Covered Employee"** means a person in Active Employment insured under this policy.

**"Covered Person"** means an Employee in Active Employment or a Dependent insured under this policy.

**"Dependent"** means:

1. a Covered Employee's lawful spouse, including a legally separated spouse or Domestic Partner; and
2. a Covered Employee's unmarried children, who meet the age requirements shown in the Schedule of Benefits.

Children include the Covered Employee's own natural offspring, lawfully adopted children, and full-time students as defined by the school being attended. A child will be considered adopted on the date of placement in the Covered Employee's home.

They also include stepchildren who are dependent on the Covered Employee for support and maintenance and living with the Covered Employee in a regular parent-child relationship.

Dependent does not include a person who is an eligible Employee or a member of the armed forces.

## SECTION 2 - DEFINITIONS

(Continued)

**"Domestic Partner"** means an unmarried person of the same or opposite sex with whom the Covered Employee shares a committed relationship, is jointly responsible for the other's welfare and financial obligations, at least 18 years of age and mentally competent to consent to a contract, not related by blood to a degree that could prohibit legal marriage in the state where legally residing, maintains the same residence(s) and is not married to or legally separated from anyone else. A Domestic Partner certification must be completed and filed with the Sponsor before the partner can be designated as a Dependent.

**"Eligibility Date"** means the date an Employee becomes eligible for insurance under this policy. Eligibility Requirements are shown in the Schedule of Benefits.

**"Eligibility Waiting Period"** means the continuous length of time an Employee must be in Active Employment in an eligible class to reach his Eligibility Date.

**"Employee"** means a person in Active Employment with the Sponsor.

**"Enrollment Form"** is the document completed by the Covered Employee, if required, when enrolling for coverage. This form must be satisfactory to Liberty.

**"Evidence of Insurability"** means a statement of proof of the Covered Person's medical history upon which acceptance for insurance will be determined by Liberty.

## SECTION 2 - DEFINITIONS

(Continued)

**"Family and Medical Leave"** means a leave of absence for the birth, adoption or foster care of a child, or for the care of the Covered Employee's child, spouse or parent or for the Covered Employee's own serious health condition as those terms are defined by the Federal Family and Medical Leave Act of 1993 (FMLA) and any amendments, or by applicable state law.

**"Family Status Change"** means any one of the following events that may occur:

1. the Employee's marriage or divorce;
2. the Employee's filing or rescinding of a Domestic Partner certification;
3. the birth of a child to the Employee;
4. the adoption of a child by the Employee;
5. the death of the Employee's spouse or Domestic Partner or child;
6. the commencement or termination of employment of the Employee's spouse or Domestic Partner;
7. the change from part-time employment to full-time employment by the Employee or the Employee's spouse or Domestic Partner;
8. the change from full-time employment to part-time employment by the Employee or the Employee's spouse or Domestic Partner;
9. the taking of unpaid leave of absence by the Employee or the Employee's spouse or Domestic Partner.

## SECTION 2 - DEFINITIONS

(Continued)

**"Initial Enrollment Period"** means one of the following periods during which an Employee may first enroll for coverage under this policy:

1. if the Employee is eligible for insurance on the policy effective date, a period before the policy effective date set by the Sponsor and Liberty.
2. if the Employee becomes eligible for insurance after the policy effective date, the period which ends 31 days after his Eligibility Date.

**"Injury"** means bodily impairment resulting directly from an accident and independently of all other causes.

**"Non-Medical Maximum"** means an amount of insurance on a Covered Person which is not subject to Evidence of Insurability. The Non-Medical Maximum amounts are shown in the Schedule of Benefits. Any amounts of insurance in excess of the Non-Medical Maximums are subject to Evidence of Insurability. Evidence of Insurability will be at the Covered Employee's expense.

**"Physician"** means a person who:

1. is licensed to practice medicine and is practicing within the terms of his license; or
2. is a licensed practitioner of the healing arts in a category specifically favored under the health insurance laws of the state where the treatment is received and is practicing within the terms of his license.

It does not include a Covered Person, any family member or domestic partner.

## SECTION 2 - DEFINITIONS

(Continued)

**"Proof"** means the evidence in support of a claim for benefits and includes, but is not limited to, the following:

1. a claim form completed and signed (or otherwise formally submitted) by the Covered Employee or his beneficiary claiming benefits;
2. an attending Physician's statement completed and signed (or otherwise formally submitted) by the Covered Person's attending Physician; and
3. the provision by the attending Physician of standard diagnosis, chart notes, lab findings, test results, x-rays and/or other forms of objective medical evidence in support of a claim for benefits;
4. a certified copy of a death certificate.

Proof must be submitted in a form or format satisfactory to Liberty.

**"Schedule of Benefits"** means the section of this policy which shows, among other things, the Eligibility Requirements, Eligibility Waiting Period, and Amount of Insurance Benefit.

**"Sickness"** means disease or illness including related conditions and recurrent symptoms of the sickness. Sickness also includes pregnancy.

**"Sponsor"** means the entity to whom this policy is issued.

## **SECTION 3 - ELIGIBILITY AND EFFECTIVE DATES**

### **Eligibility Requirements for Employee and Dependent Insurance Benefits**

The eligibility requirements for insurance benefits are shown in the Schedule of Benefits.

### **Eligibility Date for Insurance Benefits**

#### **Employee Coverage:**

If the Employee is in an eligible class he will qualify for insurance on the later of:

1. this policy's effective date; or
2. the day after he completes the Eligibility Waiting Period shown in the Schedule of Benefits.

#### **Dependent Coverage:**

If the Employee is eligible for Employee coverage he will be eligible for Dependent coverage on the later of:

1. the date he is eligible for Employee coverage if on that date he has a Dependent; or
2. the date he acquires a Dependent if on that date he is eligible for Employee coverage.

If both parents are Employees, only one will be eligible for Dependent coverage with respect to their Dependent children.

### **Annual Enrollment Period**

During each Annual Enrollment Period, an Employee may keep his coverage at the same level or make any one of the following changes in coverage for the next policy year, subject to any Evidence of Insurability Requirements as shown in the Schedule of Benefits:

1. decrease his coverage;
2. increase his coverage including enrolling for the first time.



## SECTION 3 - ELIGIBILITY AND EFFECTIVE DATES

(Continued)

### Family Status Change

When a Covered Employee experiences a Family Status Change, a Covered Employee may keep his coverage at the same level or make any one of the following changes in coverage, subject to any Evidence of Insurability Requirements as shown in the Schedule of Benefits:

1. decrease his coverage;
2. increase his coverage including enrolling for the first time.

The Covered Employee must apply for the change in coverage within 31 days of the date of the Family Status Change. Such changes in coverage must be due to or consistent with the reason that the change in coverage was permitted. A change in coverage is consistent with a Family Status Change only if it is necessary or appropriate as the result of the Family Status Change.

### Effective Date for Insurance Benefits

Insurance will be effective at 12:01 A.M. Standard Time in the governing jurisdiction on the day determined as follows, but only if the Employee's application or enrollment for insurance is made with Liberty through the Sponsor in a form or format satisfactory to Liberty.

### Employee Coverage:

1. For non-contributory coverage not subject to Evidence of Insurability, the Covered Employee will be insured on his Eligibility Date.
2. For non-contributory coverage subject to Evidence of Insurability, the Covered Employee will be insured on the later of the date Liberty gives approval or his Eligibility Date.
3. For contributory coverage not subject to Evidence of Insurability, the Covered Employee will be insured on the later of the date he makes application or his Eligibility Date, provided he makes application no later than 31 days after his Eligibility Date.
4. For contributory coverage subject to Evidence of Insurability, the Covered Employee will be insured on the later of the date Liberty gives approval or his Eligibility Date, provided he makes application no later than 31 days after his Eligibility Date.
5. If a Covered Employee makes application for contributory coverage more than 31 days after his Eligibility Date, he must submit Evidence of Insurability. He will be insured on the date Liberty gives approval.

Evidence of Insurability will be at the Covered Employee's Expense.

## SECTION 3 - ELIGIBILITY AND EFFECTIVE DATES

(Continued)

### Effective Date for Insurance Benefits (Continued)

#### Dependent Coverage:

1. For non-contributory coverage not subject to Evidence of Insurability, the Covered Dependent will be insured on his Eligibility Date.
2. For non-contributory coverage subject to Evidence of Insurability, the Covered Dependent will be insured on the later of the date Liberty gives approval or his Eligibility Date.
3. For contributory coverage not subject to Evidence of Insurability, the Covered Employee's Dependent will be insured on the later of the date the Covered Employee makes application or his Eligibility Date, provided he makes application no later than 31 days after his Eligibility Date.
4. For contributory coverage subject to Evidence of Insurability, the Covered Employee's Dependent will be insured on the later of the date Liberty gives approval or his Eligibility Date, provided the Covered Employee makes application no later than 31 days after his Eligibility Date.
5. If a Covered Employee makes application for contributory coverage more than 31 days after his Eligibility Date, he must submit Evidence of Insurability. The Covered Employee's Dependent will be insured on the date Liberty gives approval.

Evidence of Insurability will be at the Covered Employee's Expense.

#### Increases or Decreases:

Any increase in or addition to coverage will take effect on the first of the month following the change.

Any decrease in or deletion of coverage will take effect on the first of the month following the change.

Any such change applies to loss of life or accidental Injury that occurs on or after the effective date of the change.

#### Delayed Effective Date for Employee Insurance

The effective date of any initial, increased or additional insurance will be delayed for an individual if he is not in Active Employment because of Injury or Sickness. The initial, increased or additional insurance will begin on the date the individual returns to Active Employment.

#### Delayed Effective Date for Dependent Insurance

If a Covered Dependent is Confined on the date the increase or addition is to take effect, it will take effect when the confinement ends.

## SECTION 3 - ELIGIBILITY AND EFFECTIVE DATES

(Continued)

### Family and Medical Leave

A Covered Employee's coverage may be continued under this policy for an approved family or medical leave of absence for up to 12 weeks following the date coverage would have terminated, subject to the following:

1. the authorized leave is in writing;
2. the required premium is paid;
3. the Covered Employee's benefit level, or the amount of earnings upon which the Covered Employee's benefit may be based, will be that in effect on the date before said leave begins; and
4. continuation of coverage will cease immediately if any one of the following events should occur:
  - a. the Covered Employee returns to work;
  - b. this policy terminates;
  - c. the Covered Employee is no longer in an eligible class;
  - d. nonpayment of premium when due by the Sponsor or the Covered Employee;
  - e. the Covered Employee's employment terminates.

### Lay-off

The Sponsor may continue the Covered Employee's coverage(s) by paying the required premiums, if the Covered Person is temporarily laid off.

The Covered Employee's coverage(s) will not continue beyond a period of three months. In continuing such coverage(s) under this provision, the Sponsor agrees to treat all Covered Employees equally.

### Leave of Absence

The Sponsor may continue the Covered Employee's coverage(s) by paying the required premiums, if the Covered Person is granted an approved leave of absence.

The Covered Employee's coverage(s) will not continue beyond a period of three months. In continuing such coverage(s) under this provision, the Sponsor agrees to treat all Covered Employees equally.

### Leave of Absence Due to Disability

The Sponsor may continue the Covered Employee's coverage(s) by paying the required premiums, if the Covered Employee is granted an approved leave of absence due to a disability.

The Covered Employee's coverage(s) will not continue beyond a period of six months. In continuing such coverage(s) under this provision, the Sponsor agrees to treat all Covered Employees equally.

**Rehire Terms**

If a former Employee is re-hired by the Sponsor within 31 days of his termination date, all past periods of Active Employment with the Sponsor will be used in determining the re-hired Employee's Eligibility Date. If a former Employee is re-hired by the Sponsor more than 31 days after his termination date, he is considered to be a new Employee when determining his Eligibility Date.

## **SECTION 3 - ELIGIBILITY AND EFFECTIVE DATES**

(Continued)

### **Associated Companies**

Companies, corporations, firms or individuals that are subsidiary to, or affiliated with, the Sponsor will be called Associated Companies. The Associated Companies, if any, are listed in the Schedule of Benefits. Employees of Associated Companies will be considered Employees of the Sponsor for purposes of this policy.

As they relate to this policy, all actions, agreements and notices between Liberty and the Sponsor will be binding on the Associated Companies.

If any Associated Companies cease to be Associated Companies for any reason, its Employees will be deemed to have transferred to a class of Employees not eligible for coverage under this policy.

## **SECTION 4 - INSURANCE BENEFITS**

### **EMPLOYEE LIFE INSURANCE**

#### **Benefits**

When Liberty receives satisfactory Proof of the Covered Employee's death, Liberty will pay the proceeds of the Life Insurance in force on the Covered Employee's life under this policy. The benefit payable is shown in the Schedule of Benefits.

#### **Conversion Privilege**

##### **Conversion Privilege at Individual Termination or Reduction of Benefits:**

If all or part of a Covered Employee's coverage ends, the Covered Employee may convert the amount that ends to an individual Life Insurance policy. Conversion is subject to the following conditions:

1. within 31 days after coverage ends or is reduced, the Covered Employee must make written application to Liberty and pay the first premium payment.
2. the individual policy will be issued without Evidence of Insurability. It will contain Life Insurance benefits only. The policy will be one then being offered by Liberty. The premium due will be based on the premium schedule of Liberty's conversion policy that applies to the Covered Employee's class of risk and age at the birthday nearest to the effective date of the individual policy.

The individual policy will be effective 31 days after the Covered Employee's group coverage ends.

##### **Conversion Privilege at Class or Policy Termination:**

If coverage ends for all employees or for a Covered Employee's class, the Covered Employee is entitled to a limited conversion privilege. The Covered Employee must have been covered for at least 5 years. The Covered Employee must apply for the individual policy in the same manner as described above. The amount the Covered Employee may convert is limited to the lesser of:

1. the amount the Covered Employee was covered for on the date the group coverage terminated less any group insurance he becomes eligible for within 31 days; or
2. \$2,000.

The individual policy will be effective 31 days after the Covered Employee's group coverage ends.

##### **Death Within the 31 Days Allowed for Conversion:**

If a Covered Employee dies within the 31 days allowed for conversion, Liberty will pay to his beneficiary the amount he was eligible to convert. Such insurance will be paid as a claim under this policy. Any premiums paid for a converted policy will be refunded.

## SECTION 4 - INSURANCE BENEFITS

(Continued)

### EMPLOYEE LIFE INSURANCE COVERAGE (Continued)

#### Accelerated Death Benefit

**Note: The receipt of an Accelerated Death Benefit may be taxable. A Covered Employee should consult his tax consultant or legal advisor before applying for an Accelerated Death Benefit.**

If, while insured under this policy, a Covered Employee gives Liberty satisfactory Proof of having a Terminal Condition, the Covered Employee may receive a portion of his Life Insurance as an Accelerated Death Benefit. Such insurance will be paid one time to the Covered Employee in one lump sum.

Applicable to Basic Life Insurance:

Applicable to Class 1, 2, 4:

The amount of Accelerated Death Benefit payable under this policy is limited to:

1. a minimum amount \$12,500.00; and
2. a maximum amount equal to the lesser of:
  - a. 50.00% of the Covered Employee's Life Insurance that is in force on the date the Covered Employee applies for an Accelerated Death Benefit; or
  - b. \$150,000.00.

Applicable to Class 3:

The amount of Accelerated Death Benefit payable under this policy is limited to:

1. a minimum amount \$12,500.00; and
2. a maximum amount equal to the lesser of:
  - a. 50.00% of the Covered Employee's Life Insurance that is in force on the date the Covered Employee applies for an Accelerated Death Benefit; or
  - b. \$15,000.00.

Applicable to Class 5:

The amount of Accelerated Death Benefit payable under this policy is limited to the lesser of the following:

1. the Accelerated Death Benefit amount requested by the Covered Employee;
2. 50.00% of the Covered Employee's Life Insurance that is in force on the date the Covered Employee applies for an Accelerated Death Benefit; or
3. \$10,000.00.

Applicable to Optional Life Insurance:

The amount of Accelerated Death Benefit payable under this policy is limited to:

1. a minimum amount \$12,500.00; and
2. a maximum amount equal to the lesser of:
  - a. 50.00% of the Covered Employee's Life Insurance that is in force on the date the Covered Employee applies for an Accelerated Death Benefit; or
  - b. \$150,000.00.

If the amount of a Covered Employee's Life Insurance under this policy is scheduled to reduce within 12 months following the date the Covered Employee applies for the Accelerated Death Benefit, the benefit payable under this policy will be based on the reduced amount.

#### **Application for an Accelerated Death Benefit**

A Covered Employee must apply for an Accelerated Death Benefit. To apply, the Covered Employee must give Liberty:

1. certification, from a Physician, that he has a Terminal Condition, as defined by this policy;
2. supporting evidence satisfactory to Liberty, documenting the Terminal Condition;
3. a completed claims form.



## SECTION 4 - INSURANCE BENEFITS

(Continued)

### EMPLOYEE LIFE INSURANCE COVERAGE (Continued)

#### Accelerated Death Benefit (Continued)

#### Application for an Accelerated Death Benefit (Continued)

During the pendency of a claim, Liberty may, at its own expense, have a Physician examine the Covered Employee.

If the Covered Employee has assigned all or a portion of the Life Insurance under this policy or named an irrevocable beneficiary, the Covered Employee must also give Liberty a signed written consent form from the assignee or irrevocable beneficiary.

The Accelerated Death Benefit will be payable upon receipt of satisfactory Proof of a Terminal Condition; and signed written consent from an assignee or irrevocable beneficiary, if required.

With respect to this provision "**Terminal Condition**" means a condition:

1. which is expected to result in the Covered Employee's death within 12 months; and
2. from which there is no reasonable prospect of recovery.

#### Effect on Insurance

The amount of a Covered Employee's Life Insurance will be reduced by the amount paid as an Accelerated Death Benefit. Premiums, if any, for the remaining portion of a Covered Employee's Life Insurance will be based on the amount of the remaining Life Insurance in effect after payment of the Accelerated Death Benefit. All other terms and provisions of this policy will apply to the remaining portion.

#### Exceptions

No Accelerated Death Benefit will be paid if:

1. the Covered Employee is required by a court of law to exercise this option to satisfy a claim of creditors, whether in bankruptcy or otherwise;
2. the Covered Employee is required by a governmental agency to exercise this option in order to apply for, receive, or continue a government benefit or entitlement;
3. all or a part of a Covered Employee's insurance must be paid to the Covered Employee's children or spouse or former spouse as part of a divorce decree, separate maintenance agreement or property settlement agreement;
4. the Covered Employee is married and lives in a community property state, unless the Covered Employee's spouse has given Liberty signed written consent; or
5. the Covered Employee has previously received an Accelerated Death Benefit under this policy or any other group policy held by the Sponsor.

## **SECTION 4 - INSURANCE BENEFITS**

(Continued)

### **DEPENDENT LIFE INSURANCE**

#### **Benefits**

When Liberty receives satisfactory Proof of the Covered Dependent's death, Liberty will pay to the Covered Employee the amount in force on such Covered Dependent's life under this policy. The Dependent Life Insurance benefit will be paid in one sum. It is shown in the Schedule of Benefits.

#### **Conversion Privilege**

##### **Conversion Privilege at Individual Termination or Reduction of Benefits:**

If a Covered Dependent's coverage ends because:

1. of the Covered Employee's death; or
2. the Covered Employee's employment in an eligible class for Dependent Life Insurance ends,

the Covered Employee's Covered Dependent may convert Dependent Life Insurance to an individual policy. Within 31 days after coverage ends, the Covered Dependent must make written application to Liberty and pay the first premium payment. The individual policy will contain Life Insurance benefits only. The policy will be one then being offered by Liberty. Evidence of Insurability will not be required.

##### **Conversion Privilege at Class or Policy Termination:**

If a Covered Dependent's coverage ends because:

1. coverage ends for all employees; or
2. coverage ends for all employees in the Covered Employee's eligible class,

the Covered Dependent is entitled to a limited conversion privilege. The Covered Employee must be entitled to convert to an individual policy in order for his Covered Dependent to have this limited privilege. Conversion must be applied for in the same way as stated above. The amount the Covered Dependent may convert is limited to the lesser of:

1. the amount the Covered Dependent was covered for on the date coverage ended less any group insurance he becomes eligible for within 31 days; or
2. \$2,000.

The individual policy will become effective 31 days after the Covered Dependent's coverage ends.

##### **Death Within the 31 Days Allowed for Conversion:**

Dependent Life Insurance is payable if a Covered Dependent dies during this period. The amount payable is the amount the Covered Dependent was entitled to convert. Such insurance will be paid under this policy. Any premium paid for an individual policy will be refunded.

## SECTION 4 - INSURANCE BENEFITS

(Continued)

### EMPLOYEE ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

#### Benefits

Accidental Death and Dismemberment benefits are payable when a Covered Employee suffers a loss solely as the result of accidental Injury that occurs while covered. The loss must occur within 365 days after the date of the accident. The benefit payable is called the Full Amount. It is shown in the Schedule of Benefits.

#### Loss Schedule:

Life  
Both Hands or Both Feet  
Sight of Both Eyes  
One Hand and One Foot  
One Hand and Sight of One Eye  
One Foot and Sight of One Eye  
Speech and Hearing in Both Ears  
One Hand or One Foot  
Sight of One Eye  
Speech or Hearing in Both Ears  
Thumb and Index Finger of the Same Hand

#### Benefit Payable:

Full Amount  
Full Amount  
Full Amount  
Full Amount  
Full Amount  
Full Amount  
Full Amount  
One-half Full Amount  
One-half Full Amount  
One-half Full Amount  
One-quarter Full Amount

Payment is made for loss due to each accident without regard to loss resulting from any prior accident. In no event may the total amount payable for all losses due to any one accident exceed the Full Amount.

Loss of hands or feet means complete severance through or above the wrist or ankle joint.

Loss of sight, speech or hearing must be total and irrecoverable.

Loss of thumb and index finger means that all of the thumb and index finger are cut off at or above the joint closest to the wrist. This benefit is not payable if a benefit is payable for the loss of the same entire hand.

## **SECTION 4 - INSURANCE BENEFITS**

(Continued)

### **WAIVER OF PREMIUM FOR TOTAL DISABILITY**

If a Covered Employee becomes Totally Disabled while insured under this policy he may be eligible for continued Life Insurance coverage without premium payment, provided that:

1. he becomes Totally Disabled while insured under this policy and before age 60;
2. within one year from the date he is no longer in Active Employment Liberty receives initial Proof that his Total Disability has continued for 6 months (initial Proof); and
3. during the three months before each anniversary of receipt of initial Proof, Liberty receives Proof of continuation of Total Disability.

In addition, Liberty, at its own expense, may request the Covered Employee to be examined by a Physician chosen by Liberty. After the benefit has been continued for two years under this provision, Liberty will not require an examination more than once a year.

When Proof of Total Disability has been approved, premiums will be waived beginning the later of:

1. the date Liberty gives approval; or
2. 6 months from the date the Covered Employee is no longer in Active Employment due to Total Disability.

Accidental Death and Dismemberment and Dependent coverage will not be continued during the Covered Employee's period of Total Disability.

The Life Insurance benefit continued under this provision will be the amount in force on the Covered Employee's life under this policy on the date the Covered Employee is no longer in Active Employment due to Total Disability, subject to any reductions provided by any part of this policy. The amount continued will not include any part of the Covered Employee's Life Insurance that he converted to an individual policy unless he was Totally Disabled when he applied to convert and he returns the converted policy to Liberty without claim other than for a refund of the premiums.

If the Waiver of Premium provision has been denied, the Covered Employee may convert his Life Insurance benefit as provided in the Conversion Privilege.

A Covered Employee's continued Life Insurance coverage under this provision will end on the earliest of the date when:

1. he recovers and ceases to be Totally Disabled;
2. he returns to Active Employment;
3. he refuses to have an examination by a Physician chosen by Liberty or fails to give satisfactory Proof of continuation of Total Disability;
4. 90 Days after the date Liberty mails the Covered Employee a request for additional Proof of loss, Liberty does not receive such Proof;
5. he reaches age 65;
6. the date he begins receiving a benefit from a retirement or pension plan; or
7. the date the Sponsor classifies him as retired.

## SECTION 4 - INSURANCE BENEFITS

(Continued)

### WAIVER OF PREMIUM FOR TOTAL DISABILITY

If continued Life Insurance coverage under this provision ends or reduces, the Covered Employee may convert his Life Insurance benefit as provided in the Conversion Privilege. Dependent coverage may be converted as allowed within this policy.

If the Covered Employee dies within one year from the date he is no longer in Active Employment due to Total Disability, Liberty will pay the Life Insurance benefit provided satisfactory Proof of continuous Total Disability until death is given to Liberty within one year after death.

If this policy terminates before the Covered Employee has received approval of waiver of premium, he is eligible to convert to an individual policy until such approval has been received. If this policy terminates after approval for waiver of premium, coverage will continue as if this policy continued to be in force.

With respect to this provision, "**Total Disability**" or "**Totally Disabled**" means the complete inability, as a result of Injury or Sickness, to perform the Material and Substantial Duties of Any Occupation.

With respect to this provision, "**Material and Substantial Duties**" means responsibilities that are normally required to perform Any Occupation, and cannot be reasonably eliminated or modified.

With respect to this provision, "**Any Occupation**" means any occupation that the Covered Employee is or becomes reasonably fitted by training, education, experience, age, physical and mental capacity.

## **SECTION 4 - INSURANCE BENEFITS**

(Continued)

### **EMPLOYEE AND DEPENDENT LIFE INSURANCE COVERAGE**

#### **PORTABLE GROUP TERM LIFE INSURANCE**

If all of a Covered Employee's coverage ends, he may be eligible to continue all or a part of the amount that ends, less any amount converted to an individual policy as provided in the Conversion Privilege and subject to any minimum and maximum amounts specified in this provision, as portable group term Life Insurance. The coverage must end because the Covered Employee is no longer in an eligible class or is no longer in Active Employment, other than by retirement, as determined in the Sponsor's records. Portable group term Life Insurance is not available if coverage ends because this policy terminates.

If a Covered Employee is eligible for portable group term Life Insurance, he may also elect portable group term Life Insurance on his Covered Dependent spouse or Domestic Partner whose coverage under this policy also ends when the Covered Employee's coverage ends.

A Covered Employee and Covered Dependent spouse or Domestic Partner is eligible for portable group term Life Insurance if:

1. he is under age 70;
2. he is a citizen of the United States or Canada;
3. he is not a full-time member of the armed forces of any country; and
4. no group Life Insurance under this policy will be continued on a premium paying or waiver of premium basis.

To apply for portable group term Life Insurance, a Covered Employee must, within 31 days of the date a Covered Employee ceases to be eligible for coverage under this policy:

1. complete the application for portable group term Life Insurance; and
2. send the application, along with the first premium payment, to Liberty at the address shown on the application.

If a Covered Employee and Covered Dependent spouse or Domestic Partner is applying for coverage and is not required to provide Evidence of Insurability, his portable group term Life Insurance will be effective at 12:01 A.M. Standard Time on the day after coverage under this policy ends.

## **SECTION 4 - INSURANCE BENEFITS**

(Continued)

### **EMPLOYEE AND DEPENDENT LIFE INSURANCE COVERAGE**

(Continued)

#### **PORTABLE GROUP TERM LIFE INSURANCE (Continued)**

Portable group term Life Insurance will contain only term Life Insurance. It will be issued without Evidence of Insurability. The plan available will be one then being offered by Liberty as portable group term Life Insurance. The premium due will be based on Liberty's then current rate for such plans that apply to the Covered Employee and Covered Dependent spouse or Domestic Partner class of risk and age at birthday nearest to the effective date of portable group term Life Insurance.

Applicable to Basic Insurance:

Applicable to Class 1, 2, 4:

The amount of portable group term Life Insurance a Covered Employee may apply for is subject to the following limits:

1. the maximum amount is equal to the lesser of:
  - a. the amount of insurance that terminated under this policy; or
  - b. \$500,000.00.
2. the minimum amount on a former Covered Person is \$10,000.00.

Applicable to Class 3:

The amount of portable group term Life Insurance a Covered Employee may apply for is subject to the following limits:

1. the maximum amount is equal to the lesser of:
  - a. the amount of insurance that terminated under this policy; or
  - b. \$15,000.00.
2. the minimum amount on a former Covered Person is \$10,000.00.

Applicable to Class 5:

The amount of portable group term Life Insurance a Covered Employee may apply for is subject to the following limits:

1. the maximum amount is equal to the lesser of:
  - a. the amount of insurance that terminated under this policy; or
  - b. \$10,000.00.
2. the minimum amount on a former Covered Person is \$10,000.00.

Applicable to Optional Insurance:

The amount of portable group term Life Insurance a Covered Employee may apply for is subject to the following limits:

1. the maximum amount is equal to the lesser of:
  - a. the amount of insurance that terminated under this policy; or
  - b. \$500,000.00.
2. the minimum amount on a former Covered Person is \$10,000.00.

The amount of portable group term Life Insurance a Covered Dependent spouse or Domestic Partner may apply for is subject to the following limits:

1. the maximum amount is equal to the lesser of:
  - a. the amount of insurance that terminated under this policy; or
  - b. \$25,000.00.

This amount is subject to any reductions due to age that may be contained in the portable group term Life Insurance policy. The amount of portable group term Life Insurance may be decreased at any time. However, once elected, the amount of portable group term Life Insurance may not be increased.



## **SECTION 5 - EXCLUSIONS**

### **LIFE INSURANCE EXCLUSIONS**

This policy has no applicable exclusions.

## SECTION 5 - EXCLUSIONS (Continued)

### ACCIDENTAL DEATH AND DISMEMBERMENT EXCLUSIONS

No benefits are payable for any loss that is contributed to or caused by:

1. war, declared or undeclared, or any act of war;
2. intentionally self-inflicted injuries, while sane or insane;
3. suicide, or suicide attempt, while sane or insane;
4. active Participation in a Riot;
5. committing or attempting to commit a felony or misdemeanor;
6. disease, bodily or mental illness (or medical or surgical treatment thereof);
7. infections, except septic infections of and through a visible wound;
8. controlled substances (as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970 and all amendments) that are voluntarily taken, ingested or injected, unless as prescribed or administered by a Physician;
9. serving full-time active duty in the Armed Forces of any country or international authority;
10. boarding, leaving or being in or on any kind of aircraft. However, this exclusion will not apply if the Covered Person is a fare paying passenger on a commercial aircraft or traveling as a passenger in any aircraft that is owned or leased by or on behalf of the Sponsor; or
11. the presence of alcohol in the Covered Person's blood which raises a presumption that the Covered Person was under the influence of alcohol and contributed to the cause of the accident. The blood alcohol level is governed by the jurisdiction of the state in which the accident occurred.

No benefit will be payable for any loss suffered as a result of Accidental Injury during any period of incarceration.

With respect to this provision, "**Participation**" shall include promoting, inciting, conspiring to promote or incite, aiding, abetting, and all forms of taking part in, but shall not include actions taken in defense of public or private property, or actions taken in defense of the Covered Person, if such actions of defense are not taken against persons seeking to maintain or restore law and order including, but not limited to police officers and fire fighters.

With respect to this provision, "**Riot**" shall include all forms of public violence, disorder or disturbance of the public peace, by three or more persons assembled together, whether or not acting with a common intent and whether or not damage to persons or property or unlawful act or acts is the intent or the consequence of such disorder.

## **SECTION 6 - TERMINATION PROVISIONS**

### **Termination of a Covered Person's Insurance**

A Covered Person will cease to be insured on the earliest of the following dates:

1. the date this policy terminates, but without prejudice to any claim originating prior to the time of termination;
2. the date the Covered Employee is no longer in an eligible class;
3. the date the Covered Employee's class is no longer included for insurance;
4. the last day for which any required Employee contribution has been made;
5. the last day of the month coincident with or following the date employment (status as an active Employee) or eligibility ends for any reason; or
6. the date the Covered Employee ceases to be in Active Employment due to a labor dispute, including any strike, work slowdown, or lockout.

Liberty reserves the right to review and terminate all classes insured under this policy if any class(es) cease(s) to be covered.

## SECTION 6 - TERMINATION PROVISIONS

(Continued)

### Policy Termination

1. Termination of this policy under any conditions will not prejudice any claim which occurs while this policy is in force.
2. If the Sponsor fails to pay any premium within the grace period, this policy will terminate at 12:00 midnight Standard Time on the last day of the grace period. The Sponsor may terminate this policy by advance written notice delivered to Liberty at least 31 days prior to the termination date. This policy will not terminate during any period for which premium has been paid. The Sponsor will be liable to Liberty for all premiums due and unpaid for the full period for which this policy is in force.
3. Liberty may terminate this policy on any premium due date by giving written notice to the Sponsor at least 31 days in advance if:
  - a. the number of Employees insured is fewer than 10; or
  - b. less than 100% of the Employees eligible for any non-contributory insurance are insured for it; or
  - c. less than 25.00% of the Employees eligible for any contributory optional insurance are insured for it; or
  - d. the Sponsor fails:
    - i. to furnish promptly any information which Liberty may reasonably require; or
    - ii. to perform any other obligations pertaining to this policy.
4. Liberty may terminate this policy or any coverage(s) afforded hereunder and for any class of covered Employees on any premium due date after it has been in force for 12 months. Liberty will provide written notice of such termination to the Sponsor at least 31 days before the termination is effective.
5. Termination may take effect on an earlier date if agreed to by the Sponsor and Liberty.

## **SECTION 7 - GENERAL PROVISIONS**

### **Appeal Process**

Liberty will notify in writing any Covered Person or beneficiary whose claim is denied in whole or part. That written notice will explain the reasons for denial. If the claimant does not agree with the reasons given, he may request an appeal of the claim. To do so, the claimant should write to Liberty within 60 days after the notice of denial was received. The claimant should state why he believes the claim was improperly denied. Any data, questions or comments that the claimant thinks are appropriate should be included. Unless Liberty requests additional material in a timely fashion, the claimant will be advised of Liberty's decision within 60 days after his or her letter is received.

### **Assignment**

The coverage under this policy is not assignable by the Sponsor without Liberty's written consent. A Covered Employee may assign all of his present and future right, title, interest, and incidents of ownership of:

1. any Life Insurance;
2. any disability provision of Life Insurance; and
3. any Accidental Death and Dismemberment Insurance under this policy.

Such assignment will include, but is not limited to, the rights:

1. to make any contribution required to keep the coverage in force;
2. to exercise any conversion privilege; and
3. to change the beneficiary.

### **Beneficiary**

Each Covered Employee must name a beneficiary to whom the insurance benefits under this policy are payable. If more than one beneficiary is named and if their interests are not specified, any surviving Beneficiaries will share equally. For any Dependent Life Insurance, the Covered Employee is automatically designated as the beneficiary.

If, at the death of a Covered Employee, there is no named or surviving beneficiary, Liberty will pay the benefits to the executor or administrator of the Covered Employee's estate. Liberty may, at its option, pay the benefits to a surviving relative in the following order: spouse, child, parent, sibling. Such payment will release Liberty of all further liability to the extent of payment.

A Covered Employee may change his beneficiary at any time by written request. Liberty or the Sponsor will provide a form for that purpose. Any change of beneficiary will take effect when the Sponsor receives the written request whether or not the Covered Employee is alive at that time. Such change will relate back to the date of the request. Any change of beneficiary will not apply to any payment made before the request was received by the Sponsor.

### **Conformity with State Statutes**

Any provision of this policy which, on its effective date, is in conflict with the statutes of the governing jurisdiction of this policy is hereby amended to conform to the minimum requirements of such statute.

## **SECTION 7 - GENERAL PROVISIONS**

(Continued)

### **Employee's Certificate**

Liberty will provide a Certificate to the Sponsor for delivery to Covered Employees. It will state:

1. the name of the insurance company and the policy number;
2. a description of the insurance provided;
3. the method used to determine the amount of benefits;
4. to whom benefits are payable;
5. limitations or reductions that may apply;
6. the circumstances under which insurance terminates; and
7. the rights of the Covered Person upon termination of this policy.

If the terms of a Certificate and this policy differ, this policy will govern.

### **Entire Contract - Policy Changes**

1. This policy is the entire contract. It consists of:
  - a. all of the pages;
  - b. the attached signed Application of the Sponsor; and
  - c. if contributory each Employee's signed application for insurance.
2. This policy may be changed in whole or in part. Only an officer of Liberty can approve a change to the policy. The approval must be in writing and endorsed on or attached to this policy.
3. No other person, including an agent, may change this policy or waive any part of it.

### **Examination**

Liberty, at its own expense, has the right and opportunity to have a Covered Person, whose Injury or Sickness is the basis of a claim, examined or evaluated at reasonable intervals deemed necessary by Liberty. This right may be used as often as reasonably required. Liberty may also require an autopsy unless prohibited by law.

### **Facility of Payment**

If a beneficiary or Covered Person is a minor or is physically or mentally incapable of giving a valid release for payment, Liberty, at its option, may make payment not to exceed \$2,000.00 to a party who appears to have assumed responsibility for the care and support of such person. Liberty will only make such payment until claim is made by a guardian of the estate of the beneficiary or the Covered Person. Such payment will release Liberty of all further liability to the extent of payment.

## SECTION 7 - GENERAL PROVISIONS

(Continued)

### Furnishing of Information - Access to Records

1. The Sponsor will furnish at regular intervals to Liberty:

a. information relative to Employees:

- i. who qualify to become insured;
- ii. whose amounts of insurance change; and/or
- iii. whose insurance terminates.

b. any other information about this policy that may be reasonably required.

The Sponsor's records which, in the opinion of Liberty, have a bearing on the insurance will be opened for inspection at any reasonable time.

2. Clerical error or omission will not deprive an Employee of insurance.

### Incontestability

This policy will not be contested, except for nonpayment of premium, after it has been in force for two years from the date of issue. The coverage of any Covered Person shall not be contested, except for nonpayment of premium, on the basis of a statement made relating to insurability of the Covered Person after such coverage has been in force for two years during the Covered Person's lifetime.

In the absence of fraud, any statements in any application will be deemed representations and not warranties. No representation made by:

- 1. the Sponsor in applying for this policy will make it void unless the representation is contained in the Sponsor's signed Application; or
- 2. any Covered Person in enrolling for insurance under this policy will be used to reduce or deny a claim unless the representation is contained in an application signed by him and such application is given to him or his beneficiary.

### Interpretation of the Policy

Liberty shall possess the authority, in its sole discretion, to construe the terms of this policy and to determine benefit eligibility hereunder. Liberty's decisions regarding construction of the terms of this policy and benefit eligibility shall be conclusive and binding.

### Legal Proceedings

A claimant or the claimant's authorized representative cannot start any legal action:

- 1. until 60 days after Proof of claim has been given; or
- 2. more than one year after the time Proof of claim is required.

Legal actions are contingent upon first having followed the Claims and Appeals procedure outlined in this policy.

## **SECTION 7 - GENERAL PROVISIONS**

(Continued)

### **Misstatement of Age**

If a Covered Person's age has been misstated, an equitable adjustment will be made in the premium. If the amount of the benefit is dependent upon the Covered Person's age, the amount of the benefit will be the amount the Covered Person would have been entitled to if his correct age were known.

A refund of premium will not be made for a period more than 12 months before the date Liberty is advised of the error.

### **Notice and Proof of Claim**

#### **1. Notice**

- a. Notice of claim must be given to Liberty within 30 days of the date of the loss on which the claim is based. If that is not possible, Liberty must be notified as soon as it is reasonably possible to do so. Such notice of claim must be received in a form or format satisfactory to Liberty.
- b. When written notice of claim is applicable and has been received by Liberty, the Covered Person will be sent claim forms. If the forms are not received within 15 days after written notice of claim is sent, the Covered Person can send to Liberty written Proof of claim without waiting for the forms.

#### **2. Proof**

- a. Satisfactory Proof of loss must be given to Liberty no later than 30 days after the date of loss.
- b. Failure to furnish such Proof within such time shall not invalidate or reduce any claim if it was not reasonably possible to furnish such Proof within such time. Such Proof must be furnished as soon as reasonably possible, and in no event, except in the absence of legal capacity of the claimant, later than one year from the time Proof is otherwise required.

Liberty reserves the right to determine if the Covered Person's Proof of loss is satisfactory.

### **Optional Methods of Settlement**

Benefits are usually payable in one sum. However, the Covered Person may elect in writing to have the proceeds paid through an installment program offered by Liberty. If the Covered Person makes no such election, his beneficiary may do so at the Covered Person's death.

Any installments remaining after the death of the payee will be paid as directed in the election of this option. Such direction is subject to the approval of Liberty.

### **Liberty Security Account**

If the benefits to be paid total more than \$10,000, a beneficiary may elect to have the proceeds deposited into a Liberty Security Account. The Liberty Security Account is an interest-bearing checking account, that is fully guaranteed by Liberty, and the beneficiary may draw on the entire sum of the proceeds at any time. If the Liberty Security Account is not elected, benefits may be paid in one sum.

### **Payment of Benefits**

All benefits are payable when Liberty receives written satisfactory Proof of loss. Benefits for loss of life of the Covered Employee are paid to the beneficiary. Benefits for loss of life of the Covered Dependent are paid to the Covered Employee. Benefits for other losses are paid to the Covered Employee.



## **SECTION 7 - GENERAL PROVISIONS**

(Continued)

### **Right of Recovery**

Liberty has the right to recover any overpayment of benefits caused by, but not limited to, the following:

1. fraud;
2. any error made by Liberty in processing a claim; or
3. any error made in the eligibility or administration of this policy by the Sponsor.

Liberty may recover an overpayment by, but not limited to, the following:

1. requesting a lump sum payment of the overpaid amount;
2. reducing any benefits payable under this policy; or
3. taking any appropriate collection activity available including any legal action needed.

It is required that full reimbursement be made to Liberty.

### **Workers' Compensation**

This Policy and the coverages provided are not in lieu of, nor will they affect any requirements for coverage under any Workers' Compensation Law or other similar law.

## SECTION 8 - PREMIUMS

### Premium Rates

Liberty has set the premiums that apply to the coverage(s) provided under this policy. Those premiums are shown in a notice given to the Sponsor with or prior to delivery of this policy.

A change in the initial premium rate(s) will not take effect within the first 3 years except that Liberty may change premium rates at any time for reasons which affect the risk assumed, including those reasons shown below:

1. a change occurs in the policy design;
2. a division, subsidiary or Associated Company is added to or deleted from this policy;
3. when the number of Covered Persons changes by 15.00% or more from the number insured on this policy's effective date; or
4. a change in existing law which affects this policy.

Liberty may, upon notice to the Sponsor, set new premium rates to become effective on or at any time after the first anniversary date of this policy. However, no premium may be changed unless Liberty notifies the Sponsor at least 31 days in advance. Premium changes may take effect on an earlier date when both Liberty and the Sponsor agree.

### Payment of Premiums

1. All premiums due under this policy, including adjustments, if any, are payable by the Sponsor on or before their due dates at Liberty's Administrative Office, or to Liberty's agent. The due dates are specified on the first page of this policy.
2. All payments made to or by Liberty shall be in United States dollars.
3. If premiums are payable on a monthly basis, premiums for additional or increased insurance becoming effective during a policy month will be charged from the next premium due date.
4. The premium charge for insurance terminated during a policy month will cease at the end of the policy month in which such insurance terminates. This manner of charging premium is for accounting purposes only. It will not extend insurance coverage beyond a date it would have otherwise terminated as shown in the "Termination of a Covered Person's Insurance" provision of this policy.
5. If premiums are payable on other than a monthly basis, premiums for additional, increased, reduced or terminated insurance will cause a prorated adjustment on the next premium due date.
6. Except for fraud and premium adjustments, refunds of premiums or charges will be made only for:
  - a. the current policy year; and
  - b. the immediately preceding policy year.

## **SECTION 8 - PREMIUMS**

(Continued)

### **Grace Period**

A grace period of 45 days will be allowed for the payment of premium after a premium due date other than the first. No interest will be charged. During this period this policy will continue in force. But, if the Sponsor gives Liberty written notice to terminate the policy on an earlier date, then this policy will end on such earlier date. The Sponsor must pay the pro rata premium for the time the policy was in force during the grace period.

## AMENDMENT NO. 1

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Added the Family Status Change provision allowing any increases in coverage up to the Non-Medical Maximum without Evidence of Insurability.	Form GLP-SCH-5 R (1) Form GLP-DEF-4 R (1) Form GLP-ELG-2 R (1)	Form GLP-SCH-5 Form GLP-DEF-4 Form GLP-ELG-2

The effective date of this change is August 1, 2010.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 24th day of September, 2010.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 2

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Changed the Sponsor legal name from Diamond Resorts International/Diamond Resorts Centralized Services USA, LLC to Diamond Resorts Corporation.	Face Page	Face Page
Added Basic Dependent Spouse and Basic Dependent Child coverage for class 3 (Hawaii Union Employees).	Form GLP-SCH-2 R (1) Form GLP-SCH-2 (continued) R (1)	Form GLP-SCH-2 Form GLP-SCH-2 (continued)

The effective date of this change is January 1, 2010.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 12th day of January, 2011.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



### AMENDMENT NO. 3

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Increased the maximum eligibility age in Section 1 for Dependent children up to age 26 regardless of student status or any other limitation	Form GLP-SCH-2 R (2) Form GLP-SCH-2 (continued) R (2)	Form GLP-SCH-2 R (1) Form GLP-SCH-2 (continued) R (1)

The effective date of this change is January 1, 2011.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 27th day of January, 2011.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 4

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Added Hospitality Management and Consulting Services, LLC as an Associated Company	Form GLP-SCH-1 R (1) Form GLP-ELG-5 R (1)	Form GLP-SCH-1

The effective date of this change is January 1, 2011.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 2nd day of March, 2011.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 5

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Increased the Basic Life and Basic Accidental Death and Dismemberment Insurance maximum from \$500,000.00 to \$750,000.00 for Senior and Executive Vice Presidents (class 4)	Form GLP-SCH-1 R (2) Form GLP-SCH-2 R (3) Form GLP-SCH-2 (cont.) R (3) Form GLP-SCH-3 R (1) Form GLP-LIF-2.12 R (1) Form GLP-LIF-2.12 (cont.) R (1) Form GLP-PTL-2 R (1) Form GLP-PTL-2 (cont.) R (1)	Form GLP-SCH-1 R (1) Form GLP-SCH-2 R (2) Form GLP-SCH-2 (cont.) R (2) Form GLP-SCH-3 Form GLP-LIF-2.12 Form GLP-LIF-2.12 (cont.) Form GLP-PTL-2 Form GLP-PTL-2 (cont.)

The effective date of this change is February 1, 2011.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 4th day of March, 2011.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**





## AMENDMENT NO. 6

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Removed the minimum amount for the Employee Optional Life Insurance benefit in Section 1 and removed the Dependent Life Insurance limit in Section 1 that limited enrollment of amounts greater than 50.00% in relation to the Employee Life Insurance amount.	Form GLP-SCH-2 R (4) Form GLP-SCH-2 (cont.) R (4)	Form GLP-SCH-2 R (3) Form GLP-SCH-2 (cont.) R (3)
Revised the Non-Medical Maximum for the Employee Optional Life Insurance benefit in Section 1 and added the class 1, 3 and 4 Evidence of Insurability requirement for Annual Enrollment in Section 1.	Form GLP-SCH-5 R (2)	Form GLP-SCH-5 R (1)

The effective date of this change is August 1, 2011.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 14th day of October, 2011.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 7

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Added domestic partner language to include both same and opposite sex.	Form GLP-SCH-2 R (5) Form GLP-DEF-2 R (1) Form GLP-DEF-3 R (1) Form GLP-DEF-4 R (2) Form GLP-PTL-1 Form GLP-PTL-2 R (2)	Form GLP-SCH-2 R (4) Form GLP-DEF-2 Form GLP-DEF-3 Form GLP-DEF-4 R (1) Form GLP-PTL-1 Form GLP-PTL-2 R (1)

The effective date of this change is January 1, 2012.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 17th day of February, 2012.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 8

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Revised classification of Covered Employees for Classes 2 & 3	Form GLP-SCH-1 R (3)	Form GLP-SCH-1 R (2)

The effective date of this change is December 1, 2011.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 17th day of February, 2012.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**



## AMENDMENT NO. 9

It is agreed the following changes are hereby made to this policy: SA3-860-065428-01

Changes	Additions	Deletions
Class 5 was added to the policy. The Class 2 eligibility description was changed. Optional Life Insurance for all classes was changed and the Eligibility Waiting Periods for all classes changed.	Form GLP-SCH-1 R (4) Form GLP-SCH-2 R (6) Form GLP-SCH-3 R (2) Form GLP-LIF-2.12 R (2) Form GLP-PTL-2 R (3)	Form GLP-SCH-1 R (3) Form GLP-SCH-2 R (5) Form GLP-SCH-3 R (1) Form GLP-LIF-2.12 R (1) Form GLP-PTL-3 R (2)

The effective date of this change is January 1, 2014.

This policy's terms and provisions will apply other than as stated in this amendment.

Dated this 13th day of March, 2014.

Issued to and Accepted by:

Diamond Resorts Corporation  
**Sponsor**

By \_\_\_\_\_  
**Signature and Title of Officer**

**Liberty Life Assurance Company of Boston**

