The information contained in this product reference pamphlet is intended for the training and education of Colonial Life & Accident Insurance Company employees and benefit counselors only. Colonial Life has not authorized any other use of this information. Do not give or show it to prospective insureds, employers of prospective insureds, or anyone else not employed by or contracted with Colonial Life & Accident Insurance Company or other Unum Group business units. This pamphlet contains highlights of the actual product benefits. Please see the policy for your state for complete details.
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About this Pamphlet...

The Group Critical Illness 1000 Product Reference Pamphlet provides comprehensive product and sales-related information for benefit counselors interested in selling Group Critical Illness 1000 coverage. In addition, we strongly recommend that you review the master policy/certificate for your state, along with the appropriate product brochure and other support materials.
General Need for Group Critical Illness Insurance

Why do any of us need group critical illness insurance? The answer is very simple—**people are living longer**!

Because of medical technology, many people who may have died 30 years ago from a critical illness, such as a heart attack or stroke, now survive. Yet survivors may be in for an extended recovery period during which they are unable to work.

This increasing likelihood of survival, coupled with the following statistics, reinforce the need for group critical illness coverage.

**Stroke**

- Stroke is a leading cause of serious, long-term disability in the United States.
- Each year about 780,000 people experience a new or recurrent stroke. About 600,000 of these are first attacks, and 180,000 are recurrent attacks.

*Heart Disease and Stroke Statistics – 2008 Update, American Heart Association.*

**Heart Attack (Myocardial Infarction)**

- An estimated 80,700,000 American adults (one in three) have one or more types of cardiovascular disease (CVD).

*Heart Disease and Stroke Statistics – 2008 Update, American Heart Association.*

**Cancer**

- In the U.S., men have a one in two lifetime risk of developing cancer; women have a risk of one in three.
- About 1,437,180 new cancer cases were expected to be diagnosed in 2008. This estimate did not include carcinoma in situ (noninvasive cancer) of any site except urinary bladder, and did not include basal and squamous cell skin cancers. More than 1 million cases of basal and squamous cell skin cancers were expected to be diagnosed in 2008.

*Cancer Facts & Figures, 2007*
End Stage Renal Failure

- More than 485,000 Americans are being treated for kidney failure (also called end state renal failure, or ESRD).
- Over the last five years, the number of new patients with kidney failure has averaged more than 90,000 annually.


Organ Transplants

- The number of patients waiting for a transplant in the U.S. was 87,754 in March, 2005.

United Network for Organ Sharing, Organ Donation and Transplantation, March 18, 2005.
The Cost of Survival!
Recovery from a critical illness is often lengthy and expensive - involving the loss of personal wages and the ability to pay for care and treatment. Early detection and prompt treatment are keys to recovery. Improved technology has also dramatically improved survival rates for most serious illnesses, but technological advancements also mean much higher treatment costs.

The American Cancer Society reports that cancer treatment alone costs Americans more than $219.2 billion annually. Of that, only $89 billion (41 percent) goes towards direct medical costs, which typically includes the types of costs listed below.

Direct Costs – 41%
Major medical insurance usually covers a large percentage of direct costs.

$ Hospital charges
$ Medication and drug costs
$ Surgeon, physician, and radiologist fees
$ Nursing costs

Indirect Costs – 59%
Major medical insurance does not usually cover these indirect costs, which can weigh heavily on patients and their families.

$ Home health care needs/home recovery
$ Deductibles and coinsurance
$ Lost income and work time for spouses or care givers
$ Lost income for the critical illness survivor
$ Housekeeping or childcare expenses
$ Home or car modifications
$ Travel expenses/transportation to and from treatment centers
$ Lodging and meals
$ Special diets

Even with the most generous group medical and disability insurance plans provided by employers, workers may need group critical illness protection to help address their financial needs. Group Critical Illness 1000 coverage can assist with these types of expenses by providing a lump-sum benefit when insureds are diagnosed with a covered critical illness.
**Quick Product Summary**

This chart provides a high-level summary of the Group Critical Illness 1000 plan. It is not state specific. Refer to the master policy/certificate for your state for exact product details.

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Group specified critical illness insurance that pays a lump sum benefit ($50,000 max for employees) for each insured person diagnosed with a covered critical illness. The insured does not have to be terminally ill or die to receive benefits.</th>
</tr>
</thead>
</table>
| Plan Options  | • Plan 1-Critical Illness only  
• Plan 2-Critical Illness + Cancer  
• Plan 3-Critical Illness only + Recurrence Benefit  
• Plan 4-Critical Illness + Cancer + Recurrence Benefit  
One plan design may be offered in an account. All plans automatically include the Wellness Benefit (not optional). The payable Wellness tests vary depending on whether or not cancer coverage is purchased with the Group Critical Illness 1000 plan. |
| Covered Illnesses | • Heart attack (myocardial infarction)  
• Transplant as the result of heart failure  
• Stroke  
• Bypass surgery as the result of coronary artery disease  
• Transplant as the result of a major organ failure other than heart  
• End stage renal failure  
• Blindness  
• Permanent paralysis (due to covered accident)  
• Cancer (If cancer selected)  
• Carcinoma in situ (if cancer selected) |
| Standard Plan Benefits | • Benefits range from $5,000 to $50,000 ($1,000 units) for employees; $2,500 to $25,000 for spouses; and $1,250 to $12,500 for dependents. (Amounts may vary by state.)  
• A benefit can be paid in a different category of ‘Covered Critical Illnesses.’ *(See the Plan Benefits section of this product reference pamphlet for payment examples and additional information.)*  
• Recurrence Benefit (optional) pays 25 percent of the original payment if an insured is diagnosed again with the same critical illness in Category 1 or 2, for which the Critical Illness benefit has previously been paid.  
• Wellness Benefit pays $50 per calendar year for one specified health screening test conducted for each covered person. |
<table>
<thead>
<tr>
<th>Family Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Employee (named insured).</td>
</tr>
<tr>
<td>• Employee and dependent children.</td>
</tr>
<tr>
<td>• Employee, spouse and dependent children.</td>
</tr>
<tr>
<td>• The spouse benefit always equals 50 percent of the main insured’s benefit.</td>
</tr>
<tr>
<td>• The dependent child’s benefit always equals 25 percent of the main insured’s benefit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Appealing to almost every type of market, especially the following:</td>
</tr>
<tr>
<td>– Middle income wage earners market.</td>
</tr>
<tr>
<td>– Professional market.</td>
</tr>
<tr>
<td>– Middle to large commercial.</td>
</tr>
<tr>
<td>– Public sector market.</td>
</tr>
<tr>
<td>• Suitable for most markets, even those in which employees have excellent major medical coverage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Marketable to most accounts with a true employer/employee relationship.</td>
</tr>
<tr>
<td>• Available for payroll deduction only following normal, new account guidelines.</td>
</tr>
<tr>
<td>• Individual sales (outside of the group account setting) are not allowed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participation Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1: Participation Requirements – Guaranteed Issue (GI)</strong></td>
</tr>
<tr>
<td>• 100-199 eligible lives—20% participation</td>
</tr>
<tr>
<td>• 200+ eligible lives—15% participation</td>
</tr>
<tr>
<td><strong>Option 2: Full Underwriting (Evidence of Insurability)</strong></td>
</tr>
<tr>
<td>• Minimum account size—5 approved applications</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee/Spouse/Dependent Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong></td>
</tr>
<tr>
<td>• Permanent employees, actively working a minimum of 20 hours per week, per year. No seasonal or temporary employees will be covered.</td>
</tr>
<tr>
<td>• Issue age requirements—17-74 (varies by state).</td>
</tr>
<tr>
<td>• Employment guideline of 90 days or more with current employer for payroll deduction accounts (unless otherwise specified by employer).</td>
</tr>
<tr>
<td>• Must meet eligibility guidelines as defined in the Group Master Application.</td>
</tr>
<tr>
<td>• Employees who choose to keep their existing Colonial Life individual critical illness policies will not be eligible for Group Critical Illness 1000.</td>
</tr>
<tr>
<td><strong>Spouse</strong></td>
</tr>
<tr>
<td>• Spouse of an employee. (The spouse cannot be the named insured.)</td>
</tr>
<tr>
<td>• Issue age requirements—17-74 (varies by state).</td>
</tr>
<tr>
<td><strong>Dependent</strong></td>
</tr>
<tr>
<td>• Dependent child of an employee. (The dependent child cannot be the named insured.)</td>
</tr>
<tr>
<td>• Must meet definition of dependent. (Varies by state. See outline of coverage for exact definition.)</td>
</tr>
<tr>
<td>• Must be younger than age 26.</td>
</tr>
</tbody>
</table>
Underwriting Guidelines

Two underwriting options:
• Developed primarily for guaranteed issue.
• Also may be fully underwritten, if this decision is made prior to the enrollment when completing the Group Master Application.

Option 1: Guaranteed Issue
• Employee and family coverage GI up to the maximum allowed amount if participation is met during the initial enrollment, and for new hires.

Employee Only Coverage:

<table>
<thead>
<tr>
<th>Number of Eligible Lives</th>
<th>Face Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - 999</td>
<td>$10,000</td>
</tr>
<tr>
<td>1000+</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

Employee + Family Coverage:

<table>
<thead>
<tr>
<th>Face Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee $5,000</td>
</tr>
<tr>
<td>Spouse (if covered) $2,500</td>
</tr>
<tr>
<td>Dependent child $1,250</td>
</tr>
</tbody>
</table>

*If one parent or two parent family amounts exceed $5,000, everyone in the family will be underwritten.

NOTE: If one or two parent family amounts exceed $5,000, everyone in the family will be underwritten.

• Buy-ups are available past the maximum GI amounts, up to $50,000 with full underwriting.
• Buy-ups are available past the employer contribution if flat percentage or flat amount is used. Call or contact group Underwriting if the employer is contributing to the plan.
• Group Enrollment Form completion:
  – The Medicare question must always be answered.
  – The Smoker question must always be answered.
  – If one parent or two parent family coverage is applied for, spouse and/or dependent information is required.

Option 2: Full Underwriting (evidence of insurability required)
• In accounts in which only full underwriting (evidence of insurability) is used.
• In accounts where GI is used but amounts exceed GI limits.
• Buy-ups are available past the employer contribution if flat percentage or flat amount is used.
• Late entrants in all accounts.
• Group Enrollment Form completion: If evidence of insurability is required, in order to be eligible for coverage, the employee and/or family member:
  – Must meet the height and weight requirements according to the Critical Illness build chart.
  – Must be able to answer “no” to the 10-year health question.
  – Must never have been diagnosed with or treated for Acquired Immune Deficiency Syndrome (AIDS) or an AIDS-related condition (ARC).
### Application/Forms

<table>
<thead>
<tr>
<th><strong>Account-level Applications</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Master Application</strong></td>
</tr>
<tr>
<td>– The Group Master Application is located on the ProducerNet or may be obtained by contacting Group Underwriting at ext. 6310.</td>
</tr>
<tr>
<td>– Must be completed with the employer and submitted to Group Underwriting prior to the enrollment. Failure to do so will delay compensation and could result in declination of Group Enrollment Forms and charge-backs.</td>
</tr>
<tr>
<td>– This form becomes a part of the master policy (contract).</td>
</tr>
<tr>
<td>– Be sure to check the “Guaranteed Issue” section when submitting this form, unless full underwriting is to be used, in which case the “Evidence of Insurability” section should be checked.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Account Information Form</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>– Needed for New Account Set-Up Unit.</td>
</tr>
</tbody>
</table>

### Employee-level Forms

<table>
<thead>
<tr>
<th><strong>Group Enrollment Form</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>– Initial enrollments.</td>
</tr>
<tr>
<td>– New hires after initial enrollment.</td>
</tr>
<tr>
<td>– Guaranteed issue sales.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Evidence of Insurability Questions (on Group Enrollment Form)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>– All amounts over the GI limit.</td>
</tr>
<tr>
<td>– Accounts where full underwriting is always used.</td>
</tr>
<tr>
<td>– New hires in accounts where full underwriting is always used.</td>
</tr>
<tr>
<td>– Existing employees who apply for coverage after the initial enrollment (late entrants).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Underwriting Authorization (HIPAA) Form</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>– Required with each Evidence of Insurability Application.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Election Form</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Additional forms may be required with each application in your state:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>– Guide to Health Insurance for People with Medicare</td>
</tr>
<tr>
<td>– Medicare Certification Form</td>
</tr>
<tr>
<td>– Medicare Notice</td>
</tr>
<tr>
<td>– Pre-tax Disclosure Form</td>
</tr>
</tbody>
</table>

### Rate Structure

<table>
<thead>
<tr>
<th><strong>Rates are separate for tobacco and non-tobacco users.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premiums are unisex and age-banded: 17-29; 30-39; 40-49; 50-59; 60-69; and 70-74 (varies by state).</strong></td>
</tr>
<tr>
<td><strong>Standard rate guarantee period is one year.</strong></td>
</tr>
<tr>
<td><strong>Rates are published. (No census required.)</strong></td>
</tr>
<tr>
<td><strong>Payment Method</strong></td>
</tr>
<tr>
<td>--------------------</td>
</tr>
</tbody>
</table>
| **Conversion Privilege** | • If the master policy is in force, employee coverage is convertible to individual Colonial Life Critical Illness coverage, without evidence of insurability, within 31 days of the termination of coverage.  
• Available for employees only. Spouse and dependent coverage is not allowed under the conversion policy.  
• Must have been covered by the Group Critical Illness 1000 policy for at least 12 months before the privilege can be used.  
• Must not have received a critical illness benefit to apply for the privilege.  
• Employees are allowed to convert to the lesser of $10,000 under the individual policy or their existing coverage amount.  
• We will not allow conversion to the individual policy if the master policy terminates.  
• A written request, or Service Request Form, must be submitted to Account Services within 31 days of termination of coverage.  
• Some restrictions apply and the conversion privilege is not available in all states. |
| **Situs State Administration** | For new multi-state accounts as of February 23, 2009, we will issue the group contract and certificates for this product based on the state where the employer’s home office or principal place of business is located. (This is commonly referred to as the situs state approach.)  
Unless otherwise noted, Group Underwriting will use the state included on the Group Master Application as the situs state of the account. The product must be available for sale in the state where the employer’s home office or principal place of business is located. |
| **Situs State Licensing** | In multi-state situations, the Opener and Broker (in Opener role) are required to be licensed only in the home situs state of the account.  
Enrollers must be licensed in all states in which they enroll.  
NOTE: This does not apply to issuing the master policy or certificate. We issue the master policy or certificate approved in each respective state.  
For example: An account’s home office may be in SC, but they may also have locations in GA and NC. We will never issue the SC master policy or certificates to insureds in GA and NC. |
Product Positioning—Within the Marketplace

Target Markets

Group Critical Illness 1000 is available to most accounts with a true employer/employee relationship. As a broker-friendly product, it is also appealing to accounts and brokers looking for:

- A guaranteed issue product that covers all eligible employees.
- An affordable, group critical illness product to complement the account’s major medical insurance.
- A competitive, innovative product that is hybrid in nature: a product filed on a group platform with individual product features. Group Critical Illness 1000 combines the best of both worlds. It offers the inherent advantages of individual voluntary benefit products, such as benefits flexibility, published rates, portability and lack of integration with core coverage. On the group benefits side, it offers the underwriting and pricing advantages of group products, including guaranteed issue if certain requirements are met.
- A family coverage option.
- A plan that is flexible and offers different benefit levels to meet an account’s needs.
- Coverage that is easy to enroll with guaranteed issue and various enrollment methods on a simple Group Enrollment Form.

Group Critical Illness 1000 coverage is also suitable for accounts in which employees have excellent major medical coverage. This is because Group Critical Illness 1000 helps address the large and lengthy treatment costs typically associated with a serious illness, some of which are not covered completely or at all under a major medical plan.

Group Critical Illness 1000 may also be offered in an existing Colonial Life account where our Individual Critical Illness coverage has been sold. However, you should only offer the group product if there are minimal sales of the individual product within the account. It would be difficult to meet the participation requirements of Group Critical Illness 1000 if there is already a high penetration of our individual policy among employees.

Although this product is appealing to almost every type of market, certain target markets warrant special comment:

- Middle income wage earners market.
- Professional market.
- Middle to large commercial market.
- Public sector market.
Middle Income Wage Earners Market

Middle income wage earners are particularly in need of Group Critical Illness 1000 coverage. This market, defined as households with an annual income between $25,000 and $100,000, accounts for more than 60 million (approximately half) of the households in the United States. Research indicates that the majority of these households are underinsured and exhibit a low level of financial preparedness. They tend to live paycheck to paycheck, which means that the impact of a serious illness and/or disability can financially devastate these middle-income families.


Professional Market

For people in the professional market, Group Critical Illness 1000 coverage helps fill the gaps created by loss of income or high medical bills. Quite often, legal and medical professionals are self-employed, so they may have difficulty obtaining disability insurance policies. Even if they do obtain disability coverage, they are usually limited to covering two-thirds of their income. For individuals with a relatively high income, losing one-third of their pay can be quite significant. Plus, professionals typically work longer, possibly into their 60s or 70s—ages to which disability insurance may not extend.

Middle to Large Commercial Market

For the middle to large commercial market, Group Critical Illness 1000 insurance serves as additional key-person coverage. Also, it provides coverage for entrepreneurs with short self-employment income history who may not yet be eligible for disability coverage.

Public Sector Market

Group Critical Illness 1000 works well in bid situations for the public sector market because of the product’s flexibility, guaranteed issue underwriting, and available coverage options. It’s also provides easy and flexible enrollment methods to suit this market’s needs.
## Competitive Advantages

Group Critical Illness 1000 offers numerous competitive advantages within the marketplace for employers, brokers and employees.

### ...For Employers and Brokers

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family coverage</strong></td>
<td>This is a very important competitive advantage because many group and individual products do not offer family coverage.</td>
</tr>
<tr>
<td><strong>Optional recurrence benefit</strong></td>
<td>Some critical illness policies end immediately after one claim payment is made. The Group Critical Illness 1000 plan is there to help if the illness reoccurs (guidelines apply).</td>
</tr>
<tr>
<td><strong>Group product</strong></td>
<td>Group Critical Illness 1000 is “hybrid” in nature, blending the advantages of individual cancer coverage—benefits, features and flexibility—with the guaranteed issue and easy enrollment features of a group product, all on a group filing platform.</td>
</tr>
<tr>
<td><strong>Simple benefit design</strong></td>
<td>This product has a simple benefit design, which makes it easy for employers and brokers to implement and administer.</td>
</tr>
<tr>
<td><strong>Wellness benefit</strong></td>
<td>The wellness benefit may help decrease major medical claims if a serious illness is detected at an early stage.</td>
</tr>
<tr>
<td><strong>Multiple enrollment methods allowed</strong></td>
<td>Three enrollment options are available with this product: primarily electronic application collection (EAC), simple app submission (SAS), and manual submission.</td>
</tr>
<tr>
<td></td>
<td>This is especially appealing to brokers who prefer alternative enrollment methods to suit diverse client needs.</td>
</tr>
<tr>
<td><strong>Conversion privilege</strong></td>
<td>If the master policy is in force, employee coverage is convertible to individual Colonial Life Critical Illness coverage, without evidence of insurability, within 31 days of the termination of coverage (guidelines apply). <strong>Not available in all states.</strong></td>
</tr>
</tbody>
</table>
### Family coverage
Employees may have peace of mind in knowing they can purchase the same critical illness protection for their spouse and dependents as they can for themselves as long as the employee is covered. Not every group policy allows immediate family members to purchase coverage.

### Optional recurrence benefit
The Recurrence Benefit helps protect insureds if a qualifying critical illness returns (guidelines apply).

### Comprehensive plan
Our Group Critical Illness 1000 features a comprehensive plan with coverage for more critical illnesses than cancer alone.

### Wellness benefit
Early detection and treatment can greatly improve an individual’s chances of recovering from and surviving a serious illness.

### Issue-age rated premiums
Issue-age rated premiums mean insureds do not have to worry about premiums increasing as they get older.
Product Positioning—Within Colonial’s Portfolio

Sales Opportunities

Health care costs continue to rise, along with health insurance deductibles and co-payments. Some employers are holding down costs by moving to major medical plans that provide reduced benefits for out-of-network coverage. Group Critical Illness 1000 insurance can help fill gaps caused by increasing deductibles and can provide benefits that can be used to help pay for out-of-network specialists.

Following are a few additional sales opportunities for you to consider.

• Group Critical Illness 1000 insurance with the Cancer coverage option can increase product appeal with individuals who would not have purchased cancer coverage alone.

• Group Critical Illness 1000 without the cancer option may appeal to existing Colonial Life cancer insurance customers as they already recognize the risks associated with serious illness, and Group Critical Illness 1000 insurance provides a complement to existing coverage by adding coverage for serious illnesses other than cancer.

• Group Critical Illness 1000 insurance can be presented to customers who already have existing disability, life and accident coverage during subsequent enrollments. As customers reach new milestones in their lives, you have more opportunities to discuss this product.

Group Critical Illness 1000 Compared to Our Individual Critical Illness Plan

The key differences between Colonial Life’s Group Critical Illness 1000 and Individual Critical Illness plans are:

1. The ability to pay for a critical illness in a different category with the group plan.

2. The ability to pay for more than one occurrence of a critical illness under the optional Recurrence Benefit available with the group plan.

3. The inclusion of spouse and dependent coverage for the group plan.

4. Issue age differences of 17-74 for the group plan and 16-69 for the individual plan.

5. A convertibility privilege with the group plan; portability option with the individual plan.

6. Guaranteed issue opportunities with the group plan.
## Cross-selling with Other Colonial Life Product Lines

As the following chart indicates, Group Critical Illness 1000 can also complement the sales of other Colonial Life product lines.

| DISABILITY plans... | It is very likely that an insured will be disabled and out of work while recovering from a serious illness. Group Critical Illness 1000 pays a benefit regardless of whether an insured is out of work long enough to qualify for or collect disability benefits. This benefit can be used any way the insured chooses, such as for mortgage payments, food, transportation, caregivers, or deductibles and co-payments. |
| LIFE plans... | Life insurance provides benefits to beneficiaries in the event of the insured’s death only, but because of medical advancements, the likelihood of surviving a critical illness is greater than ever. With Group Critical Illness 1000 coverage, the insured does not have to be terminally ill or die to receive benefits. |
| CANCER plans... | Colonial Life's cancer plans help offset many of the out-of-pocket expenses related to cancer treatment. But cancer coverage pays for the treatment of cancer only—benefits are not payable for other serious illnesses. That’s why a Group Critical Illness 1000 policy is an excellent partner to cancer insurance (if the cancer portion of Group Critical Illness 1000 is not purchased). |
| HOSPITAL INCOME plans... | Colonial Life's hospital income plans help pay for the extended hospital stays that may be required for a serious illness. The lump-sum benefit provided by a Group Critical Illness 1000 plan can help pay the deductibles, copayments, and other charges associated with the treatment and recovery of a serious illness. |

## Support Materials - Field Supplies

Following are lists of the sales support materials, applications and associated forms, and post-sale and service forms available for Group Critical Illness 1000. You may order these forms by logging on to the Group Trak system or calling Field Supply at extension 5000.

*Form numbers vary by state.*
## Sales Support

- Group Critical Illness 1000 Only Brochure (without Cancer, without Recurrence Benefit) Form 62725
- Group Critical Illness 1000 Brochure (with Cancer, without Recurrence Benefit) Form 62726
- Group Critical Illness 1000 Only Brochure (without Cancer, with Recurrence Benefit) Form 62615
- Group Critical Illness 1000 Brochure (with Cancer, with Recurrence Benefit) Form 62616
- Pre-Tax Disclosure Form Form 64389
- Sales Tips Flier Form 63471
- Rates Form 63456
- Group Critical Illness 1000 Quick Reference Guide Form 62598
- Sample Master Policy/Certificate Call Account Services, ext. 5547 or 3353, to order a sample master policy or certificate.

## Applications and Associated Forms

- Account Information Form Form 56405
- Group Master Application Form 62874
- Group Enrollment Form Form 62579
- Underwriting Authorization (HIPAA) Form 57643 (for applications) Form 57644 (for claims)
- Election Form N/A
- Guide to Health Insurance for People with Medicare Form 45503 (56123 in WI) (57716 in MA)
- Medicare Certification Form Form 49277
- Medicare Notice Form 48433
Post-sale and Service Support

- Request for Service Form
  Form 5897

For a complete list of support materials organized by state, click on the Support Materials link on ProducerNet > Group Critical Illness 1000 product page.

Distribute only written materials that our home office has approved. The materials listed have met that approval. This requirement applies to any written document you prepare, no matter how brief, that describes Colonial Life business or products.

Support Materials - ProducerNet

Following is a list of support tools available from ProducerNet (coloniallife.com).

- Training material
- Product overview
- Product proposals
- Underwriting overview
- Underwriting guidelines
- Product availability by state
- Support materials (including the Employer/Broker Flier, form NS-9634, and Employer Broker Ease of Administration Flier, form NS-9635)
- Competitive information
- Product FAQs
- Product bulletins
- Underwriting bulletins

To access these tools on ProducerNet, click on Product > Supplemental Health > Group Critical Illness 1000.
Market Conduct Issues

Keep these issues in mind as you sell Group Critical Illness 1000 coverage.

- Be sure to use current advertising material provided by Colonial. Do not create your own advertising and do not change any advertising materials provided to you. According to your contract with Colonial, any other advertising requires written approval from the home office prior to use. Materials must be submitted to the Communications Department.

- Always disclose the full name of the carrier(s) represented on any printed materials and/or any presentations associated with a sale.

- Do not directly or indirectly use a method to market without disclosing the purpose is to solicit insurance and that contact will be made by the agent or the insurance company.

- Avoid using any method of marketing to recommend the purchase of insurance through force, fright, threat, or other undue pressure.

- Misrepresentation or incomplete or fraudulent comparisons of any insurance coverage or carrier should not be used to influence or attempt to influence a customer.

- Always thoroughly discuss eligibility requirements in detail with all applicants.

- Ask all questions required on the application and carefully record the applicant's answers.

- Always explain the pre-existing condition limitation, and the first diagnosis of cancer or carcinoma in situ if the Cancer option is selected.

- There may be taxability of claim payments issues if Group Critical Illness 1000 premiums are paid with pretax dollars, therefore we strongly discourage pre-taxing this product and require a signed Pre-Tax Disclosure Form (form 64389).

- Although the employee pays premiums on the spouse coverage, any claims filed on the spouse are paid directly to the spouse.

- Coverage that is issued on a guaranteed issue basis does not mean that pre-existing conditions will be waived. We may guarantee issue a policy to someone (and not have asked health questions) but pre-existing conditions will always apply.

- If you are a California licensee, you must adhere to an advertising requirement that became effective January 1, 2005. According to the requirement, all print advertising must have the word “insurance” displayed in a type size no smaller than the largest telephone number, address or fax number. “Print advertisements” include business cards, written price
quotations for insurance products, stationery, product brochures, and any other printed sales piece. Anything that you distribute to applicants must comply with this requirement.

Any person in violation of this regulation will be subject to a fine levied by the commissioner in the amount of $200 for the first offense, $500 for the second offense, and $1,000 for any one subsequent offense. A separate penalty will not be imposed for each piece of printed material that fails to conform to the requirements of this section.

- You must distribute the outline of coverage with the brochure at the point-of-sale.

Important Policy Definitions

Before you proceed, review the following important policy definitions. These definitions may vary by state.

### Blindness

**Blindness** means clinically proven irreversible reduction of sight in both eyes that has persisted for a period of at least 180 consecutive days. Sight must be reduced to a corrected visual acuity of less than 6/60 (Metric Acuity) or 20/200 (Snellen or E-Chart Acuity), or visual field restriction to 20° or less in both eyes.

The following are not to be construed as blindness for purposes of the policy:

- If, in general medical opinion, any procedure, device, or implant could result in the partial or total restoration of sight;
- If the covered person has not attained age three or above on the date of diagnosis; and
- If the covered person’s reduction of sight as defined above occurs prior to the effective date of the covered person’s coverage under this policy.

### Bypass Surgery

**Bypass surgery as the result of coronary artery disease** means undergoing a surgical procedure to bypass a narrowing or blockage of one or more coronary arteries utilizing venous or arterial grafts.

### Cancer

**Cancer** means a disease which is identified by the presence of malignant cells or a malignant tumor characterized by the uncontrolled and abnormal growth and spread of invasive malignant cells. Cancer must be diagnosed by a pathological diagnosis or a clinical diagnosis.

The following are not to be construed as cancer for purposes of the policy:

- Pre-malignant conditions or conditions with malignant potential;
- Carcinoma in situ;
- Basal cell carcinoma and squamous cell carcinoma of the skin; and
- Melanoma that is diagnosed as Clark’s Level I or II or Breslow less than .75mm.
For purposes of this definition, a clinical diagnosis of cancer or carcinoma in situ is based on the study of symptoms. We will pay benefits for a clinical diagnosis only if:

- A pathological diagnosis cannot be made because it is medically inappropriate or life-threatening; and
- There is medical evidence to support the diagnosis; and
- A doctor is treating a covered person for cancer and/or carcinoma in situ.

A pathological diagnosis of cancer or carcinoma in situ is based on a microscopic study of fixed tissue or preparations from the hemic (blood) system. This type of diagnosis must be done by a certified pathologist, whose diagnosis of malignancy is in keeping with the standards set up by the American Board of Pathology.

**Carcinoma in Situ**

*Carcinoma in situ* means a malignant tumor which has not yet become invasive but is confined to the layer of cells from which it arose. Carcinoma in situ must be diagnosed by a pathological diagnosis or a clinical diagnosis.

**Covered Accident**

*Covered accident* is an accident which:

- Occurs after the effective date in the certificate;
- Occurs while the certificate is in force; and
- Is not excluded by name or specific description in the policy or certificate.

**Date of Diagnosis**

*Date of diagnosis* definitions vary based on the condition being treated.

- For **heart attack (myocardial infarction)**—the date that the ischemic death of a portion of the heart muscle occurred based on the applicable criteria listed under the heart attack (myocardial infarction) definition.
- For **stroke**—the date a stroke occurred based on neuroimaging consistent with an acute or subacute abnormality or other neurodiagnostic study and presence of neurological deficits persisting for a period of 30 days or greater.
- For **end stage renal (kidney) failure**—the date that regular hemodialysis or peritoneal dialysis begins.
• For **permanent paralysis**—(due to a covered accident) the date the physician confirms the permanent paralysis continued for a period of 180 consecutive days.

• For **blindness**—the date the physician confirms the blindness continued for a period of 180 consecutive days.

• For **cancer or carcinoma in situ**—the date the tissue specimen, blood samples or titer(s) are taken upon which the first diagnosis of cancer or carcinoma in situ is based.

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**Dependent Children**

*Dependent children* means any natural children, step-children, legally adopted children, or children placed into the named insured’s custody for adoption who are:

• Chiefly dependent on the named insured or his spouse for support; and

• Younger than age 26.

For one-parent or two-parent family coverage, the coverage for newborn children begins from the moment of live birth, and coverage for adopted children begins with the date of placement into the named insured’s custody for adoption.

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**Doctor or Physician**

*Doctor or physician* means a person who:

• Is licensed by the state to practice a healing art.

• Performs services for a covered person which are allowed by his license.

For purposes of this definition, doctor or physician does not include any covered person or anyone related to any covered person by blood or marriage, a business or professional partner of any covered person, or any person who has a financial affiliation or a business interest with any covered person.

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**End Stage Renal Failure**

*End stage renal failure* means chronic irreversible failure of the function of both kidneys such that regular hemodialysis or peritoneal dialysis is required to sustain life.
Heart Attack (Myocardial Infarction)

A heart attack (myocardial infarction) means the death of a portion of heart muscle as a result of obstruction of one or more of the coronary arteries. A positive diagnosis must be supported by either of the following criteria:

The presence of three or more of the following indicators:

- Typical chest pain suggestive of heart attack;
- New EKG changes indicative of myocardial infarction;
- Diagnostic increase of specific cardiac markers typical for heart attack;
- Confirmatory imaging studies; or
- In the event of death, an autopsy confirmation or death certificate identifying heart attack (myocardial infarction) as the cause of death will be accepted.

Pathologist

Pathologist means a doctor who is licensed to practice medicine and who is also licensed to practice pathologic anatomy by the American Board of Pathology. A pathologist also means an osteopathic pathologist who is certified by the Osteopathic Board of Pathology.

Permanent Paralysis (due to a Covered Accident)

Permanent paralysis (due to a covered accident) means the complete and permanent loss of the use of two or more limbs through paralysis as the result of a covered accident as defined in the policy for a continuous period of 180 days, as confirmed by a physician.

Pre-existing Condition

Pre-existing condition means a sickness or physical condition for which any covered person was treated, had medical testing, received medical advice or had taken medication within 12 months before the effective date of coverage shown on the Certificate Schedule and which is not excluded by name or specific description in the policy or certificate.

Spouse

Spouse means the person married to the named insured on the day we issue his certificate.
Stroke

A stroke means a cerebrovascular incident including infarction of brain tissue, cerebral and subarachnoid hemorrhage, cerebral embolism and cerebral thrombosis. The diagnosis must be supported by:

• Evidence of persistent neurological deficits confirmed by a neurologist at least 30 days after the event; and
• Confirmatory neuroimaging studies consistent with the diagnosis of a new stroke.

The following are not to be construed as a stroke for purposes of the policy:

• Transient ischemic attack;
• Brain injury related to trauma or infection;
• Brain injury associated with hypoxia/anoxia or hypotension;
• Vascular disease affecting the eye or optic nerve; and
• Ischemic disorders of the vestibular system.

In the event of a death, an autopsy confirmation or death certificate identifying stroke as the cause of death will be accepted.

Transplant as the Result of Heart Failure

Transplant as the Result of Heart Failure

Transplant as the Result of Heart Failure means undergoing surgery to receive a transplant of a human heart as a result of failure of the covered person’s heart.

Transplant as the Result of a Major Organ Failure other than Heart

Transplant as the Result of a Major Organ Failure other than Heart

Transplant as the Result of a Major Organ Failure other than Heart means undergoing surgery to receive a transplant of a human lung, liver, kidney or pancreas as a result of failure of that organ of the covered person.
Plan Benefits

Plan benefits may vary by state. For exact product provisions, refer to the master policy, certificate, and product brochures for your state.

Group Critical Illness 1000 features four plans. You may offer one plan choice in an account.

- Plan 1—Critical Illness only
- Plan 2—Critical Illness + Cancer
- Plan 3—Critical Illness only + Recurrence Benefit
- Plan 4—Critical Illness + Cancer + Recurrence Benefit

Coverage is available for employees and their immediate family members. Benefits range from $5,000 - $50,000 ($1,000 units) for employees. The spouse benefit equals 50 percent of the main insured’s face amount, while the dependent child’s benefit equals 25 percent of the main insured’s face amount.

Each plan automatically includes the Wellness Benefit. Employees may purchase an optional Recurrence Benefit, which pays a benefit for one recurrence of the same diagnosis (excluding cancer), and is available with two of the four plan options.

In an existing account, carefully consider the other Colonial Life products that are in force, particularly cancer coverage. This will help you decide which Group Critical Illness 1000 plan to recommend to the employer.

Covered Critical Illnesses

Group Critical Illness 1000 pays a lump sum benefit when a covered person is diagnosed with one of the critical illnesses listed in the following chart. The insured does not have to be terminally ill or die to receive benefits.
<table>
<thead>
<tr>
<th>Category</th>
<th>Specified Critical Illness</th>
<th>Percentage of the Face Amount Payable for Each Critical Illness</th>
<th>Maximum Total Percentage Payable by Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1</td>
<td>Heart Attack (Myocardial Infarction)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Transplant as the Result of Heart Failure</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stroke</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bypass Surgery as the Result of Coronary Artery Disease</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Category 2</td>
<td>Transplant as the Result of a Major Organ Failure other than Heart</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>End Stage Renal Failure</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Blindness</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Permanent Paralysis (due to Covered Accident)</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Category 3*</td>
<td>Cancer</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Carcinoma in Situ</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: If the insured has had a diagnosis of cancer or carcinoma in situ prior to the effective date of his coverage, no specified critical illness benefit will be payable for that same disease if there is another diagnosis of that same disease while his coverage is in force.

If benefits have been paid for a critical illness within one category, benefits may be payable for another critical illness within a different category if the date of diagnosis of the subsequent critical illness is separated by at least 180 days from the date of diagnosis of the immediately preceding critical illness.
Payment Example: (Paying for critical illnesses in different categories)

An employee purchases Plan 2: Critical Illness + Cancer coverage with a face amount of $50,000. When the employee suffers a heart attack in January, 2007, he receives a benefit of $50,000 under Category 1 of his policy. Twelve months later, he has a kidney transplant. Colonial Life then sends him another $50,000 benefit under Category 2. Almost three years later, the employee is diagnosed with prostate cancer. He receives a third benefit payment of $50,000, payable under Category 3 this time. (Note that each critical illness is separated by a period of time that exceeds 180 days.)

This employee has received the maximum benefit amount in each of the three categories. No further benefits are payable under the Specified Critical Illness Benefit.

We will pay the benefit for bypass surgery as the result of coronary artery disease and carcinoma in situ only once per lifetime per covered person. If a covered person receives a percentage of the face amount for one critical illness within a category and later becomes eligible for benefits for another critical illness within the same category, the percentage of the face amount he receives for the subsequent illness is 100 percent of the face amount, minus the percentage of the face amount he received for the previous illness.

Payment Example: (Paying for critical illnesses within the same category)

Another employee purchases Plan 1: Critical Illness only coverage with a face amount of $30,000. The employee has bypass surgery because of coronary heart disease in March, 2007. He receives a benefit of $7,500 (25 percent of his $30,000 face amount) under Category 1 of the plan. Three years later, he suffers a heart attack. Colonial Life pays him $22,500, the remaining amount left of his $30,000 face amount for Category 1, after the $7,500 benefit paid three years earlier for his bypass surgery.

In the future, this employee is only eligible to receive benefits from Category 2 of his policy. No other benefits will be payable in Category 1 because 100 percent of the benefits have now been paid in this category. (He did not purchase the Critical Illness + Cancer plan.)

After 100 percent of the face amount has been paid within a specific category, we will not pay any additional amounts for any critical illness in that category for that covered person.

If the date of diagnosis of two or more specified critical illnesses is the same day, we will pay only one specified critical illness benefit and that will be the larger of the two eligible benefits.
Benefits for cancer and carcinoma in situ are available only with the Critical Illness with Cancer plans.

Benefits for the named insured will reduce by 50 percent on the certificate anniversary date after their 75th birthday. That amount will become the named insured’s new face amount.

Recurrence Benefit

The optional Recurrence Benefit pays 25 percent of the original payment if an insured is diagnosed again with the same critical illness in Category 1 or 2, for which the Critical Illness benefit has previously been paid if:

- The subsequent critical illness is diagnosed more than 18 months after the previous diagnosis for the same critical illness for which benefits have been paid under the policy.
- The covered person has not received treatment during the 18 months between the diagnoses for the same critical illnesses. (Treatment does not include medications and follow-up visits to the covered person’s doctor.)
- The subsequent date of diagnosis occurs while the policy is in force.
- The critical illness is not excluded by name or specific description in the master policy or certificate.

Colonial Life will not pay more than one Recurrence Benefit per category under the policy.

Benefits for the named insured will reduce by 50 percent on the certificate anniversary date after their 75th birthday. That amount will become the named insured’s new face amount.

Payment Example: (Recurrence Benefit)

An employee purchases Plan 1: Critical Illness only coverage with a face amount of $50,000. The employee has a heart attack a few years later and receives a benefit of $50,000 under Category 1 of her policy. Eighteen months later, she has a second heart attack. Because she purchased the Recurrence Benefit, she is eligible for an additional benefit of $12,500 through Category 1, which equals 25 percent of the first benefit that she received.
Wellness Benefit

The Wellness Benefit pays $50 per calendar year for one specified health screening test conducted for each covered person. We pay the Wellness Benefit regardless of the results of the test. There is no limit to the number of years an insured can receive this benefit as long as the coverage is in force. Payment of this benefit will not reduce the policy’s face amount.

Covered Tests

**Group Critical Illness 1000 plans WITHOUT cancer coverage (Plans 1 and 3)**

- Stress test on a bicycle or treadmill
- Fasting blood glucose test
- Blood test for triglycerides
- Serum cholesterol test to determine level of HDL and LDL
- Bone marrow testing

**Group Critical Illness 1000 plans WITH cancer coverage (Plans 2 and 4)**

- Stress test on a bicycle or treadmill
- Fasting blood glucose test
- Blood test for triglycerides
- Serum cholesterol test to determine level of HDL and LDL
- Bone marrow testing
- Breast ultrasound
- CA 15-3 (blood test for breast cancer)
- CA125 (blood test for ovarian cancer)
- CEA (blood test for colon cancer)
- Chest x-ray
- Colonoscopy
- Flexible sigmoidoscopy
- Hemoccult stool analysis
- Mammography
- Pap smear
- PSA (blood test for prostate cancer)
- Serum Protein Electrophoresis (blood test for myeloma)
- Thermography
- ThinPrep Pap Test
- Virtual Colonoscopy
Diagnosis of Cancer and Carcinoma In Situ Benefits

If an insured has a Group Critical Illness 1000 plan option that includes cancer coverage, will we not cover cancer or carcinoma in situ that was first diagnosed prior to the coverage effective date of the policy according to an insured’s medical records.

Pre-existing Conditions of Cancer or Carcinoma In Situ

If an insured has a Group Critical Illness 1000 plan option that includes cancer coverage, and he is diagnosed with cancer cancer or carcinoma in situ after the coverage effective date, we will check to see if the cancer is a pre-existing condition.

A pre-existing condition means a sickness, or physical condition, for which any covered person was treated, had medical testing, received medical advice or had taken medication within 12 months before the effective date of coverage (in most states), and was not excluded by name or specific description. If the cancer or carcinoma in situ is a pre-existing condition, we will pay applicable benefits for that condition for charges incurred beginning in the 13th month after the coverage effective date. If the condition is not pre-existing, we will begin paying applicable benefits immediately.

Pre-Existing Conditions Limitation (General)

The pre-existing conditions limitation for Group Critical Illness 1000 applies to all three categories of coverage.

We will not pay benefits for a critical illness that is caused by, contributed to by, or results from a pre-existing condition during the pre-existing condition limitation period stated in the named insured’s certificate schedule. (Refer to the pre-existing conditions definition above.)

Also remember that even if Group Critical Illness 1000 is offered on a guaranteed issue basis, it does not mean that Colonial Life waives the pre-existing conditions limitation. We will never waive the pre-existing conditions limitation because this is our only protection from a risk standpoint, particularly with guaranteed issue coverage.

The same is true for a take-over situation from another carrier. Any person owning a Critical Illness policy, who is currently being treated for a critical illness, should keep his current policy and not enroll in Group Critical Illness 1000. All other persons who enroll will be subject to the pre-existing conditions limitation of our group product.
Policy Exclusions & Limitations

General Exclusions

(Exclusions may vary by state. Refer to the policy/certificate for details.)

Colonial Life will not pay benefits for a specified critical illness that occurs as a result of any covered person:

<table>
<thead>
<tr>
<th>Exclusion</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating or attempting to participate in an illegal activity.</td>
<td>Illegal activities</td>
</tr>
<tr>
<td>Having a psychiatric or psychological condition.</td>
<td>Psychiatric or psychological conditions</td>
</tr>
<tr>
<td>Intentionally causing a self-inflicted injury.</td>
<td>Self-inflicted injury</td>
</tr>
<tr>
<td>Practicing for or participating in any semi-professional or professional competitive athletic contest for which he receives any type of compensation or remuneration.</td>
<td>Semi-professional or professional sports</td>
</tr>
<tr>
<td>Committing or attempting to commit suicide, whether sane or insane.</td>
<td>Suicide</td>
</tr>
<tr>
<td>Being exposed to war or any act of war, declared or undeclared, or serving in the armed forces of any country or authority. Losses as a result of acts of terrorism or nuclear release committed by individuals or groups will not be excluded from coverage unless the covered person who suffered the loss committed the act of terrorism.</td>
<td>War</td>
</tr>
</tbody>
</table>

(Exclusions may vary by state. Refer to the policy/certificate for details.)
Other Exclusions
Colonial will not pay the Specified Critical Illness benefit for:

- Transient ischemic attacks.
- Pre-malignant conditions or conditions with malignant potential.
- Basal cell carcinoma or squamous cell carcinoma of the skin.
- Melanoma that is diagnosed as Clark’s level I or II, or Breslow less than .75mm.
- Percutaneous coronary intervention (balloon angioplasty; stent implantation or related procedures to increase the flow of blood through the coronary arteries).

Termination of Coverage
As this is a group policy, Colonial and the employer have the right to terminate this coverage. Situations where Colonial might cancel this coverage include, but are not limited to, not meeting or maintaining participation or adverse experience of the account. Except for non-payment of premium or the failure to meet the continued underwriting standards, Colonial cannot cancel the policy prior to the first anniversary date of the coverage effective date of the policy.

After the first anniversary date, Colonial can cancel the policy for any reason. We will send a notice to the employer at least 31 days prior to cancellation. If the policy is terminated, then all certificates of coverage issued to the employees will also terminate. The conversion privilege does not apply to an insured who loses coverage when the policy terminates.
Eligibility Guidelines

Account
• Marketable to most accounts with a true employer/employee relationship.
• Suitable for most markets—even those in which employees have excellent major medical coverage.

Option 1: Participation Requirements - Guaranteed Issue (GI)
• 100-199 eligible lives—20% participation.
• 200+ eligible lives—15% participation.

Option 2: Participation Requirements - Full Underwriting (Evidence of Insurability)
• Minimum account size—5 approved applications.

Remember that you can offer Group Critical Illness 1000 in an existing Colonial Life account where our individual Critical Illness coverage has been sold, but you should only do so if there are minimal sales of the individual product within the account. It would be difficult to meet the participation requirements of Group Critical Illness 1000 if there is already a high penetration of our individual policy among employees.

Employee
• Permanent employees, actively working a minimum of 20 hours per week, per year. (Varies by state.) No seasonable or temporary employees will be covered.
• Issue age requirements are 17-74. (Varies by state.)
• Employment guideline of 90 days or more with current employer for payroll deduction accounts (unless otherwise specified by their employer). This product is not approved for IPG accounts.
• Must have met the eligibility requirements as defined in the Group Master Application.
• Employees who choose to keep their existing Colonial Life individual critical illness policies will not be eligible for Group Critical Illness 1000.

Spouse
• Spouse of an employee.
• Issue age requirements of 17-74. (Varies by state.)

Dependent
• Dependent child of an employee.
• Meets definition of dependent. (Varies by state. See outline of coverage for exact definition.)
• Younger than age 26.
Underwriting Guidelines

While this product was developed primarily for guaranteed issue (GI) sales, there are two underwriting options available with Group Critical Illness 1000. However, you also have the choice of deciding instead to use underwriting for all enrollments of this product in an account, particularly if meeting the participation requirement is of concern to you.

You must make this decision prior to the enrollment when completing the Group Master Application.

In accounts where you decide upfront to use GI, evidence of insurability will be used for late entrants and/or for amounts exceeding GI maximum amounts.

Coverage that is issued on a guaranteed issue basis does not mean that pre-existing conditions will be waived. We may guarantee issue a policy to someone (and not have asked health questions) but pre-existing conditions will always apply.

Option 1: Guaranteed Issue (GI)

The following guidelines apply for GI coverage.

- Employee and family coverage will be GI up to the maximum GI amount during the initial enrollment if participation is met, and for new hires.
- Spouse coverage always equals 50 percent of the employee's coverage; dependent coverage always equals 25 percent of the employee's coverage.

Employee Only Coverage:

<table>
<thead>
<tr>
<th>Number of Eligible Lives</th>
<th>Face Amount*</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - 999</td>
<td>$10,000</td>
</tr>
<tr>
<td>1000+</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

Employee + Family Coverage:

<table>
<thead>
<tr>
<th>Face Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
</tr>
<tr>
<td>Spouse (if covered)</td>
</tr>
<tr>
<td>Dependent child</td>
</tr>
</tbody>
</table>

*If one parent or two parent family amounts exceed $5,000, everyone in the family will be underwritten.

To correctly complete the Group Enrollment Form:

- The Medicare question should always be answered.
- The Smoker question should always be answered.
- Collect spouse and/or dependent information if one parent or two parent coverage is applied for.
Option 2: Full Underwriting (Evidence of Insurability)

Evidence of insurability is required:
- In accounts in which only full underwriting (evidence of insurability) is used.
- For new hires in accounts where only full underwriting (evidence of insurability) is used.
- In accounts where GI is used, for amounts above GI limits.
- For late entrants in all accounts.

Group Enrollment Form completion: If evidence of insurability is required, in order to be eligible for coverage, the employee and/or family member must:
- Meet the height and weight requirements according to the Critical Illness build chart.
- Be able to answer “no” to the 10 year health question.
- Never have been diagnosed with or treated for Acquired Immune Deficiency Syndrome (AIDS) or an AIDS related condition (ARC).

Multi-state Enrollments (Situs State)
For new accounts as of February 23, 2009, we will issue the group contract and certificates for this product based on the state where the employer’s home office or principal place of business is located. This is commonly referred to as the situs state approach.

Unless otherwise noted, Group Underwriting will use the state included on the Group Master Application as the situs state of the account. The product must be available for sale in the state where the employer’s home office or principal place of business is located.

In addition, there are specific restrictions for enrolling employees located in New York for group policies sitused outside of New York.

If you have any questions about situs state or how benefits will be adjudicated in multi-state accounts, call Group Underwriting at extension 6310.

Extra Territorial (ET) States
Some states are considered extra territorial (ET). This means that regardless of situs state administration, that state’s Department of Insurance requires the policy benefits paid to the insured to exactly match the benefits that are filed and approved in that state.
In multi-state accounts, Colonial Life will review the resident state of the insured versus the situs state and, if state law requires it, pay the benefit that is the most favorable to the insured.

The chart below shows which state is used in enrollment, policy issue and claims administration.

<table>
<thead>
<tr>
<th>Enrollment (the state that is input in Harmony at enrollment)</th>
<th>Policy Issue (the state version of the policy issued)</th>
<th>Claims Administration (the state whose benefits are paid at time of claim)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-extra Territorial State</strong></td>
<td>Situs State</td>
<td>Situs State</td>
</tr>
<tr>
<td><strong>Extra Territorial State</strong></td>
<td>Situs State</td>
<td>Either Situs State or ET State, depending on which has the <em>richer benefit</em> at the time of the claim</td>
</tr>
</tbody>
</table>

**Situs State Administration**

Situs state will determine certificate and rates for all employees.

- The home office will assign the situs state based on the employer’s corporate address listed on the Group Critical Illness 1000 Group Master application, unless otherwise noted.
- Any accounts written prior to February 23, 2009, will continue to use the existing plan codes. These accounts are not eligible for multi-state enrollments.
- **All** accounts written on or after February 23, 2009, regardless of situs state or single state enrollments, will use new plan codes.
- Group Underwriting will obtain the state(s) involved in the account (situs state or single state) and will assign the plan codes. In multi-state accounts, Group Underwriting will assign the situs state based on the employer’s home office.
- Group Underwriting will issue the group master policy to the employer. (If New York or any other state are enrolled, both a Colonial Life and Paul Revere master policy will be issued if Group Critical Illness 1000 is approved in New York.
- Employees will be issued certificates based on situs state, including those employees residing in non-situs states where the Group Critical Illness 1000 product is not approved (except New York).
- Sales reps must use marketing materials for the situs state, not the state in which the application is signed.
Licensing Implications (Same as for other Group Products)
- Opener and/or Broker must be licensed in the situs state.
- Enroller must be licensed in the enrollment state.

Rates
There are separate published rates for tobacco and non-tobacco users. In addition, premiums are unisex and age-banded. The bands, which may vary by state, are:
- 17-29.
- 30-39.
- 40-49.
- 50-59.
- 60-69.
- 70-74.

A census is not required for Group Critical Illness 1000. The standard rate guarantee period is one year. Additional rate guarantees of two or three years may be available on an exception basis. Contact Group Underwriting for more information.

Colonial Life reserves the right to change the premium we charge in an account if there is adverse loss/ratio experience within the account. If we plan to make a change, we will notify the benefit counselors, employer and individual employees in advance. We will not change rates during any rate guarantee period.

Applications/Forms

Account-level Forms

- **Group Master Application**
  - Must be completed with the employer and submitted to Group Underwriting prior to the enrollment.
  - Failure to do so will delay compensation and could result in declination of Group Enrollment Forms and charge backs.
  - This form becomes a part of the master policy (contract).
  - Be sure to check the “Guaranteed Issue” section when submitting this form, if applicable. If full underwriting is to be used, check the “Evidence of Insurability” section.

- **Account Information Form**
  - Needed for New Account Set-Up Unit.
Employee-level Forms

- **Group Enrollment Form**
  - GI sales.
  - Initial enrollments.
  - New hires after initial enrollment.

- **Evidence of Insurability Questions (on Group Enrollment Form)**
  - For all amounts over GI limit.
  - For accounts where full underwriting is always used.
  - New hires in accounts where full underwriting is always used.
  - Existing and new employees who apply for coverage after the initial enrollment (late entrants).

- **Underwriting Authorization (HIPAA) Form** (form 57643)
  - Required with each Evidence of Insurability Application.

- **Election Form**

- **Additional forms** that may be required with each application in your state include:
  - Guide to Health Insurance for People with Medicare form 45503
    (56123 in WI)
    (57716 in MA)
  - Medicare Certification Form form 49277
  - Medicare Notice form 48433
  - Pre-tax Disclosure Form form 64389

- There are no income requirements for this product.

- We recommend that you do not offer this product as part of a pretax (flexible benefits) program because of the potential taxability of benefits.

**Conversion Privilege**
(Not available in all states.)

If the master policy is in force, employee group coverage is convertible to an individual Colonial Life Critical Illness policy, without evidence of insurability, within 31 days of the termination of coverage. This privilege applies if coverage terminates because the insured is no longer in an eligible class or his class is no longer eligible for coverage. We will not allow conversion to the individual policy if the master policy terminates.

This privilege is available for employees only. Spouse and dependent coverage is not allowed under the conversion policy. In addition, insureds must have been covered by the Group Critical Illness 1000 policy for at least 12 months
before the privilege can be used. They are allowed to convert to the lesser of $10,000 under the individual policy or their existing coverage amount. Insureds must not have received a critical illness benefit to apply for the privilege. To apply, insureds must submit a written request, or Request for Service Form, to Account Services within 31 days of termination of coverage.

Underwriting Authorization

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA). A portion of HIPAA, known as the Privacy Rule, requires a covered entity to have written authorization from an individual before it can use or disclose the individual’s protected health information.

As part of doing business, Colonial Life obtains protected health information to underwrite policies and we get protected health information from other covered entities, such as health care providers. Because of this, our authorizations must be compliant with the HIPAA Privacy Rule.

Colonial Life has a HIPAA-compliant underwriting authorization, form 57646, which is a separate document from our applications. You must submit one of these authorizations with each completed application, and the authorization must be completed in addition to the signature on the application.

An authorization is required with each application, regardless of whether or not the product is covered under the Privacy Rule. (Applications will still have the former authorization on them until we file and receive approval for HIPAA-compliant applications.)

For additional information regarding HIPAA guidelines, refer to HIPAA Processes and Procedures for the Field, form NS-8303.

Service Guidelines

Service for Individual Policies

New and Existing Accounts
Group Critical Illness 1000 cannot be sold with any of our individual critical illness policies. An insured can only have one Colonial Life critical illness policy at a time.

If an employee in a new account owns a Colonial Life individual critical illness policy that he purchased while working with his previous employer, he must cancel the individual critical illness policy to enroll in Group Critical Illness 1000.

If an employee in an existing account currently owns a Colonial Life individual critical illness policy, he must cancel his individual policy to enroll in Group Critical Illness 1000.
The employer wishing to pay 100 percent of the premium for Group Critical Illness 1000 should be informed that any employee who does not cancel his existing individual critical illness policy will not be eligible for coverage under the Group Critical Illness 1000 policy.

The insured also cannot have the Group Critical Illness 1000 policy (with the cancer option) and any Colonial cancer product.

The employee who is canceling his Colonial individual critical illness policy so that he may enroll in Group Critical Illness 1000 must sign the Transfer/Cancellation Request on the Group Enrollment Form or a Service Request Form. The following transfer guidelines apply in this situation.

Transfer Limitations
If an insured transfers from a Colonial Life individual critical illness policy to Group Critical Illness 1000, and he files a claim for a specified critical illness that is a pre-existing condition under Group Critical Illness 1000, the insured’s prior individual critical illness policy will be reinstated and benefits will be reviewed under that policy.

Allowable Transfers
Allowable transfers include:

- Any changes in plan options or coverage offered by the employer in voluntary or partially funded accounts.
- Any changes in existing benefit levels or family status changes.

If the insured currently has a policy based on tobacco rates and wishes to change to non-tobacco coverage, this will be treated as a transfer of coverage. A new application must be submitted and the policy will be underwritten. Advise employees that a cancellation or transfer of existing cancer or critical illness coverage may result in a reduction of benefits.

Stacking
Stacking of Group Critical Illness 1000 (owning multiple critical illness policies) is not allowed.

Service for Claims
Claim Filing Procedures
For Group Critical Illness 1000 coverage, insureds should submit a completed claim form within 90 days after diagnosis of a covered illness or as soon as it’s reasonably possible. The claim must include satisfactory written proof of loss.
If insureds do not have a claim form, they should submit a written statement that includes the insured’s name, policy number, and written proof of loss. When we receive the statement, we send claim forms to the insured within 15 days.

Written proof of loss includes:

- Attending doctor’s statement verifying the illness.
- Doctor’s bill denoting dates of treatment and medical diagnosis.
- Hospital confinement bill/hospital outpatient surgical center bill.
- Insured’s statement (including name, policy number, address and telephone number).

Insureds may choose to mail their forms or they can fax claims, medical bills and statements to our toll-free fax number (800.880.9325).

**Taxability of Claim Payments**

Group Critical Illness 1000 is an indemnity product. Indemnity benefits are defined as lump-sum benefits paid without regard to actual medical expenses incurred by the insured.

If premiums are employer-paid or employee-paid with pretax dollars (as through a flexible benefits plan), the Internal Revenue Service may consider any claim payments the insured receives as subject to federal income taxes. In addition, we report the total payout of the benefit as taxable income to the insured on a 1099MISC.

If premiums are paid with after-tax dollars, claim payments are not subject to taxes, whether or not the benefits are expense-incurred or indemnity. **We strongly recommend that insureds pay premiums for Group Critical Illness 1000 on an after-tax basis.**

If you do sell a Group Critical Illness 1000 policy on a pretax basis, insureds must sign a Pretax Disclosure Form (form 64389) stating that they understand the potential tax liability associated with pretaxing the premiums.

**Indemnity Benefits**

If indemnity benefits are taxable; that is, if premiums are paid with pre-tax dollars, they are taxable only to the extent that the total of the insurance benefits exceed the insured’s medical expenses.

For insureds who receive a total of $600 or more from all indemnity benefits payable during the calendar year, we file a Form 1099 for insureds to use in completing their personal tax returns. A Form 1099-MISC is not required for benefits amounts less than $600, but those lesser amounts may still be taxable as income to the insured if premiums are paid with pretax dollars.
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