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GROUP BOOKLET-CERTIFICATE FOR MEMBERS OF:

UNIVERSITY OF KENTUCKY

ALL MEMBERS

Group Member Life Insurance

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

The provisions of the Group Policy determine Members' rights and benefits. This booklet briefly describes those rights and benefits. It outlines what you must do to be covered. It explains how to file claims. It is your certificate while you are insured.

NOTE: If this insurance replaces prior group life insurance provided through your employer, the beneficiary named under the prior group life insurance and recorded by your employer will be the beneficiary under the Group Policy unless you have named a new beneficiary. If you wish to change your beneficiary designation, you must complete a new beneficiary designation form - see your employer for the necessary form.

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

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

PLEASE READ YOUR BOOKLET CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your booklet-certificate. This cover sheet is not the insurance contract and only the actual policy provisions will control. The booklet-certificate itself sets forth, in detail, the rights, and obligations of both you and The Principal. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR BOOKLET-CERTIFICATE.** We suggest that you start with a review of the terms listed in the DEFINITIONS Section (at the back of the booklet). The meanings of these terms will help you understand the insurance.

This booklet describes all the benefits available under the Group Policy underwritten by Us. However, if you have elected to not accept any available benefits, those benefits described in this booklet will not apply to you.

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

We reserve complete discretion to construe or interpret the provisions of this group insurance, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. Our decisions in such matters will be controlling, binding, and final as between Us and persons covered by the Group Policy, subject to the Claim Procedures shown on page GH 113 of this booklet.

ACCELERATED BENEFITS - Benefits paid as shown in this booklet-certificate for Accelerated Benefits are an advance of a portion of your Life Insurance benefit. This provision:

- accelerates and reduces your benefit;
- is not intended to be used as long-term care insurance.

Effect on Government Benefits. If you receive payment of Accelerated Benefits, you may lose your right to receive certain public funds, such as Medicare, Medicaid, Social Security, Supplemental Security, Supplemental Security Income (SSI), and possibly others.

Tax Consequences. Receiving Accelerated Benefits from the Group Policy may have tax consequences for you. We cannot give you advice about this. You may wish to obtain advice from a tax professional or an attorney before you decide to receive Accelerated Benefits from the Group Policy.

The insurance provided in this booklet is subject to the laws of the state of KENTUCKY.

PRINCIPAL LIFE INSURANCE COMPANY
Des Moines, IA 50392-0001

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SUMMARY OF BENEFITS
(revised effective January 1, 2008)

This section highlights the benefits provided under this insurance. The purpose is to give you quick access to the information you will most often want to review. **Please read the other sections of this booklet for a more detailed explanation of benefits and any limitations or restrictions that might apply.**

MEMBER LIFE INSURANCE

If you die, your beneficiary will be paid the Scheduled Benefit then in force for you (however, see the exception noted below). The Scheduled Benefit is based on your class:

Class	*Scheduled Benefit
ALL ACTIVE MEMBERS	The amount that is equal to 1 times your Annual Compensation (this amount will be rounded to the next higher \$1,000, if it is not already an exact multiple of \$1,000). The Maximum Scheduled Benefit amount will be \$1,000,000 and the Minimum Scheduled Benefit amount will be \$10,000.**
Class	*Scheduled Benefit
RETIRED MEMBER -ANY FULL-TIME EMPLOYEE PRIOR TO AUGUST 1, 1965 AND HAS OFFICIALLY RETIRED FROM THE UNIVERSITY OF KENTUCKY	\$5,000

Member Life Insurance benefits are subject to all reductions provided in the Group Policy including reductions due to salary changes, and age changes, and receipt of Accelerated Benefit payment.

*The Scheduled Benefit is subject to the Proof of Good Health requirements as described in the booklet on GH 110. If, because of these Proof of Good Health requirements, We approve an amount of insurance that is different than the Scheduled Benefit, the approved amount will be paid.

**You may elect to reduce your Scheduled Benefit amount to \$50,000. However, if you elect this reduction and later request to increase your Scheduled Benefit amount, Proof of Good Health will be required.

DEPENDENT LIFE INSURANCE

Unless a Beneficiary has been designated, if one of your Dependents dies, you will be paid the Scheduled Benefit then in force for that Dependent. The Scheduled Benefit is based on the status of your Dependent:

Class	
ALL ACTIVE MEMBERS	
Dependent	*Scheduled Benefit
Spouse	
Option 1	\$5,000
Option 2	\$10,000

Children (age at death)

Option 1 14 days to 23 years	\$5,000
Option 2 14 days to 23 years	\$10,000

*The Scheduled Benefit is subject to the Proof of Good Health requirements as described in the booklet on GH 111. If, because of these Proof of Good Health requirements, We approve an amount of insurance that is different than the Scheduled Benefit, the approved amount will be paid.

In no event will a Dependent's Scheduled Benefit be more than 50% of your Scheduled Benefit amount. If you elect a Dependent Life benefit in excess of 50% of your Scheduled Benefit amount, the Dependent will be given the highest amount available, not to exceed 50%.

HOW TO BE INSURED - MEMBERS

MEMBER LIFE INSURANCE

Eligibility

To be eligible for insurance you must be a Member.

You will be eligible on the date you begin Active Work.

In no circumstance will you be eligible for Member Life Insurance under the Group Policy if you are eligible under any other Group Term Life Insurance policy underwritten by Us.

Effective Dates - Actively at Work

If you are not Actively at Work on the date your insurance would otherwise be effective, your insurance will not be in force until the day you return to Active Work.

This Actively at Work requirement will be waived for Members who:

- are absent from Active Work because of a regularly scheduled day off, holiday, or vacation day; and
- were Actively at Work on their last scheduled work day before the date of their absence; and
- were capable of Active Work on the day before the scheduled effective date of their insurance or change in their insurance, whichever is applicable.

This Actively at Work requirement may also be waived as described below.

When insurance under the Group Policy replaces coverage under a Prior Policy, the Active Work requirement may be waived for those Members who:

- are eligible and enrolled under the Group Policy on the date insurance would otherwise be effective; and
- were covered under the Prior Policy on the date of its termination.

In no event will the Active Work requirement be waived for those Members who, on the date of termination of the Prior Policy, either:

- had the option, under the terms of the Prior Policy, to convert their coverage under the Prior Policy to an individual policy; or
- were eligible under the terms of the Prior Policy to have their premiums waived due to Total Disability.

NOTE: When insurance under the Group Policy replaces coverage under a Prior Policy and the Active Work requirement is waived, any Benefits Payable will be the lesser of the Scheduled Benefit of the Group Policy or the amount that would have been paid by the Prior Policy had it remained in force.

Individual Incontestability

All statements made by any insured person (you or one of your Dependents) will be representations and not warranties. In the absence of fraud, these statements may not be used to contest the insured person's insurance unless:

- the insurance has been in force for less than two years during the insured person's lifetime; and

- the statement is in Written form Signed by the insured person; and
- a copy of the form, which contains the statement, is given to the insured person or the insured person's beneficiary at the time insurance is contested.

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

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

Assignments

Only assignments of Member Life Insurance will be allowed under the Group Policy and only if:

- they are not collateral assignments or assignments for consideration; and
- they are in Written form and recorded at Our home office in Des Moines, Iowa.

We will assume no responsibility for the validity or effect of any assignment.

Proof of Good Health

In some instances, Proof of Good Health will be required to place your insurance in force. We will determine the type and form of required proof. You will need to file Proof of Good Health:

- If you request insurance more than 31 days after the date you are eligible including any insurance you refuse and later request.
- If you request insurance under the Group Policy and you were eligible under the Prior Policy, but elected to waive coverage under the Prior Policy.
- If you have failed to provide required Proof of Good Health or you have been refused insurance under the Group Policy at any prior time.
- If you elect to terminate insurance and, more than 31 days later, you request to be insured again.
- If, on the date you are eligible, fewer than ten Members are insured.
- If, on the date you are eligible for any increased or additional Scheduled Benefit amount, fewer than ten Members are insured.
- To make effective any Scheduled Benefits amounts for you that are, initially or through later increases, in excess of:
 - \$750,000 if you are under age 65; and
 - \$750,000 if you are age 65 or over but under age 70; and
 - *\$10,000 if you are age 70 or over.

No Proof of Good Health is required for the initial excess amounts for Members insured on July 1, 2007.

*If you are insured on the date your coverage under the Group Policy is effective and this insurance replaces insurance in force on the day immediately before the effective date of the Group Policy: the lesser of the amount shown above or the amount for which you were insured under the replaced insurance.

Effective Date for Initial Insurance (Proof of Good Health Not Required)

You must request initial insurance in a form provided by Us.

If you are required to contribute toward the cost of your insurance, your insurance will normally be in force on:

- the date you are eligible, if you make your request on or before that date; or
- the date of your request, if you make your request within 31 days after the date you are eligible.

If you are not required to contribute toward the cost of your insurance, your insurance will normally be in force on the date you are eligible.

However, if you are not Actively at Work on the date insurance would otherwise be effective, your insurance will not be in force until the day you return to Active Work.

**Effective Date for Initial Insurance
(Proof of Good Health Required)**

If Proof of Good Health is required, your insurance will normally be in force on the later of:

- the date insurance would have been effective had Proof of Good Health not been required; or
- the date Proof of Good Health is approved by Us.

However, if you are not Actively at Work on the date insurance would otherwise be effective, your insurance will not be in force until the day you return to Active Work.

Effective Date for Benefit Changes Due to Change in Annual Compensation

Unless Proof of Good Health is required, a change in your Scheduled Benefit amount because of a change in your Annual Compensation will normally be effective on the date of the change. However, if you are not Actively at Work on the date the Scheduled Benefit change would otherwise be effective, the Scheduled Benefit change will not be in force until the day you return to Active Work. Exception: decreases in Member Life Insurance Scheduled Benefit amounts are effective on the date of the change, whether or not you are Actively at Work.

Any termination of Member Life Insurance Scheduled Benefit amounts due to a change in your Annual Compensation will be effective on the date of the change, whether or not you are Actively at Work.

If Proof of Good Health is required, a change in your Member Life Insurance Scheduled Benefit amounts due to a change in your Annual Compensation, will be effective on the later of:

- the date the change would otherwise be effective if Proof of Good Health had not been required; or
- the date Proof of Good Health is approved by Us.

Effective Date for Benefit Changes Due to Change in Insurance Class

Unless Proof of Good Health is required, a change in your Scheduled Benefit amount because of a change in your insurance class will normally be effective on the date of the change. However, if you are not Actively at Work on the date the Scheduled Benefit change would otherwise be effective, the Scheduled Benefit change will not be in force until the day you return to Active Work. Exception: decreases in Member Life Insurance Scheduled Benefit amounts are effective on the date of the change, whether or not you are Actively at Work.

Any termination of Member Life Insurance Scheduled Benefit amounts due to a change in your insurance class will be effective on the date of the change, whether or not you are Actively at Work.

If Proof of Good Health is required, a change in your Member Life Insurance Scheduled Benefit amounts due to a change

in your insurance class, will be effective on the later of:

- the date the change would otherwise be effective if Proof of Good Health had not been required; or
- the date Proof of Good Health is approved by Us.

Effective Date for Benefit Changes Due to Changes by Policy Amendment

A change in your Scheduled Benefit amount because of a change in the Schedule of Insurance (as described on GH 109) by amendment to the Group Policy for which Proof of Good Health is not required (see above) will be effective on the date of change. However, if you are not Actively at Work on the date an increase in the Scheduled Benefit would otherwise be effective, the Scheduled Benefit in force will continue to apply to you until the day you return to Active Work. When you return to Active Work, the Scheduled Benefit increase will then be in force for you. Exception: decreases in Member Life Insurance Scheduled Benefit amounts due to a change by amendment to the Group Policy are effective on the date of change, whether or not you are Actively at Work.

A change in your Scheduled Benefit amount because of a change in the Schedule of Insurance (as described on GH 109) by amendment to the Group Policy for which Proof of Good Health is required (see above) will be effective on the later of:

- the date the change would otherwise be effective if Proof of Good Health had not been required; or
- the date Proof of Good Health is approved by Us.

Effective Date for Benefit Changes Due to Changes Requested by the Member

If Proof of Good Health is not required, a change in your Member Life Insurance Scheduled Benefit amounts due to your request, will be effective on the date of the request. However, if you are not Actively at Work on the date the Scheduled Benefit change would otherwise be effective, the Scheduled Benefit change will not be in force until the day you return to Active Work. Exception: decreases in Member Life Insurance Scheduled Benefit amounts are effective on the date of the change, whether or not you are Actively at Work.

If Proof of Good Health is required, a change in your Member Life Insurance Scheduled Benefit amounts due to your request, will be effective on the later of:

- the date the change would otherwise be effective if Proof of Good Health had not been required; or
- the date Proof of Good Health is approved by Us.

Effective Date for Benefit Changes Due to a Change in the Member's Family Status

You may request an increase in Scheduled Benefits, a decrease in Scheduled Benefits, or the addition of Scheduled Benefits for which you were not previously insured if a change in your family status as described below has occurred, provided a request for such increase, decrease, or addition is made in Writing within 31 days after the date of the change in family status:

- marriage or divorce;
- death of your spouse or child;
- birth or adoption of a child;
- termination of employment by your spouse or a change in your spouse's employment that causes loss of group coverage;
- your employment or your spouse's employment changes from part-time to full-time or from full-time to

part-time;

- you or your spouse takes an unpaid leave of absence.

If Proof of Good Health is not required, a change in the Scheduled Benefits because of a request by you when a change in family status has occurred will normally be effective on the date of the request. However, if you are not Actively at Work on the date the change would otherwise be effective, the change will not be in force until the day you return to Active Work. Exception: any decrease in Scheduled Benefit amounts due to your request, are effective on the date of the change, whether or not you are Actively at Work.

If Proof of Good Health is required, a change in the Scheduled Benefits because of a request by you when a change in family status has occurred will normally be effective on the later of:

- the date the change would otherwise be effective if Proof of Good Health had not been required; or
- the date Proof of Good Health is approved by Us.

Termination

Your insurance under the Group Policy will cease on the earliest of:

- the date the Group Policy terminates; or
- the end of the Insurance Month in which the last premium is paid for your insurance; or
- the end of any Insurance Month, if requested by you before that date; or
- the end of the Insurance Month in which you cease to be a Member; or
- the end of the Insurance Month in which you cease to belong to a class for which insurance is provided; or
- the date you retire; or
- the end of the Insurance Month in which you cease Active Work.

Termination for Fraud

We may at any time terminate your eligibility under the Group Policy:

- in Writing and with 31-day notice, if you submit any claim that contains false or fraudulent elements under state or federal law;
- in Writing and with 31-day notice, upon finding in a civil or criminal case that you have submitted claims that contain false or fraudulent elements under state or federal law;
- in Writing and with 31-day notice, when you have submitted a claim, which, in good faith judgement and investigation, you knew or should have known, contains false or fraudulent elements under state or federal law.

Insurance While Outside of the United States

If you or a Dependent are temporarily outside the United States, you may choose to continue insurance, subject to premium payment for a period of six months or less for one of the following reasons:

- travel; or

- a business assignment.

The six-month period will not be reduced for any time covered under a Prior Policy.

If you or your Dependent are outside the United States for any other reason than those listed above, insurance for the person concerned will automatically terminate.

Continuation

If you cease Active Work because of sickness or injury, you may be eligible for limited continuation of insurance.

If you cease Active Work because of layoff, leave of absence, sabbatical or education leave, insurance may be continued on a limited basis.

Your insurance may also be continued under the continuation provisions described on GH 118 and subject to the provisions of the Group Policy.

If you are interested in continuing your insurance beyond the date it would normally terminate, you should consult with the Policyholder before your insurance terminates.

HOW TO BE INSURED - DEPENDENTS

DEPENDENT LIFE INSURANCE

Eligibility

You will be eligible for insurance for your Dependents on the latest of:

- the date you are eligible for Member insurance; or
- the date you first acquire a Dependent; or
- the date you enter a class for which Dependent insurance is provided.

If your Dependent is employed and is covered under group term life coverage or coverages provided by your Dependent's employer, the date such coverage is terminated because your Dependent is no longer eligible under his/her employer's plan will be considered the date you first acquire that Dependent (and any other Dependent who was also covered under such insurance).

Effective Date

Dependent Life Insurance is available only with respect to Dependents of Members currently insured for Member Life Insurance. If a Member is insured for Dependent Life Insurance, such insurance will be in force under the same terms as described earlier for Member insurance, except:

- In no event will Dependent Life Insurance be in force unless you are insured for Member Insurance.
- If a Dependent spouse is in a Period of Limited Activity on the date initial Dependent Insurance would otherwise be effective, the Dependent will not be covered until the Period of Limited Activity ends.
- If your Dependent was eligible for insurance under the Prior Policy, but elected to waive coverage and is requesting insurance under the Group Policy.
- If a Dependent is confined in a Hospital or Skilled Nursing Facility on the date an increase in Dependent Life Insurance Scheduled Benefits would otherwise be effective, the increase will not be in force until the confinement ends.
- Any required Proof of Good Health will be with respect to the health of your Dependents.
- If Dependent insurance is then in force for any other Dependent, a new Dependent (other than a newborn child) will be insured on the date acquired, provided the new Dependent is not then confined in a Hospital or Skilled Nursing Facility. Requests for insurance and Proof of Good Health are not required provided We have been notified of the new Dependent within 31 days after the date the Dependent is acquired.
- If Dependent insurance is then in force for any other Dependent, a newly born child will be insured on the date the child is 0 days old, provided the child meets the definition of a Dependent Child.

Individual Incontestability

Your Dependents will be subject to the Individual Incontestability as described earlier for Member insurance.

Termination

Insurance for all of your Dependents will terminate on the earliest of:

- the date your Member insurance ceases; or
- the date Dependent Life Insurance is removed from the Group Policy; or
- the end of the Insurance Month in which the last premium is paid for your Dependent's insurance; or
- the end of any Insurance Month, if requested by you before that date; or
- the end of the Insurance Month in which you cease to belong to a class for which Dependent insurance is provided.

Insurance for any one Dependent will terminate on the last day of the Insurance Month in which he or she ceases to be your Dependent.

However, insurance will be continued beyond the maximum age for a Dependent Child who is incapable of self-support because of a Developmental Disability or Physical Handicap and is dependent on you for primary support. You must apply for this continuation within 31 days after the child reaches the maximum age.

Termination for Fraud

Your Dependents will be subject to the Termination for Fraud provisions as described earlier for Member insurance.

Insurance While Outside of the United States

Your Dependents will be subject to the Insurance While Outside of the United States provisions as described earlier for Member insurance.

Continuation

Your Dependent's insurance may also be continued as described under the continuation provisions described on GH 118 and subject to the provisions of the Group Policy.

CONTINUATION

Federal Family and Medical Leave Act (FMLA)

Federal law requires that Eligible Employees be provided a continuation period in accordance with the provisions of the Federal Family and Medical Leave Act (FMLA).

This is a general summary of the FMLA and how it affects the Group Policy. See your employer for details on this continuation provision.

FMLA and Other Continuation Provisions

If your employer is an Eligible Employer and if the continuation portion of the FMLA applies to your insurance, these FMLA continuation provisions:

- are in addition to any other continuation provisions of the Group Policy, if any; and
- will run concurrently with any other continuation provisions of the Group Policy for sickness, injury, layoff, approved leave of absence, if any.

If continuation qualifies for both state and FMLA continuation, the continuation period will be counted concurrently toward satisfaction of the continuation period under both the state and FMLA continuation periods.

Eligible Employer

Eligible Employer means any employer who is engaged in commerce or in any industry or activity affecting commerce who employs 50 or more employees for each working day during each of 20 or more calendar workweeks in the current or preceding calendar year.

Eligible Employee

Eligible Employee means an employee who has worked for the Eligible Employer:

- for at least 12 months; and
- for at least 1,250 hours (approximately 24 hours per week) during the year preceding the start of the leave; and
- at a work-site where the Eligible Employer employs at least 50 employees within a 75-mile radius.

For this purpose, "employs" has the meaning provided by the Federal Family and Medical Leave Act (FMLA).

Mandated Unpaid Leave

Eligible Employers are required to allow 12 workweeks of unpaid leave during any 12-month period to Eligible Employees for one or more of the following reasons:

- The birth of a child of an Eligible Employee and in order to care for the child.
- The placement of a child with the Eligible Employee for adoption or foster care.
- To care (physical or psychological care) for the spouse, child, or parent of the Eligible Employee, if they have a "serious health condition."

- A "serious health condition" that makes the Eligible Employee unable to perform the functions of his or her job.

Reinstatement

An Eligible Employee's terminated insurance may be reinstated in accordance with the provisions of the Federal Family and Medical Leave Act (FMLA), subject to the Actively at Work requirements of the Group Policy.

Reinstatement of Insurance for you or your Dependent When Insurance Ends due to Living Outside of the United States

If insurance for you or your Dependent terminates because you or your Dependent are outside of the United States you or your Dependent may become eligible again for insurance under the Group Policy, but only if:

- you or your Dependent return to the United States within six months of the date on which insurance terminated because the person is outside of the United States; and
- in your case, you return to Active Work in the United States for the Policyholder for a period of at least 30 consecutive days. You will be eligible for insurance on the day immediately following completion of the 30 consecutive days of Active Work; and
- in the case of your Dependent, he or she remains in the United States for 30 consecutive days. If your Dependent does so, he or she will be eligible for reinstatement of insurance on the day after completion of the 30 consecutive days of residence.

The reinstated insurance will be on the same basis as that being provided on the date insurance is reinstated. However, any restrictions on this insurance, which were in effect before reinstatement, will continue to apply. If you or your Dependent do not complete the 30 consecutive days of residence, the insurance for such person concerned will not be reinstated.

See your employer for details on this reinstatement provision.

DESCRIPTION OF BENEFITS

MEMBER LIFE INSURANCE

Death Benefit

If you die while insured for Member Life Insurance, We will pay your beneficiary the Scheduled Benefit (or approved amount, if applicable) in force on the date of your death, less any unpaid premium and less any Accelerated Benefit payment as discussed later in this section. If your beneficiary does not survive you, We will make your payment in the following order of precedence:

- to your spouse;
- to your children born to or legally adopted by you;
- to your parents;
- to your brothers and sisters;
- if none of the above, to the executor or administrator of your estate or other persons as provided in the Group Policy.

However, if a beneficiary is suspected or charged with your death, the Death Benefit may be withheld until additional information has been received or the trial has been held. If a beneficiary is found guilty of your death, such beneficiary may be disqualified from receiving any benefit due. Payment may then be made to any contingent beneficiary or to the executor or administrator of your estate.

Upon your death, the Scheduled Benefit (or approved amount, if applicable) in force on the date of your death, less any unpaid premium and less any Accelerated Benefit payment as discussed later in this section will be placed in an interest-bearing draft account at an interest rate determined by Us, unless a lump sum or other settlement option has been elected. With the interest-bearing draft account, the balance will be available to your beneficiary at any time, in total or in part, as provided in the Group Policy.

See your employer if you would like more information on the Interest Draft Account or on any of the other settlement options that are available to your beneficiary upon your death.

In the event the Interest Draft Account is not available or otherwise does not apply, We reserve the right to make payment of proceeds according to other settlement options if agreed to, in Writing, by Us.

Beneficiary

You should name a beneficiary at the time you enroll for insurance. You may later change your beneficiary by filing a Written request with the Policyholder. See the Policyholder for change request forms. A change in your beneficiary will not be in force until the Policyholder record(s) the change.

Accelerated Benefit

An Accelerated Benefit is an advance (before death) payment of a part of your Member Life Insurance benefit. To qualify for an Accelerated Benefit, you must:

- be insured for a Member Life Insurance benefit of at least \$10,000; and
- be Terminally Ill (expected to die within 12 months); and

- send a request for Accelerated Benefit payment to Us; and
- send proof, satisfactory to Us, of your Terminal Illness.

Proof of Terminal Illness will consist of a statement from your Physician, and any other medical information that We believe is needed to confirm your status.

If you qualify, We will pay you any amount you request, except that:

- only one Accelerated Benefit payment will be made during your lifetime; and
- you must request a payment of at least \$5,000; and
- we will not pay you more than the lesser of (1) 75% of your Member Life Insurance benefit; or (2) \$250,000.

We will pay you the Accelerated Benefit payment in a lump sum.

If an Accelerated Benefit is paid, the Member Life Insurance benefit otherwise payable to your beneficiary upon your death will be reduced by the sum of any Accelerated Benefit payment.

Following is an EXAMPLE of how this benefit affects the final death benefit.

BENEFIT EXAMPLE		
Member Life Insurance Benefit Amount	\$	100,000
Accelerated Benefit Amount Requested (Member would receive \$75,000)	\$	75,000
Accelerated Benefit paid on August 15 Member death occurs on November 15 (92 days after payment)		
Payment to Member's Beneficiary (\$100,000 - \$75,000)	\$	25,000

During the two-year period following payment of an Accelerated Benefit:

- termination of Active Work because of your Terminal Illness will not result in termination of your Member Life Insurance; and
- your Member Life and Dependent Life Insurance will be provided without premium charge.

Individual Purchase Rights

You will have the right to buy an individual life insurance policy without submitting Proof of Good Health:

- If your total Member Life Insurance, or any portion of it, terminates because you end Active Work or cease to be in a class eligible for insurance. In these instances, the maximum amount you may buy will be your Member Life Insurance amount in force on the date of termination or the portion of your Member Life Insurance that has terminated, less any individual amount purchased earlier under these rights, and less any Accelerated Benefit as discussed earlier in this Section.
- If the Group Policy terminates or is amended to exclude your insurance class after you have been insured for at least five years. In these instances, the maximum amount you may buy will be the smaller of: (1)

\$10,000; or (2) your Member Life Insurance amount in force on the date of termination, less any Accelerated Benefit payment as discussed earlier in this Section and less any amount for which you become eligible under any group policy within 31 days.

- If your Accelerated Benefit Premium Waiver Period ceases and you do not qualify for Coverage During Disability. In this instance, the maximum amount you may buy will be the benefit amount in force on the date you cease Active Work, less any individual amount purchased earlier under these rights, and less any Accelerated Benefit as discussed earlier in this Section.

You must apply for individual purchase and pay the first premium to Us within 31 days after your coverage under the Group Policy ceases.

See the Policyholder for the proper forms. Any individual policy issued will be effective on the 32nd day.

The individual policy will be for life insurance only (other than term insurance). No Disability or other benefits will be included. The premium you pay will be at Our normal rate for your age and for the risk class to which you belong on the individual policy's date of issue.

If you die within the 31-day purchase period, your beneficiary will be paid the life insurance amount, if any, you had the right to buy. This payment will be made whether or not you have applied for an individual policy.

DESCRIPTION OF BENEFITS
DEPENDENT LIFE INSURANCE

Death Benefit

If one of your Dependents dies while insured for Dependent Life Insurance, We will pay the Scheduled Benefit (or approved amount, if applicable) in force for that Dependent, less any unpaid premium.

Unless a Beneficiary has been designated, payment will be to you if you survive the Dependent. If you do not survive the Dependent and a beneficiary for Dependent Life has not been named, We will pay the beneficiary you named for Member Life Insurance. However, if you are suspected or charged with your Dependent's death, the Death Benefits may be withheld until additional information has been received or the trial has been held. If you are found guilty of the Dependent's death, you may be disqualified from receiving any benefit due. Payment may then be made to the executor or administrator of the Dependent's estate.

No payment will be made before We receive Written proof of the Dependent's death.

Beneficiary

You may name or later change the named beneficiary by sending a Written request to the Policyholder. A change will not be effective until recorded by the Policyholder. Once recorded, the change will apply as of the date the request was Signed. If We properly pay any benefit before a change request is received, that payment may not be contested.

Individual Purchase Rights

Your Dependent will have the right to buy an individual life insurance policy without submitting Proof of Good Health:

- If Dependent Life Insurance for your Dependent, or any portion of it, ceases because your Dependent ceases to qualify as a Dependent; or you are divorced or separated, or because you die, end Active Work, or cease to be in a class eligible for insurance. In these instances, the maximum amount your Dependent may buy will be the amount of Dependent Life Insurance in force for the Dependent on the date of termination or the portion of Dependent Life Insurance that has terminated, less any individual amount purchased earlier under these rights.
- If the Group Policy terminates or is amended to eliminate Dependent Life Insurance or your insurance class after your Dependent has been insured for at least five years. In these instances, the maximum amount your Dependent may buy will be the smaller of: (1) \$10,000; or (2) the amount of Dependent Life Insurance in force for the Dependent on the date of termination, less any amount for which the Dependent becomes eligible under any group policy within 31 days.
- If Dependent Life Insurance for your Dependent ceases because your Accelerated Benefit Premium Waiver Period ceases and you do not qualify for Coverage During Disability. In this instance, the maximum amount your Dependent may buy will be the amount of Dependent Life Insurance in force for the Dependent on the date of termination, less any individual amount purchased earlier under these rights.

Your Dependent must apply for individual purchase and pay the first premium to Us within 31 days after the date his or her coverage under the Group Policy ceases. See the Policyholder for the proper forms. Any individual policy issued will be effective on the 32nd day.

The individual policy will be for life insurance only (other than term insurance). No Disability or other benefits will be included. The premium to be paid will be at Our normal rate for your Dependent's age and risk class on the individual policy's date of issue.

If your Dependent dies within the 31-day purchase period, We will pay the life insurance amount, if any, the Dependent had the right to buy. This payment will be made whether or not your Dependent has applied for an individual policy.

CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to Us within 20 days after the date of loss. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Claim Forms

Claim forms and other information needed to prove loss must be filed with Us in order to obtain payment of benefits. The Policyholder will provide forms to assist you in filing claims. If the forms are not provided within 15 days after We receive such notice, you will be considered to have complied with the requirements of the policy upon submitting, within the time specified below for filing proof of loss, Written proof covering the occurrence, character, and extent of the loss.

Proof of Loss

Completed claim forms and other information needed to prove loss should be filed promptly. Written proof of loss should be sent to Us within 90 days after the date of loss. Proof required includes the date, nature, and extent of the loss. We may request additional information to substantiate your loss or require a Signed unaltered authorization to obtain that information from the provider. Your failure to comply with such request could result in declination of the claim.

Payment, Denial, and Review

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

State Time Limits: Unless otherwise preempted by the Employee Retirement Income Security Act (ERISA), state time limits will apply. State law requires that benefits payable under the Group Policy, other than benefits for loss of time, if any, will be payable not more than 30 days after receipt of proof and subject to due proof of loss.

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

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

For purposes of this section, "claimant" means Member, Dependent, or Beneficiary.

Medical Examinations and Evaluations

We may require you or your Dependent whose loss is the basis for claim, be examined by a Physician, or undergo an evaluation, at reasonable intervals, during the course of a claim. We will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for denial of your benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for denial of your benefits. If you or your Dependent fail to attend an examination or an evaluation, any

charges incurred for not attending an appointment as scheduled may be your responsibility.

Autopsy

If payment for loss of life is claimed, We may require an autopsy. We will pay for any such autopsy.

Legal Action

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

Time Limits

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

DEFINITIONS

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

Active Work; Actively at Work

You are considered Actively at Work if you are able and available for active performance of all of your regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of your absence.

Annual Compensation

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

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

For Members with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Annual Compensation on any date is based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), unless ownership interest is less than two years in which case an annual equivalent of the average of earnings for the completed months of employment will be used, assuming the owner meets all eligibility requirements:

- your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes; plus
- the salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

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

Dependent means:

- Your spouse, if your spouse:
 - is legally married to you; and
 - is not in the Armed Forces of any country; and
 - is not insured under the Group Policy as a Member.

- Your Dependent Child (or Children) as defined below.

Dependent Child; Dependent Children means:

- Your natural child, if that child:
 - is not married; and
 - is not in the Armed Forces of any country; and
 - is not insured under the Group Policy as a Member; and
 - is 14 days but less than 18 years of age.
- Your stepchild, if that child:
 - meets the requirements above; and
 - receives principal support from you.
- Your foster child, if that child:
 - meets the requirements above; and
 - lives with you; and
 - receives principal support from you; and
 - is approved in Writing by Us as a Dependent Child.
- Your adopted child, if that child meets the requirements above and you:
 - are a party in a law suit in which you are seeking the adoption of the child; or
 - have custody of the child under a court order that grants custody of the child to you.

An adopted child will be considered a Dependent Child on the earlier of: the date the petition for adoption is filed; or the date of entry of an order granting the adoptive parent custody of the child for the purpose of adoption.
- The child of your Dependent Child, if the child can be claimed as your dependent for federal income tax purposes.
- Your child 18 years but less than 23 years of age who otherwise qualifies above, if that child receives principal support from you.
- Your child 18 years but less than 23 years of age, if that child is a Mormon missionary for a period of two years or less and:
 - otherwise qualifies above; and
 - receives principal support from you.

Developmental Disability means a Dependent Child's substantial handicap, as determined by Us, which:

- results from mental retardation, cerebral palsy, epilepsy, or other neurological disorder; and

- is diagnosed by a Physician as a permanent or long-term continuing condition.

Group Policy means the policy of group insurance issued to the Policyholder by Us which describes benefits and provisions for insured Members and Dependents.

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

Insurance Month means calendar month.

Member means any PERSON who is a full-time employee of the Policyholder and who regularly works at least 28 hours per week. The employee must be compensated by the Policyholder and either the employer or employee must be able to show taxable income on federal or state tax forms. Work must be at the Policyholder's usual place or places of business, at an alternative worksite at the direction of the Policyholder, or at another place to which the employee must travel to perform his or her regular duties. This excludes any person who is scheduled to work for the Policyholder on a seasonal, temporary, contracted, or part-time basis.

Member will also include any full-time employee prior to August 1, 1965 and has officially retired from the University of Kentucky.

An owner, proprietor, or partner of the Policyholder's business will be deemed to be an eligible employee for purposes of the Group Policy, provided he or she is regularly scheduled to work for the Policyholder at least 28 hours per week and otherwise meets the definition of a Member.

Period of Limited Activity means any period of time during which a person is:

- confined in a Hospital for any cause or confined in a Nursing Facility; or
- Home Confined. "Home Confined" means that, due to sickness or injury, the person is unable to carry on the regular and usual activities of a healthy person of the same age and sex and unable to leave his or her home except to receive medical treatment.

Physical Handicap means a Dependent Child's substantial physical or mental impairment, as determined by Us, which:

- results from injury, accident, congenital defect or sickness; and
- is diagnosed by a Physician as a permanent or long-term dysfunction or malformation of the body.

Physician means:

- a licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- any other licensed health care practitioner that state law requires be recognized as a Physician under the Group Policy.

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

Policyholder means UNIVERSITY OF KENTUCKY.

Prior Policy means the Group Term Life coverage of either:

- the Policyholder; or

- a business entity which has been obtained by the Policyholder through a merger or acquisition;

for which the Group Policy is a replacement.

Proof of Good Health means Written evidence that a person is insurable under Our underwriting standards. This proof must be provided in a form satisfactory to Us.

Qualifying Event means for Accelerated Benefits, a medical condition that would, in the absence of extensive or extraordinary medical treatment, result in a drastically limited life span. Such conditions may include, BUT ARE NOT LIMITED TO, one or more of the following:

- coronary artery disease resulting in an acute infarction or requiring surgery;
- permanent neurological deficit resulting from cerebral vascular accident;
- end stage renal failure; or
- acquired immune deficiency syndrome (AIDS).

Signed or Signature means any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by Us.

Skilled Nursing Facility means an institution (including one providing sub-acute care), or distinct part thereof, that is licensed by the proper authority of the state in which it is located to provide skilled nursing care and that:

- is supervised on a full-time basis by a Doctor of Medicine (M.D.) or Doctor of Osteopathy (D.O.) or a licensed registered nurse (R.N.); and
- has transfer arrangements with one or more Hospitals, a utilization review plan, and operating policies developed and monitored by a professional group that includes at least one M.D. or D.O.; and
- has an existing contract for the services of an M.D. or D.O., maintains daily records on each patient, and is equipped to dispense and administer drugs; and
- provides 24-hour nursing care and other medical treatment.

Not included are rest homes, homes for the aged, nursing homes, or places for treatment of mental disease, drug addiction, or alcoholism.

Terminally Ill means you have experienced a Qualifying Event and you are expected to die within 12 months of the date you request payment of Accelerated Benefits.

Total Disability; Totally Disabled means for you, your inability, as determined by Us, due to sickness or injury, to perform the majority of the material duties of any occupation for which you are or may reasonably become qualified based on education, training, or experience.

We, Us, and Our means Principal Life Insurance Company, Des Moines, Iowa.

Written or Writing means a record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

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Plan Arranged By

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LEXINGTON KY
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