

# Voluntary Universal Life Insurance

PRODUCT OVERVIEW  
FOR VOLUNTARY  
BENEFITS

This customized overview  
has been prepared for:  
City of Winston Salem

Overview presented by:  
Mark III

Date:  
9/17/2012

On the following pages, you will find an overview of the Unum Universal Life Insurance product and plan design.

Note that we have also included an overview of standard underwriting limits based on predefined enrollment methods. This overview is similar to what you might expect to receive as a result of a formal underwriting offer.

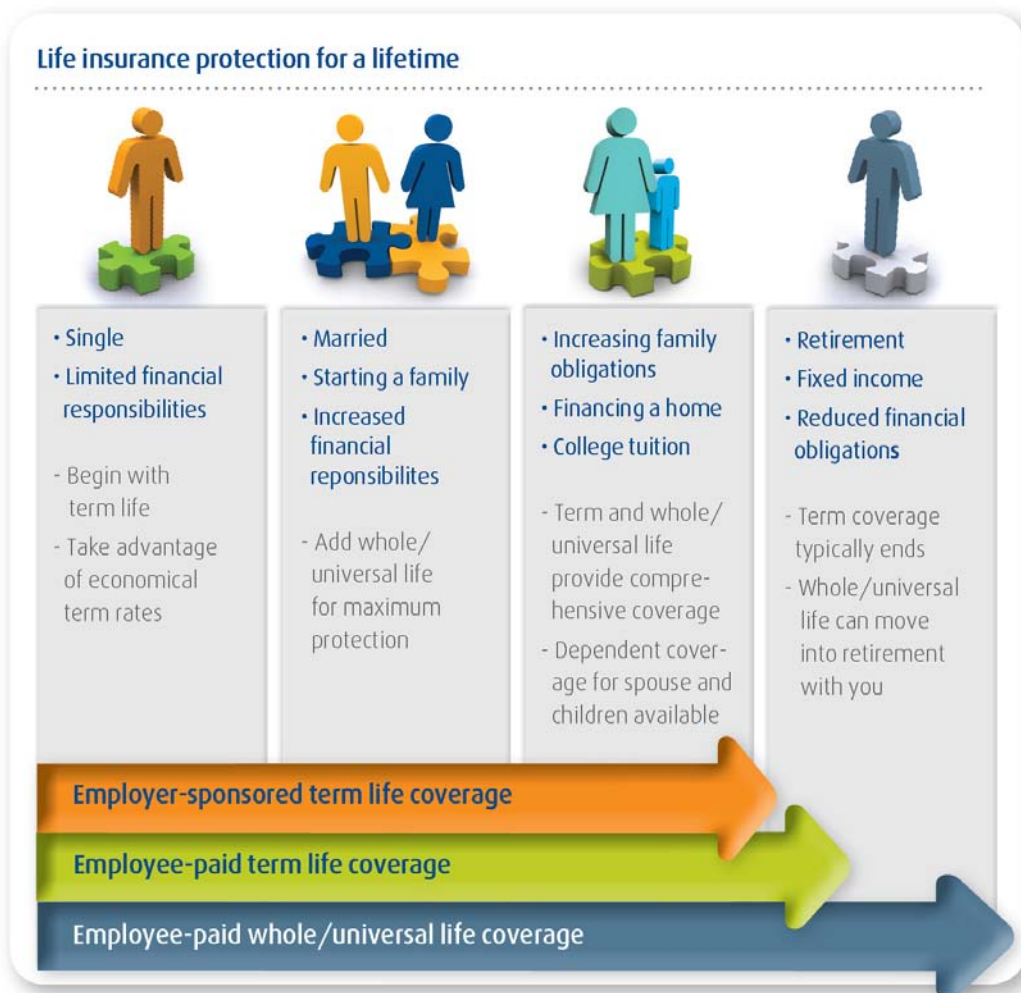
Unum would be pleased to provide a formal underwriting offer upon receipt of a Request for Case Approval that includes benefit communication, enrollment strategy and an overview of the payroll deduction/billing and collection arrangement of the corporate prospect.

This document does not constitute an offer or an acceptance of risk by Unum

Many employers today provide their employees with basic term life insurance. Although this is a good foundation, your employees may still need additional coverage to help meet their needs during different life stages – single, just married, raising children and retirement. Unum’s Voluntary Individual Universal Life (VIUL 08) insurance provides additional coverage to employees during their prime working years, but more importantly, it’s coverage that can follow them into their retirement years.

Review the graph below to see how an employee’s insurance needs can change as they move through the various stages of life, and how term and universal life coverage options can work together to provide the additional financial protection they may need.

### A Comprehensive Overview of Life Insurance Protection



## Plan Features

- Voluntary, individual coverage for employees, with multiple family coverage options available.
- **The death benefit will reduce to 50% of the Specified Amount at the latter of age 75 or the 15<sup>th</sup> policy anniversary.**
- No physical exams are required to apply for coverage.
- Premiums are based on the insured's age at policy issue, and are payable to age 100.
- Minimum \$2,000 face amount and \$3 weekly premium for employee and spouse.
- The policy can build cash value with current interest rates, which are guaranteed to never be less than the minimum 3.0%.
- Includes a Living Benefit Option as a basic feature to all employee, spouse and child/grandchild policies. This feature allows the policy owner to request up to 100%<sup>1</sup> of the death benefit (to a maximum of \$150,000) if the insured is diagnosed with a medical condition that limits life expectancy to 12 months<sup>1</sup> or less. During the 12 months, the policy's monthly deductions are waived. Any payout reduces the death benefit.
- Interest earned is tax deferred under current laws.
- The policy is individually owned, which means employees can take their policy with them if they retire or leave the company.
- Coverage terminates at age 100. The duration of the policy is dependent on the interest rate, timing and amount of premium payments, loans, and other factors. This is not a guaranteed death benefit. Coverage will terminate if the policy surrender value is insufficient to cover the monthly deductions.
- Policyholders are encouraged to review their annual statement each year and use it to track the performance of the policy.

## State Approvals

VIUL 08 is available for sale in all states.

## Rates and Eligibility

### Rates

- Employee and spouse policy: Unisex, tobacco distinct
- Juvenile policy: Unisex, uni-tobacco
- Age last birthday

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<sup>1</sup> *May vary in some states.*

## Eligibility

- The length of time an employee must be employed to be eligible for coverage (must be employed for a minimum of 12 months, 9 months, etc.) will be defined at time of case approval.

Employee	Spouse	Child – Standalone Policy
Issue ages 15 - 80 Must be actively at work at the time of application <sup>2</sup> Must work at least 20 hours per week Must be: <ul style="list-style-type: none"> <li>- U. S. citizen,</li> <li>- Canadian citizen working in the U.S. or,</li> <li>- Have a Green Card.</li> </ul>	Issue ages 15 – 80 Must reside in the United States	Issue ages 14 days - 24 years <sup>3</sup> (NY: 14 days – 14 years) Available to children, grandchildren, stepchildren, and legally adopted children of the employee between the ages of 14 days and 24 years. Children must reside in the United States.

## Coverage Effective Date

- Coverage is effective on the first day of the month in which payroll deductions begin.
- The employee will receive the plan and coverage amount applied for on the application, unless it is determined to be unacceptable under Unum’s rules, limits or standards. In such event, the plan and coverage amount may be modified or declined.

## Policy Options and Riders

Employer-Elected Options <i>If the employer elects to offer a rider, all employees must select the rider.</i>	Employee-Elected Options
<ul style="list-style-type: none"> <li>• Long Term Care Rider</li> <li>• Automatic Increase Rider</li> <li>• Waiver of Monthly Deduction Rider</li> </ul>	<ul style="list-style-type: none"> <li>• Children’s Individual Universal Life Policy</li> <li>• Children’s Interest-Sensitive Whole Life Policy</li> <li>• Children’s Term Rider</li> <li>• Accidental Death Benefit</li> </ul>

<sup>2</sup> Being “actively at work” means that on the day the employee applies for coverage, he/she is working at one of their company’s business locations, or is working at a location where he/she is required to represent their company. If the employee is applying for coverage on a day that is not one of their scheduled workdays, then he/she will be considered actively at work if they meet this definition as of the last scheduled workday. Employees are not considered actively at work if their normal duties are limited or altered due to their health, or if they are on a leave of absence.

<sup>3</sup> Ages may vary by state.

	<ul style="list-style-type: none"> <li>• The following riders are available if Base Long Term Care Rider elected by the Employer: <ul style="list-style-type: none"> <li>- Restoration Benefits Rider</li> <li>- Continuation Benefits Rider</li> <li>- Combination of Restoration/Continuation Benefits Rider</li> </ul> </li> </ul>
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## Family Coverage Options

### Spouse Coverage

- The policy can build cash value that earns interest. Interest earned on the policy is tax deferred under current laws.
- The employee does not have to apply for coverage to purchase spouse coverage.
- Premiums are based on the issue age of the spouse.
- Individually owned policy, so coverage can be continued if the employee retires or leaves the company.

### Children's Coverage

Adult insureds have the option of choosing a standalone policy for each child or adding the Children's Term Rider to the base policy. Children may be covered under a policy and a rider.

- **Children's Voluntary Individual Universal Life Insurance or Interest-Sensitive Whole Life Insurance** (Coverage choice must be made at the employer level)
  - The employee does not have to apply for coverage to purchase coverage for children.
  - Universal Life limits: \$2.00 (guaranteed issue) or \$3.00 (Tier 1) per week.
  - Interest-Sensitive Whole Life limits: \$1.00 or \$2.00 (guaranteed issue) or \$3.00 (Tier 1) per week.
  - Premiums are based on the issue age of the child. Issue ages 14 days to 24 years; 14 days to 14 years in New York.
  - The policy can build cash value that earns interest. Interest earned on the policy is tax deferred under current laws.
  - Individually owned policy, so coverage can be continued if the employee retires or leaves the company.
- **Children's Term Rider**
  - Available to children, grandchildren, stepchildren and legally adopted children of the employee between the ages of 14 days and 24 years (14 days to 14 years in NY) who are unmarried, reside with and are dependent on the employee for at least half of their support.

- The rider may be added to the employee or spouse policy, but not both. Employee or spouse must be age 64 or younger.
- Guaranteed level premium rider coverage with available benefit amounts of \$1,000 - \$10,000 in \$1,000 increments. The CTR benefit amount cannot be greater than the specified Amount for the Primary Insured.
- The annual rate is \$6.00 per \$1,000 of coverage.
- This rider must be added during an enrollment period when the first child is at least 14 days old in order for that child and all future children to have coverage.
- All future children are automatically covered after 14 days of age with no increase in premium.
- Death of the primary insured results in paid-up term coverage for each child until that child reaches age 25.
- As each child reaches age 25, he or she may purchase level premium coverage, other than term life, at current rates, for up to five times the amount of coverage in force up to a maximum of \$50,000, subject to minimum policy requirements that apply to that contract. The insured is responsible for notifying Unum in writing at least 31 days prior to the earlier of the rider expiration or the child's 25th birthday if this change is desired.

## Additional Coverage Options

### **Accidental Death Benefit Rider**

Provides an additional death benefit equal to the base policy face amount if the insured dies before age 70 as a result of an accident as defined in the policy.

- Available to employees and spouses between the ages of 15 - 65.
- The death benefit will double if death occurs from accidental bodily injuries sustained while the insured is a fare-paying passenger via commercial transportation.
- The death benefit will increase by 25% if death occurs from accidental bodily injuries sustained while the insured is driving or riding in a non-commercial automobile while wearing a seatbelt.
- Maximum available benefit is \$150,000.
- Annual rate is \$0.96 per \$1,000 of coverage.

### **Automatic Increase Rider**

Selecting this rider guarantees the employee's ability to add additional coverage to their insurance policy for up to ten years<sup>4</sup> without having to fill out new forms or provide evidence of good health.

- Once elected by the employer, this rider is optional to employees between the ages of 15 - 69.
- The employer chooses the increase duration of one through ten consecutive years for all participants, as well as the purchase option. The employer also chooses

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<sup>4</sup> Due to increases being limited to attained ages of 70 or less, older insureds may be subject to a limited number of increases.

the effective month of the insurance on which the automatic increases will take affect.

- Money Purchase option - The base policy face amount automatically increases by the amount of coverage purchased by an additional \$1.00 per week of premium on the annual increase date.
- Volume Purchase Option – The base policy face amount automatically increases by \$2,500 or \$5,000 (chosen by the Employer) on the annual increase date.
- To continue receiving increases, the employee must be actively working for the employer indicated on the application, not disabled, and under the insurance age of 71.
- Any future increases other than those provided by this rider will be subject to Tier II underwriting. At any time, employees may request that an increase not be processed. However, once an increase under the Automatic Increase Rider is declined, there will be no other increases available to that employee under this rider.

### **Tax Qualified Long Term Care Rider**

Provides benefits if a physician certifies the insured is functionally impaired and requires long term care provided through nursing home care, home health care or adult day care.

- This rider is designed to be tax-qualified which means that any benefits paid to the policy owner will not be taxed.
- Available to employees and spouses between the ages of 15 – 70, with cost based on issue age and risk class.
- Once chosen by the employer, all eligible adult policies automatically receive this rider.
- Available on base policies with face amounts of at least \$10,000.
- Provides a monthly benefit for nursing home care or assisted living facility of the lesser of 6% of the policy death benefit (less any policy debt), or \$3,000. Benefit amounts may vary by state.
- Provides a monthly benefit for home health care or adult day care equal to the lesser of 4% of the policy death benefit (less any policy debt); the actual monthly costs for Home Health Care, or \$1,500. Benefit amounts may vary by state.
- The policy's monthly deductions are waived even if the policy does not include the Waiver of Monthly Deduction Rider.
- Benefits for long term care will begin after the 90-day elimination period, subject to any pre-existing condition limitations defined in the rider.
- Each benefit payment reduces the policy values by a proportional amount, and is considered an early payout of the death benefit.
- The maximum benefit is equal to 100% of the death benefit, less any policy debt at the end of the elimination period of each benefit period.
- Not available in HI, NH, NY, UT, and WA. Special restrictions apply to OR.

- California – Respite Care Benefit is included (special rates apply).
  - Respite Care Benefit – If the individual is chronically ill and receiving respite care, but not receiving a nursing or residential care facility benefit or a home care benefit, the individual will be eligible to receive a respite care benefit for up to 21 days each calendar year.
  - Benefit will be equal to the nursing or residential care facility benefit.
  - No elimination period is necessary for respite care payments to begin.

***Additional Long Term Care Riders – available for Employee/spouse selection. Only one rider may be selected if base rider has been offered.***

### **Restoration of Benefits Rider**

- Available to employee and spouse if the base Long Term Care Rider is elected by the Employer.
- Issue ages 15 – 60
- Benefits under this rider will restore 100% of the following Policy Values:
  - Face Amount
  - Death Benefit
  - Cash Value
- The restored Policy Values will be restored only one time.
- There is an additional charge for this rider.
- Not available in CA, CT, FL, HI, NC, NH, NY, OR, PA, TX, UT, and WA.

### **Continuation of Long Term Care Benefits Rider**

- Available to employee and spouse if the base Long Term Care Rider is elected by the Employer.
- Issue ages 15 – 70
- Continues the benefits payable under the Long Term Care Rider after all monthly benefit amounts under the base rider have been exhausted.
- No death benefit is payable under this rider during continuation of benefits.
- There is an additional charge for this rider.
- Not available in CA, CT, FL, HI, NC, NH, NY, PA, TX, UT, and WA.

### **Combination of Restoration and Continuation of Long Term Care Benefits Rider (Combo)**

- Available to employee and spouse if the base Long Term Care Rider is elected by the Employer.
- Not available if either the Restoration Rider or Continuation Rider is elected.
- Issue ages 15 – 60
- Benefits under this rider will restore 100% of the following Policy Values:



- Face Amount
- Death Benefit
- Cash Value
- The restored Policy Values will be restored only one time.
- Continues the benefits payable under the Long Term Care Rider after all monthly benefit amounts under the base rider have been exhausted.
- No death benefit is payable under this rider during continuation of benefits.
- There is an additional charge for this rider.
- Not available in CA, CT, FL, HI, NC, NH, NY, PA, TX, UT, and WA.

### **Waiver of Monthly Deduction Rider**

Credits the policy's monthly deduction during disability if the insured employee becomes disabled prior to age 65 and remains disabled for at least six months.

- Available to employees between the ages of 15 - 55.
- Once chosen by the employer, all eligible employee policies will automatically receive this rider.
- The rider terminates on the policy anniversary following the employee's 65th birthday. However, benefits will not cease for total disability which began before that anniversary.

## **Enrollment Guidelines**

### **Pre-Tax Capability**

Unum does not support the sale of its Voluntary Benefits on a pre-tax basis.

### **Minimum Case Size to Establish Case:**

Simply Unum: Not available in Simply Unum

Classic Business: A minimum of 10 adult applications at the employer level must be submitted in order to establish the billing for the account.

### **Enrollment Methodologies:**

- Face-to-Face Enrollment
  - Assumes a benefit counselor is conducting the benefit communication and enrollment process at the worksite in a face-to-face meeting with eligible employees
  - Minimum of 70% of the eligible employee base must be seen on a face-to-face basis to be considered for a Guaranteed Issue offer
- Non Face-to-Face Enrollment
  - Benefit communication and enrollment processes including, but not limited to: 1) call center; 2) web; 3) self-enrolled kit

## Underwriting Guidelines

- L-21815 application (State Specific)

### Individual Underwriting:

Formal Case Underwriting approval:

- Tier I or Tier I and Tier II underwriting required based upon benefit amount
- If 15% employee participation is achieved, Guaranteed Issue may be available.

### Underwriting Levels

- Guaranteed Issue (GI)
  - Employees only.
  - Must meet the “actively at work” definition.
  - Available if a minimum of 15% participation of the total eligible employee population is achieved. Spouse/child applications do not count toward participation.
- Conditional Guaranteed Issue (CGI)
  - Spouse only
  - One qualifying health question must be answered which states, “During the last 12 months, has the spouse been hospitalized or treated, including prescription medication, for an injury or sickness, excluding pregnancy, colds, flu and back problems?” Question must be answered “NO” to qualify for CGI.
- Tier I health questions
- Tier II health questions

*Enrollment will be conducted with Tier 1 health questions. However, if 15% participation of the total eligible employee population is achieved, GI/CGI will be available on a retroactive basis. With CGI, if the qualifying health question is answered “yes”, Tier 1 underwriting will be required regardless of participation. In non-face-to-face enrollments, Children’s standalone coverage will be Tier I.*

## Underwriting Issue Limits – Money Purchase

Group Size	Employee Weekly Premium Limits		Spouse Weekly Premium Limits	
	Guaranteed Issue/ Tier I	Tier II	Conditional GI/Tier I	Tier II
10-499	\$3 - \$11	\$12 - \$18	\$3	\$4 - \$10
500 - 1,000	\$3 - \$15	\$16 - \$18	\$3	\$4 - \$10
1,001 - 5,000	\$3 - \$18	\$19 - \$22	\$3 - \$4	\$5 - \$10
5,001+	\$3 - \$25	\$26 - \$30	\$3 - \$5	\$6 - \$10

- **The overall maximum face amount for employees is \$200,000.** The overall maximum face amount for spouses is \$75,000, depending on the group size.

- Minimum premium of \$3.00 per week and minimum face amount of \$2,000 is required for employee and/or spouse coverage at the initial enrollment.
- Tier II underwriting maximums include the Guaranteed/Tier I amount of weekly premium. The amount above the Guaranteed/Tier I weekly maximum is the Tier II underwritten amount.
- Increases are available starting at a minimum of \$2.00 per week and increased face amounts of \$5,000.

## Underwriting Issue Limits – Volume Purchase

Group Size	Employee Face Amount Limits				Spouse* Face Amount Limits		
	Guaranteed Issue/Tier I		Tier II – Additional Amounts		Conditional Guaranteed/Tier I		Tier II - Total Amount
	Ages		Ages		Ages		Ages
	15-50	51-80	15-50	51-80	15-50	51-80	15-80
10 – 499**	\$35,000	\$25,000	\$115,000	\$125,000	\$10,000	\$10,000	\$35,000
500 - 5,000	\$75,000	\$40,000	\$75,000	\$110,000	\$25,000	\$10,000	\$50,000
5,001 +	\$125,000	\$60,000	\$25,000	\$90,000	\$30,000	\$15,000	\$75,000

- **The overall maximum face amount for employees is \$150,000.** The overall maximum face amount for spouses is \$75,000 depending on the group size.
- Minimum premium of \$3.00 per week and minimum face amount of \$2,000 is required for employee and/or spouse coverage.
- Tier II underwriting maximums include the Guaranteed/Tier I Issue face amount limits. The amount above the Guaranteed/Tier I weekly maximum is the Tier II underwritten amount.
- Increases are available starting at a minimum of \$2.00 per week and increased face amounts of \$5,000.
- If the face amount limits are below the minimum that \$3.00 per week will purchase, then the face amount that \$3.00 per week will purchase will replace the volume face amount in the above table. Example: applicant age 25, non-tobacco status, at \$3.00 per week will purchase \$26,488. In certain group sizes, the spouse would not have any coverage available if this adjustment is not made.

\* **Spouse Conditional Guaranteed Issue:** Assumes employee participation requirement has been met; spouse must respond to a qualifying health question and complete Section 5 on the app. If Tier II amounts requested, Section 6 must also be completed.

\*\* HO Underwritten 10-99 lives: Underwriting guidelines and limits consideration on a case-by-case basis.

## Exclusions

If the insured commits suicide within two years (may vary by state) from the policy date, Unum's liability will be the refund of premiums paid, without interest, less the

sum of any debt, any partial surrenders and the cost of any supplementary benefit riders.

## Terminations

All coverage under this policy will terminate when any of the following occurs:

- The insured's request to terminate the policy;
- The insured dies;
- The policy matures; or
- The grace period ends.

## Sample Face Amounts for VIUL 08

Face amounts based on \$3 per week		
Issue Age	Non-Tobacco	Tobacco
25	\$29,242	\$17,469
35	\$18,863	\$11,009
45	\$11,685	\$ 6,582
55	\$ 6,568	\$ 3,873
65	\$ 3,228	\$ 1,980

Face amounts based on \$5 per week		
Issue Age	Non-Tobacco	Tobacco
25	\$49,904	\$29,115
35	\$31,439	\$18,349
45	\$19,476	\$10,970
55	\$10,947	\$ 6,455
65	\$ 5,381	\$ 3,300

Face amounts based on \$10 per week		
Issue Age	Non-Tobacco	Tobacco
25	\$99,808	\$58,231
35	\$62,878	\$36,697
45	\$38,951	\$21,941
55	\$21,895	\$12,910
65	\$10,762	\$ 6,600

This information is not intended to be a complete description of the insurance coverage available. The policy or its provisions may vary or be unavailable in some states. The policy has exclusions and limitations that may affect any benefits payable. For complete details of coverage and availability, please refer to Policy Form L- 21825 or contact your Unum representative.

Underwritten by:

Provident Life and Accident Insurance Company, 1 Fountain Square, Chattanooga, TN 37402 and  
In New York:

First Unum Life Insurance Company, New York, NY 10017

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SD-1018 (8-11)