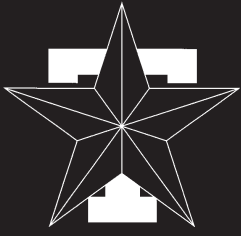




The Texas A&M University System

Your Life Insurance Plan

Updated September 2008



INTRODUCTION

The Texas A&M University System offers several life insurance plans to protect you and your family financially in case of your death or the death of a dependent.

Financial protection for our families in case of our death or the death of a family member is important for most of us. The System recognizes this need and offers Basic Life/Alternate Basic Life and Optional Life coverage for you and Dependent Life coverage for your family.

Basic Life/Alternate Basic Life and Optional Life pay benefits to your beneficiary if you die while covered by the plans. Dependent Life pays you a benefit if one of your covered dependents dies. Basic Life coverage is included with all System health plans. Optional Life, Alternate Basic Life and Dependent Life are voluntary coverages.

These protections are provided as term insurance. Term insurance doesn't build up a value as does whole life insurance. Term insurance covers you for a specific term—in this case, your employment and retirement with the A&M System.

This booklet describes your Basic/Alternate Basic, Optional and Dependent Life coverages. It provides a summary of plan provisions in everyday language. While this booklet does not contain every detail about your plans, most of your questions can be answered by referring to this booklet.

All plan details are included in the contract between The Texas A&M University System and Fort Dearborn Life Insurance Company (FDL). The contract is the final word on all plan provisions. In case of any discrepancy between this booklet and the contract, the contract will govern.

This booklet is neither a contract of current or future employment nor a guarantee of payment of benefits. The System reserves the right to change or end the benefits described in this booklet at any time for any reason.

Enrollment or clerical errors do not obligate the plan to pay benefits. If you or your dependents enroll in a coverage that you are not eligible for according to the contract and the error is not detected until a claim is incurred or filed, benefits will be paid according to the contract. Clerical errors, when discovered, will be corrected according to the provisions of the plan contract and published procedures.

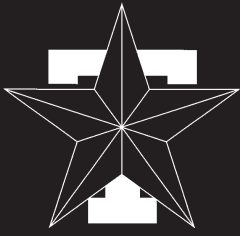


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Basic Life/Alternate Basic Life pays a benefit to your beneficiary if you die while covered by the plan. The plan includes accidental death and dismemberment benefits.

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Optional Life pays a benefit to your beneficiary if you die while covered by the plan. You choose the amount of coverage to buy.

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Dependent Life pays you a benefit if a dependent dies while covered by the plan. You can choose one of three Dependent Life plans.

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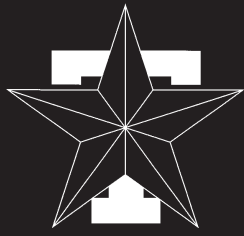
You or your beneficiary must apply for life insurance benefits. If your claim is denied, you or your beneficiary may follow a review process.

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Coverage normally ends on the last day of the month in which your employment ends. In some cases, coverage may be extended.

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Here are some other facts about the plan you might want to keep handy.



PARTICIPATION

All full-time and some part-time employees and retirees and their families are eligible for life insurance coverage. Coverage can begin on your first day of work. Participation is voluntary.

You and your dependents are eligible to participate in the life insurance plans if you:

- ☆ are eligible to participate in the Teacher Retirement System of Texas (TRS) or Optional Retirement Program (ORP), and
- ☆ work at least 50% time for at least 4½ months.

You and your dependents are also eligible if you are a graduate student employee who works at least 50% time for at least 4½ months, or if you are a postdoctoral fellow. To be eligible for coverage as a retiree, you must meet the criteria listed in the chart on the following page.

Eligibility for this plan is subject to change by the A&M System or the Texas Legislature.

ELIGIBLE DEPENDENTS

You may choose to buy Dependent Life coverage on your eligible dependents. You may choose to enroll some eligible

dependents and not others. Only those dependents you list on your enrollment form will be covered. Eligible dependents include:

- ☆ your spouse, and
- ☆ your unmarried, dependent children younger than 25.

Dependent children include:

- ☆ a natural child,
- ☆ an adopted child,
- ☆ a stepchild who has a regular parent/child relationship with you,
- ☆ a foster child under a legally supervised foster care program,
- ☆ a child for whom you are the legal guardian or legal managing conservator and with whom you have a regular parent/child relationship, and
- ☆ a grandchild who lives with you.

You may be asked to provide legal papers to show your relationship to a child who is not your natural child (for example, court documentation for guardianship).

A stillborn child is not eligible for coverage or benefits.

Coverage for a child may continue beyond age 25 only if the child is mentally or physically unable to earn a living and is dependent on you for support. You must notify your Human Resources office of the child's disability before the child's 25th birthday. Periodically, you may be required to provide evidence of continuing disability and your support.

IF YOU AND YOUR SPOUSE WORK FOR THE A&M SYSTEM

If your spouse works for the A&M System, you may choose:

- ☆ to be covered as an employee on Alternate Basic Life or Optional Life, *or*
- ☆ to be covered as a dependent of your spouse on Dependent Life.

You may not be covered under both Alternate Basic Life or Optional Life and Dependent Life. If you wish to transfer coverage from your policy to your spouse's policy, or vice versa, after your first 60 days of eligibility and the change would result in a higher coverage amount, you must submit evidence of insurability (see explanation on next page under Enrolling in the Plan).

Children may be covered by only one parent if both parents work for the A&M System.

RETIREE ELIGIBILITY

If you were retired from or employed in a benefits-eligible position with the A&M System on Aug. 31, 2003, you are eligible for Life coverage as a retiree when:

- you are at least age 55 and have at least 5 years of service credit, or your age plus years of service equal at least 80, or you have at least 30 years of service, and
- you have 3 years of service with the A&M System, and
- the A&M System is your last state employer.

If you left A&M System employment before Sept. 1, 2003, but you met the above criteria as of Aug. 31, 2003, you qualify for retiree benefit coverage under these criteria.

If you are in TRS and you retire after Aug. 31, 2003, you must also provide documentation that you are receiving or have applied to receive your TRS annuity payments.

If you were hired by the A&M System in a benefits-eligible position after Aug. 31, 2003, or if you left A&M System employment before Aug. 31, 2003, and did not meet the criteria listed at left as of Aug. 31, 2003, you are eligible for Life coverage as a retiree when:

- you are at least age 65 and have at least 10 years of service credit, or your age plus years of service equal at least 80 and you have 10 years of service credit, and
- you have 10 years of service with the A&M System, and
- the A&M System is your last state employer.

If you are in TRS, you must also provide documentation that you are receiving or have applied to receive your TRS annuity payments.

ENROLLING IN THE PLAN

Coverage for you and your dependents can take effect either on your hire date or on your employer contribution eligibility date (the first of the month after your 90th day of employment) if you enroll on or before your hire date.

If you enroll after your hire date but during your 60-day enrollment period, your coverage can take effect either on the first of the following month or on your employer contribution eligibility date. You may also choose to have your Life coverage begin before your employer contribution eligibility date, but have your dependents' coverages begin on your employer contribution eligibility date.

If you do not enroll yourself and your dependents within the timeframes above and you choose to enroll at a later date, in most cases you must provide evidence of insurability (good health) and your enrollment must be approved by FDL. Providing evidence of insurability means you fill out a form, which is available online at www.tamus.edu/benefits/publications/forms/DearbornEofI.pdf or from your Human Resources office, and send it to FDL. This form contains health questions. Your coverage will become effective on the first of the month that falls on or after the day FDL approves your evidence of insurability. Approval is not guaranteed.

Under certain circumstances, FDL may require that you or a dependent be examined by a doctor.

If you are an active employee and have a qualified Change in Status, as described on page 6, you may enroll in some life

coverage after your first 60 days of eligibility without providing evidence of insurability as long as you turn in your enrollment form to your Human Resources office within 60 days of the Change in Status. You may enroll in Alternate Basic Life or Optional Life coverage of ½ or 1 times pay, increase Optional Life coverage by one increment up to 4 times pay, and/or enroll one or more dependents in Dependent Life.

You must be actively at work on the day your coverage begins or increases. If you are not, coverage will be delayed until you return to work.

FORMER EMPLOYEES

You are eligible for coverage as a retiree if you are a former employee who meets the criteria listed on page 4. You do not have to provide evidence of insurability to enroll in Basic/Alternate Basic, Optional or Dependent Life if you enroll in a coverage amount that is equal to or less than the amount of coverage you had at the time you left System employment.

You may apply for coverage within 60 days of meeting the eligibility criteria listed on page 4 or within 60 days of leaving a TRS-eligible position with another state employer after meeting the eligibility criteria. In these cases, you may choose to have your coverage become effective on the first of the month following the date the Human Resources office receives your application or on your employer contribution eligibility date (the first of the month that falls at least 90 days after the Human Resources office receives your application).

If you do not enroll on one of the above dates, you may enroll during a later Annual Enrollment period. In that case, you can choose to have your coverage become effective on the next Sept. 1 or Dec. 1.

CHANGING YOUR COVERAGE

Once you enroll in Alternate Basic or Optional Life and/or Dependent Life insurance, you can reduce your coverage amount or drop your coverage at any time. If you wish to increase Optional Life coverage after your first 60 days of employment, you must provide evidence of insurability, unless you are an active employee and make the change within 60 days of a Change in Status (see the following section) or during Annual Enrollment. However, you may increase Optional Life coverage by only one salary increment (except to five or six times pay) without providing evidence of insurability. You also must provide evidence of insurability to change from Dependent Life Plan B to Plans A or C.

If you are enrolled in Optional Life, you may switch to Alternate Basic Life without providing evidence of insurability. In this case, you can have coverage of \$50,000 or the amount of your Optional Life coverage, whichever is less. You must provide evidence of insurability to increase your coverage.

Changes in coverage become effective on the first of the month that falls on or after the date your Benefit Change Form is received in the Human Resources office or your evidence of insurability is approved by FDL, whichever is later.

If your pay increases during the plan year (any time other than Sept. 1), your coverage amount will increase immediately and premiums will increase the following Sept. 1.

If you increase the amount of your life coverage, you must be actively at work on the day the increased coverage becomes effective. If you are not, the increase in coverage will be delayed until you return to work. This is also the case when your coverage increases as the result of a pay raise.

CHANGES IN STATUS

Changes in Status include:

- ☆ Employee's marriage or divorce or death of employee's spouse,
- ☆ Birth, adoption or death of a dependent child,
- ☆ Change in employee's, spouse's or dependent child's employment status that affects benefit eligibility,
- ☆ Child becoming ineligible for coverage due to reaching age 25 or marrying,
- ☆ Changes in the employee's, spouse's or a dependent child's residence that would affect eligibility for coverage,
- ☆ Employee's receipt of a qualified medical child support order or letter from the Attorney General ordering the employee to provide (or allowing the employee to drop) medical coverage for a child,
- ☆ Changes made by a spouse or dependent child during his/her annual enrollment period with another employer,

- ☆ The employee, spouse or dependent child becoming eligible or ineligible for Medicare or Medicaid, or
- ☆ Significant employer- or carrier-initiated changes in or cancellation of the employee's, spouse's or dependent child's coverage.

IF YOUR WORK HOURS ARE REDUCED

If your work hours are reduced to less than 50% time, you may continue your full amount of coverage if you had been covered under the plan for at least 4½ continuous months. However, you will have to pay the full cost of the coverage. You should contact your Human Resources office to make arrangements for paying your premiums.

If your work hours are reduced to between 50% and 99% time, you may keep the same level of benefits you had before the reduction and continue to receive the employer contribution (see Coverage Cost on page 8) toward the cost of your Basic Life or Alternate Basic Life coverage. Should you prefer to have your benefits and premiums reduced, contact your Human Resources office.

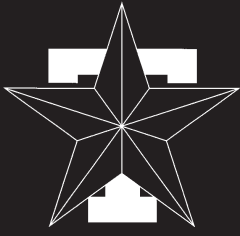
LEAVE OF ABSENCE

If you take a paid leave of absence, your coverage will continue and premiums will be deducted from your pay. However, if you take an unpaid leave, you must make arrangements through your Human Resources office to continue your premium payments or to cancel your coverage.

If you continue your coverage during an unpaid leave, the coverage amount and premium will be the same as before your leave, but you will not receive the employer contribution toward your Basic Life or Alternate Basic Life premium.

Should you decide to discontinue your life coverage, your coverage will automatically be reinstated without evidence of insurability when you return, regardless of the plan year.

If your Basic Life or Alternate Basic Life premium is paid by the employer contribution and you take an unpaid leave under the Family and Medical Leave Act, the employer contribution will continue to pay your premium during the leave.



COVERAGE COST

Basic Life or Alternate Basic Life is generally paid for by your employer. You pay for Optional and Dependent Life if you choose to take these coverages.

Your employer pays the full cost of Basic Life coverage if you enroll in an A&M System health plan. You must pay for any Optional or Dependent Life coverage you elect. You must pay for Basic Life if you wish to enroll and do not have A&M System health coverage. If you waive A&M System health coverage but have other health insurance, you may apply part of the employer contribution toward Alternate Basic Life coverage.

If coverage for you or your dependents begins in the middle of a month, you must pay your full premium for the month.

BASIC LIFE

Your premium, if you do not have A&M System health coverage, is an amount set each year based on plan costs. It is the same for all employees and retirees, regardless of age or tobacco use.

ALTERNATE BASIC LIFE

The cost of your Alternate Basic Life coverage is based on the Basic Life rate and the amount of coverage you choose.

OPTIONAL LIFE

The cost of your Optional Life coverage is based on your age, the amount of coverage you choose and whether you use tobacco products.

Your premium will increase each time you move into a higher age category. Age categories are broken into five-year bands (for example, 45-49 and 50-54). If your birthday falls on or between Sept. 1 and the end of February of a plan year and you will move to a higher age category, you must pay the higher premium for the entire year. If your birthday falls on or between March 1 and Aug. 31, you begin paying the higher premium at the beginning of the next plan year.

You are considered a tobacco user if you have used any tobacco products in the last 12 months. This includes chewing tobacco as well as smoking products. You can change your tobacco-use category at any time.

DEPENDENT LIFE

Your premium is based on the plan you choose. If you enroll your spouse only or your spouse and children in Plan A, your premium will be one-half of your Optional Life premium. If you enroll only your children, your premium will be 10% of your Optional Life premium. If you elect Plan B, you will pay a flat rate each month for coverage. If you enroll your

spouse only or your spouse and children in Plan C, your premium will be one-half of your Alternate Basic Life premium. If you enroll only your children, your premium will be 10% of your Alternate Basic Life premium.

WAIVER OF PREMIUM

If you become disabled, your premiums for Basic Life/Alternate Basic Life, Optional Life and Dependent Life may be waived. To qualify for waiver of premium, you must be:

- ☆ an active employee,
- ☆ younger than 60,
- ☆ totally and permanently disabled, and
- ☆ able to submit proof of disability within 12 months after you stop paying your life premiums.

You must continue to pay your premiums until waiver of premium is approved. Then the System will pay your premiums until the earliest of:

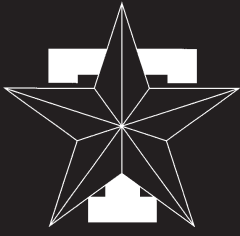
- ☆ the date you stop being disabled,
- ☆ the date your life coverage ends, or
- ☆ the date you reach age 65.

While you are receiving waiver of premium, your life insurance will continue at the same coverage level as you had when you became disabled. You cannot voluntarily increase or decrease your coverage. However, involuntary changes may be made. For example, if a covered child marries and therefore becomes ineligible for coverage, that child will be dropped from the Dependent Life plan.

You may enroll a new dependent in Dependent Life while you are receiving waiver of premium. However, you will be responsible for paying the premium.

While you are disabled, your life insurance and waiver of premium must be renewed each year. You may be required to submit proof of your continued disability each year within three months before the renewal date.

You do not have to have Long-Term Disability coverage to qualify for waiver of premium.



BASIC LIFE/ALTERNATE BASIC LIFE

Basic Life/Alternate Basic Life pays a benefit to your beneficiary if you die while covered by the plan. The plan includes accidental death and dismemberment benefits.

The Basic Life/Alternate Basic Life plan pays a benefit to your beneficiary (see page 18) if you die from any cause while covered by the plan. The plan also pays you a benefit if you have certain losses as a result of an accident.

BASIC LIFE

You are automatically covered by Basic Life while you are covered by any System health plan. You may choose to enroll and

pay the premium if you do not have A&M System health coverage.

The plan provides \$5,000 in life coverage and \$5,000 in accidental death and dismemberment (AD&D) coverage.

ALTERNATE BASIC LIFE

If you do not enroll in A&M System health coverage but certify that you have other health coverage, you may purchase Alternate Basic Life coverage. Alternate Basic Life provides life coverage of \$50,000 or seven times salary, whichever is less, and \$5,000 in AD&D coverage.

If you are a retiree or you are an employee transferring your Optional Life coverage to Alternate Basic Life coverage, your Alternate Basic Life

BASIC LIFE AT A GLANCE

If you have A&M System health coverage or if you do not have A&M System health coverage and do not certify that you have other health coverage:

	Life	AD&D
Employees:	\$5,000	\$5,000
Retirees:	\$5,000	\$5,000
Children:	\$2,000	\$0

ALTERNATE BASIC LIFE AT A GLANCE

If you do not have A&M System health coverage but certify that you have other health coverage:

	Life	AD&D
Employees:	\$50,000 (or seven times pay, if less)	\$5,000
Retirees:	Up to \$50,000	\$5,000
Children:	\$2,000	\$0

coverage amount cannot exceed the amount of Optional Life coverage you had immediately before enrolling in Alternate Basic Life unless you provide evidence of insurability.

If you drop System health coverage and certify that you have other health coverage and you do not have Optional Life coverage, you must provide evidence of insurability to enroll in Alternate Basic Life.

You may pay for Alternate Basic Life using the employer contribution. If you purchase Alternate Basic Life coverage, you may not purchase Optional Life coverage.

BASIC AD&D

Basic Life/Alternate Basic Life includes Basic AD&D coverage. Basic AD&D coverage pays your beneficiary a \$5,000 benefit if you die as a result of an accident and within 90 days after the accident. This is in addition to your Basic Life/Alternate Basic Life benefit. AD&D pays \$2,500 to you if you lose a hand, foot or sight of an eye as a result of an accident and within 90 days of the accident.

Loss of a hand or foot means severance at or above the wrist or ankle joints. Loss of sight means complete and permanent loss of sight.

If you have two losses resulting from the same accident, the plan may pay benefits for both, but in no case will you receive more than your full coverage amount from the AD&D benefits for all losses from a single accident.

For example, if you are an active employee and you die as a result of an accident while covered by the Basic Life plan, the plan will pay your beneficiary \$10,000—\$5,000 in Basic Life benefits and \$5,000 in Basic AD&D benefits.

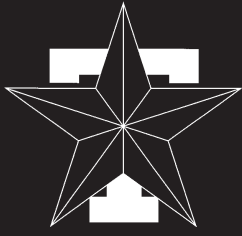
If you lose a hand and a foot in an accident, the plan will pay you \$5,000—\$2,500 for the hand and \$2,500 for the foot. However, if you lost both feet and both hands, your benefit would still be \$5,000 because you cannot receive more than your full coverage amount for all losses from a single accident.

AD&D benefits will not be paid for any loss resulting from or caused by:

- ☆ a disease or illness of any kind, physical or mental infirmity, or medical or surgical treatment of these; ptomaine or bacterial infection, except infection as a result of an accidental cut or wound,
- ☆ suicide,
- ☆ an injury or a sickness that is intentionally self-inflicted, or
- ☆ taking part in the commission of a felony.

CHILDREN'S BASIC LIFE

If you have Basic or Alternate Basic Life coverage, your eligible dependent children (see page 3) will automatically be covered for \$2,000 in Basic Life insurance (subject to certain coverage limitations). You do not have to enroll your children. Your spouse is not eligible for Basic Life insurance.



OPTIONAL LIFE

Optional Life pays a benefit to your beneficiary if you die while covered by the plan. You choose the amount of coverage to buy.

You decide whether to buy Optional Life coverage and, if so, how much coverage to buy.

EMPLOYEES

You can buy coverage of ½, 1, 2, 3, 4, 5 or 6 times your annual pay. For example, if you earn \$20,000 a year, you could buy \$10,000, \$20,000, \$40,000, \$60,000, \$80,000, \$100,000 or \$120,000 in Optional Life coverage.

The maximum coverage you can buy is \$1 million. To buy coverage of five or six times your pay, you must always provide evidence of insurability.

Annual pay means your annual budgeted pay on Sept. 1 of each year. (See page 6 for information regarding midyear changes in annual budgeted pay.) It does not include commissions, bonuses, overtime, longevity or hazardous duty pay or other fringe benefits. If you are a less-than-12-month employee, your annual pay will be calculated by multiplying your monthly budgeted pay by 12.

Coverage will be rounded to the next lower multiple of \$1,000 if your multiple of pay is not an even multiple of \$1,000.

You may not purchase Optional Life coverage if you purchase Alternate Basic Life coverage.

RETIREES

If you are younger than 70 and retired on or after May 31, 1998, you may choose Optional Life coverage of any multiple of \$1,000 up to \$100,000 or the amount of coverage you had at retirement, whichever is less. Once you choose your initial coverage amount, you may not increase your coverage beyond that amount or \$60,000, whichever is more. If you keep coverage of more than \$60,000, your coverage will automatically be reduced to \$60,000 when you reach age 70.

If you are 70 or older and retired on or after Sept. 1, 1998, you may choose Optional Life coverage of any multiple of \$1,000 up to \$60,000 or the amount of coverage you had at retirement, whichever is less.

You cannot buy more coverage than you had just before you retired or later increase your coverage unless you provide evidence of insurability.

All other retirees may keep their current level of Optional Life coverage. However, if you elect to increase (requires evidence of good health) or decrease coverage, you must choose a coverage amount in a multiple of \$1,000, and you may not increase coverage to more than \$60,000.

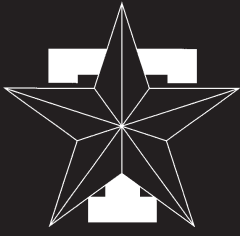
If you did not have Optional Life coverage when you retired, you must provide evidence of insurability to enroll. Your life coverage was automatically reduced to \$5,000 if you retired before Sept. 1, 1984, or \$7,500 if you retired on or after Sept. 1, 1984, but before Sept. 1, 1988. Through the evidence of insurability process, you can apply to increase your coverage to any multiple of \$1,000 equal to or less than \$60,000.

BENEFIT PAYMENT

The plan will pay your coverage amount to your beneficiary if you die from any cause while covered by the plan.

INCONTESTABILITY

FDL will not contest the validity of your insurance after your insurance has been in force for two years during your lifetime.



DEPENDENT LIFE

Dependent Life pays you a benefit if a dependent dies while covered by the plan. You can choose one of three Dependent Life plans.

You may choose to cover your dependents under the Dependent Life plan. You choose from Plans A, B and C. In all cases, the plan pays you a benefit if a covered dependent dies.

You may choose to enroll some of your eligible dependents and not others. Only those dependents listed on your enrollment form will be covered.

PLAN A

You may elect Plan A coverage for your dependents only if you purchase Optional Life insurance on yourself.

Plan A covers your spouse, if enrolled, for 50% of your Optional Life coverage

amount and each enrolled child for 10% of your Optional Life coverage amount. Plan A does not include accidental death and dismemberment (AD&D) benefits.

PLAN B

You may elect Plan B coverage for your dependents only if you have Basic Life, Alternate Basic Life or Optional Life insurance on yourself.

Plan B provides \$5,000 in life insurance on your spouse and each enrolled child.

Plan B also includes \$5,000 of AD&D coverage. However, if you are retired, AD&D benefits are available to your dependents only if the dependents were covered under Plan B when you retired.

For example, if you have \$5,000 in Dependent Life coverage on your spouse, your spouse also has AD&D coverage of \$5,000. This means that if your spouse dies as a result of an accident, the benefit will be \$10,000.

DEPENDENT LIFE AT A GLANCE

Plan A

Spouse: 50% of your Optional Life amount

Child: 10% of your Optional Life amount

Plan B

**Spouse and
each child:** \$5,000 Life/\$5,000 AD&D

Plan C

Spouse: 50% of your Alternate Basic Life amount

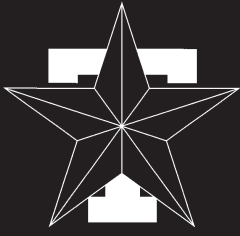
Child: 10% of your Alternate Basic Life amount

This AD&D coverage works the same way and is subject to the same limitations as the AD&D coverage under Basic Life/Alternate Basic Life. See page 11 for an explanation of these benefits.

PLAN C

You may elect Plan C coverage for your dependents only if you purchase Alternate Basic Life insurance on yourself.

Plan C covers your spouse, if enrolled, for 50% of your Alternate Basic Life coverage amount and each enrolled child for 10% of your Alternate Basic Life coverage amount. Plan C does not include AD&D benefits.



SPECIAL PROVISIONS

A Living Access Benefit and counseling services are available under all life insurance plans.

In addition to the benefits previously described in this booklet, the life plan includes a Living Access Benefit and access to grief, financial planning and legal counseling services.

LIVING ACCESS BENEFIT

The Living Access Benefit allows you or a dependent to receive payment of part of your or the covered dependents' life benefit while terminally ill. This benefit helps those who need extra money to pay the costs generally associated with terminal illnesses. Receiving the Living Access Benefit is voluntary for those who qualify.

If a doctor certifies that you have less than 24 months to live, you may apply for immediate payment of 25% to 50% of your total life amount. The Living Access Benefit will be paid to you in a lump sum, and your beneficiary will receive the remaining benefit after your death.

If your Optional Life insurance will be reduced due to your age within 12 months after the date FDL receives proof of your terminal illness, the amount you can receive will be 25% to 50% of your reduced Optional Life benefit.

If you have life coverage of less than \$50,000, you can receive a Living Access Benefit of up to \$25,000, not to exceed your total Basic and Optional or Alternate Basic life benefit.

The Living Access Benefit is also available to your dependents who have Dependent Life coverage. The Living Access Benefit for Dependent Life insurance will be paid to you in a lump sum.

If you file a claim for a Living Access Benefit, you may not increase the amount of your life coverage once your application has been received by FDL.

The Living Access Benefit may be taxable. As with all tax matters, you may want to consult a tax advisor to assess the effect of this benefit on your tax status.

You will no longer have to pay your Basic and Optional Life or Alternate Basic Life and Dependent Life premiums once a Living Access Benefit claim due to your illness or a covered dependent's illness has been approved.

The Living Access Benefit will not be paid if:

- ☆ the terminal illness is a result of the covered person's attempted suicide, while sane or insane, or self-inflicted injury,
- ☆ the terminally ill person's life insurance benefit has been assigned, or
- ☆ the person's life insurance benefit is payable to an irrevocable beneficiary.

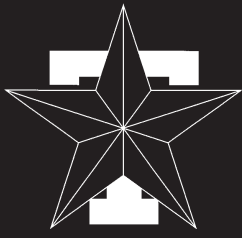
On its life insurance forms and contract, FDL refers to the Living Access Benefit as the accelerated death benefit.

COUNSELING SERVICES

If you or a covered dependent dies while covered by the plan, grief, financial planning and legal counseling will be available to the beneficiary(ies). This service includes:

- ☆ Access to a 24-hour, 365-days-a-year toll-free telephone number that is answered by a counselor who will assess the caller's needs and coordinate referrals with trained professionals.
- ☆ Five face-to-face working sessions with a grief counselor, financial planner and/or legal advisor.

Benefits are available for up to one year from the date of the initial contact.



APPLYING FOR BENEFITS

You or your beneficiary must apply for life insurance benefits. If your claim is denied, you or your beneficiary may follow a review process.

If you or your beneficiaries have a claim for life or accidental death and dismemberment benefits, you or a beneficiary should contact your Human Resources office within 20 days or as soon as reasonably possible after the death or accident. That office will give you the forms you need to apply for Basic Life/Alternate Basic Life, Optional Life or Dependent Life benefits. You must submit a written claim for AD&D benefits to FDL within 91 days after the accident. Claims should be mailed to:

Fort Dearborn Life Insurance Company
Attention Claims Department
P.O. Box 655403
Dallas TX 75265-5403

FDL has the right to have you or a covered family member examined by a doctor of its choice as often as necessary while a claim for dismemberment is pending. FDL will pay the cost of any examination it requires.

Disagreements about benefits are rare, but should you and FDL disagree about your eligibility for or the amount of your benefit, you may follow a review process.

HOW TO APPEAL A CLAIM

If your claim for benefits is denied in whole or in part, FDL will notify you in writing. The written notice will give specific reasons for the denial and reference the specific plan provisions on which the denial is based. It will also describe any additional material you must submit and explain the claim review procedures.

You or your authorized representative may submit a written request for reconsideration to FDL within 90 days of receiving the denial. Be sure to state why you believe the claim should not have been denied and submit any data, questions or comments you think are appropriate. You may also review any pertinent plan documents. Your appeal will be reviewed by the claims administrator.

FDL's decision on your appeal will be sent to you in writing and will include the specific reasons for the decision as well as specific references to the appropriate plan provisions on which the decision is based. This is the final decision on your claim.

CLAIM PAYMENTS

All benefits for your dismemberment or the death or dismemberment of a covered family member will be paid to you.

However, you may name a secondary beneficiary to receive the proceeds of Dependent Life Insurance. Should you die, your life benefits will be paid to your beneficiary.

If the benefits due are \$25,000 or less, you or your beneficiary(ies) will receive a benefit check in the mail. For each beneficiary receiving a benefit of more than \$25,000, FDL will open an interest-earning account containing the amount of the claim. FDL will then send you or your beneficiary a checkbook that can be used to withdraw all or part of your account balance.

If you die and have not named a beneficiary or all beneficiaries die before or at the same time as you, payment will be made to your spouse, children, parents, siblings or estate.

Benefits payable to a minor will be paid to the legally appointed guardian or to another adult who has assumed the custody and principal support of the minor.

FDL may pay up to \$250 to any person(s) who has incurred funeral expenses for you. This will be deducted from the benefit paid. In addition, the beneficiary may have benefits paid to a funeral home to cover funeral expenses.

NAMING A BENEFICIARY

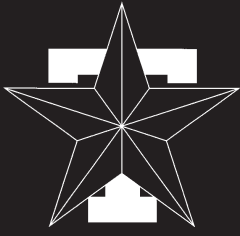
You are automatically the beneficiary for dismemberment benefits on yourself. You must name a beneficiary to receive Basic, Alternate Basic and Optional Life benefits in case of your death. You are the primary beneficiary of all benefits payable for a covered family member, but you may name a secondary beneficiary to receive Dependent Life insurance proceeds. The beneficiary designation(s) must be made on a form provided by

your Human Resources office in paper or electronic format.

You may name one or more primary beneficiaries. If you name more than one person as a primary beneficiary, you should also designate the percentage of the benefit each should receive. Otherwise, benefits will be divided equally. For example, you might direct that your spouse receive 50% of the benefit and each of your two children receive 25%. Benefit percentages must equal 100%.

You may also name one or more secondary beneficiaries to receive your benefit in case your primary beneficiary(ies) dies before or at the same time as you do. If you name more than one, you must designate the percentage of the benefit each is to receive. Secondary beneficiaries are paid benefits only if all primary beneficiaries die before or at the same time as you. Secondary beneficiary(ies) named to receive Dependent Life proceeds will be paid benefits only if you die before or at the same time as your dependent.

You may name the same or different beneficiaries for your Basic, Alternate Basic and Optional Life benefits. You may change your beneficiary designation at any time by completing a form available from your Human Resources office in paper or electronic format. If your beneficiary dies, you should change your designation immediately. You may want to review your designation if you marry or divorce.



WHEN COVERAGE ENDS

Coverage normally ends on the last day of the month in which your employment ends. In some cases, coverage may be extended.

As long as the plan remains in effect, you may be covered by the plan if you continue to meet the eligibility requirements.

Your Basic Life coverage will end on the earliest of the following dates:

- ☆ the day this policy ends,
- ☆ the last day of the plan year if you drop health coverage during Annual Enrollment unless you elect to pay the premium to continue Basic Life coverage,
- ☆ the last day of the month in which you ask that your health coverage be dropped unless you elect to pay the premium to continue Basic Life coverage,
- ☆ the last day of the month in which your employment ends or you become ineligible for coverage, or
- ☆ the day the A&M System stops participating in the plan.

Your Alternate Basic Life or Optional Life coverage (and your Basic Life coverage if you pay the premiums because you do not have A&M System health coverage) will generally end on the earliest of the following dates:

- ☆ the day this policy ends,
- ☆ the end of the last month for which

- you paid the required premium,
- ☆ the last day of the plan year if you drop coverage during Annual Enrollment,
- ☆ the last day of the month in which you ask that your coverage be dropped,
- ☆ the last day of the month in which your employment ends or you become ineligible for coverage, or
- ☆ the day the A&M System stops participating in the plan.

Your Alternate Basic Life coverage will also end if you enroll in Optional Life, and vice versa.

Dependent Life coverage ends on the earliest of the following dates:

- ☆ the day this policy ends,
- ☆ the end of the last month for which you paid the required premium,
- ☆ the last day of the plan year if you drop coverage during Annual Enrollment,
- ☆ the last day of the month in which you ask that your dependents' coverage be dropped,
- ☆ the last day of the month in which the dependent stops meeting the definition of an eligible dependent (see page 3),
- ☆ the last day of the month in which you die,
- ☆ the last day of the month in which your employment ends or you become ineligible for coverage, or
- ☆ the day the A&M System stops offering Dependent Life coverage.

A divorce is considered official when the trial court announces its decision in open court or by written memorandum filed with the clerk. You must provide documentation to drop your divorced spouse.

EXTENSION OF BENEFITS

If you or a covered dependent dies within 31 days after coverage ends, that loss will be covered. The plan will pay the benefit based on the amount of coverage you or the dependent was eligible for under the conversion policy.

When a dependent's life insurance ends because of your death, the dependent's death benefit will be paid if the dependent dies within six months after the date of your death. The extended death benefit will be paid to your spouse. If you have no spouse or your spouse is not living, the benefit will be paid to your secondary beneficiary(ies) and if no secondary beneficiary(ies) have been named, to your estate.

PORTABILITY

When your Optional and Dependent Life coverages end, you may convert your coverage to an individual policy (as explained in the next section) or you may elect the portability benefit. To elect portability, your coverage must have ended because:

- ☆ your employment ended,
- ☆ you are no longer eligible for coverage, or
- ☆ you are retiring and experiencing a decrease in coverage.

Also, your spouse and/or dependent children, if covered as a dependent, may elect portability if he/she no longer meets the policy's definition of an eligible dependent. If you, your spouse or dependent child elect portability, FDL will bill you, your spouse or child directly on a quarterly, semi-annual or annual basis, and your life insurance will continue under the terms of the group policy, except for Waiver of Premium (see page 9) and the Living Access Benefit (see page 16). Waiver of Premium is not available if your total and permanent disability begins after coverage under portability becomes effective. The Living Access Benefit is not available if you become terminally ill after coverage under portability becomes effective.

You, your spouse or child may elect conversion or portability, but not both. You may buy portability coverage in any amount up to the amount of coverage you lost. The premiums for coverage continued under portability will generally be lower than premiums for coverage continued under conversion but generally greater than premiums for active employees.

Portability is available to you only until you reach age 70.

The application for portability of life insurance must be made within 31 days of the date life insurance would otherwise end.

Life insurance continued under the portability benefit will end on the earliest of the following:

- ☆ the date you return to work with the A&M System while the A&M System's contract with FDL is still in force,

- ☆ the date you, the covered spouse or child fail to pay the required premiums when due,
- ☆ the date you or a covered spouse reach age 70, or
- ☆ the premium due date following the date a dependent stops meeting the definition of a dependent.

If life insurance under portability ends because the covered individual has reached age 70, the covered individual no longer qualifies for coverage as a dependent, or the group policy is terminated, you or your covered dependent may convert to an individual policy of whole life insurance in accordance with the terms of the conversion provision. No evidence of insurability will be required. The amount of the conversion policy may not exceed the amount of life insurance you had under the portability benefit.

CONVERSION

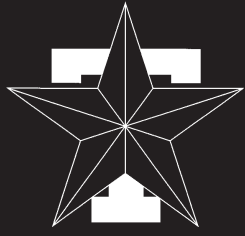
When your Basic, Alternate Basic, Optional and Dependent Life coverages end, you may convert your coverage to an individual policy if your coverage ended because:

- ☆ your employment ended,
- ☆ you are no longer eligible for coverage,
- ☆ you are retiring and experiencing a decrease in coverage,
- ☆ you are no longer eligible for Waiver of Premium and are experiencing a decrease in coverage, or
- ☆ the plan ended.

A dependent may convert coverage to an individual policy if the dependent's coverage ended because:

- ☆ your employment ended,
- ☆ you are no longer eligible for coverage,
- ☆ the plan ended,
- ☆ you died, or
- ☆ the dependent no longer meets the definition of an eligible dependent (see page 3).

You must apply for conversion of your coverage within 31 days of the date your coverage under this policy ends. The amount and terms of the conversion policy may differ from those of this policy.



ADMINISTRATIVE INFORMATION

Here are some other facts about the plan you might want to keep handy.

OFFICIAL PLAN NAME

The Texas A&M University System
Group Term Life Benefits Program (more familiar names: the Life plan and Basic, Alternate Basic, Optional and Dependent Life plans)

PLAN SPONSOR

The Texas A&M University System
Benefits Administration
A&M System Building, Suite 1120
200 Technology Way
College Station, Texas 77845-3424
Mail Stop: 1117 TAMU
(979) 458-6160 or (800) 258-4440

PLAN ADMINISTRATOR

The Director of Risk Management.
Contact at the address shown for the Plan Sponsor.

TYPE OF PLAN

The Life plan is a group welfare plan providing life and dismemberment benefits. It is an insured plan funded through employer and employee contributions.

INSURANCE CARRIER AND CLAIMS ADMINISTRATOR

Life plan benefits are insured through a contract with Fort Dearborn Life Insurance Company (FDL). Claims are also administered by FDL.

Management

FDL
12170 Abrams Road
Dallas TX 75243

Claims

FDL
P. O. Box 655403
Dallas TX 75265-5403

The plan contract governs all plan benefits. You may examine a copy of the contract or obtain a copy for a copying fee by contacting the Plan Sponsor.

QUESTIONS AND COMPLAINTS

If you have a question or a complaint, call FDL at (800) 778-2281 or write to FDL.

If your problem is not resolved, write to:

Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104
FAX # 512-475-1771

POLICY NUMBERS

GFZ39993B—Basic Life

GFZ39993S—Optional and Dependent
Life

PLAN YEAR

September 1–August 31

EMPLOYER IDENTIFICATION NUMBER

74-2648747

AGENT FOR SERVICE OF LEGAL PROCESS

Plan Administrator

ASSIGNMENT OF BENEFITS

This plan is intended to pay benefits only to you or your beneficiaries. Your benefits cannot be used as collateral for a loan.

FUTURE OF THE PLAN

While The Texas A&M University System intends to continue this plan indefinitely, it may change, suspend or end the plan at any time for any reason.

System Benefits Administration
The Texas A&M University System
1117 TAMU
College Station, TX 77843-1117