



VII. Life & Accident Insurance Programs

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About This Section

Life and accident insurance play a vital role in your and your family's financial security. This insurance coverage gives your family a foundation of support in the event your income is no longer available. It can also provide financial assistance if you suffer the loss of a family member. No one likes to consider the need for life and accident insurance. However, it is a valuable safety net for the financial well-being of you and your family.

This section describes the benefits available to you through the life and accident insurance programs.

Some of the terms and phrases used in this benefits document have a specific meaning. Please refer to the *Important Terms* section of this document for further information.

You should also refer to the *Benefits Highlights* and the *Additional Information About Your Benefits* sections of this document for more important information regarding eligibility, how contributions are made, how elections can be changed, how to file claims and your rights under ERISA.

An Overview of the Life and Accident Insurance Programs

The life and accident insurance programs include the following coverage:

- **Basic Life Insurance** of two times your annual pay up to a maximum of \$1,000,000. Regular short-hour and term-of-project short-hour employees receive a benefit equal to one times annual pay. This coverage is provided by the Company at no cost to you.
- **Supplemental Life Insurance** of up to six times your annual pay up to a maximum of \$2,000,000.
- **Dependent Life Insurance** is available for your spouse and dependent children.
- **Basic Accidental Death & Dismemberment Insurance** of two times your annual pay up to a maximum of \$1,000,000. Regular short-hour and term-of-project short-hour employees receive a benefit equal to one times annual pay. This coverage is provided by the Company at no cost to you.
- **Supplemental Accidental Death & Dismemberment Insurance** is available for employees who wish to purchase additional coverage. You may elect Supplemental Accidental Death & Dismemberment Insurance for yourself and your family.
- **Business Travel Accident Insurance** provides life and accident protection when you are traveling on company-related business.

How Benefits Are Paid

In the event of your death while insured and actively employed, the amount of your life insurance will be paid to the person you named as your beneficiary. Before the benefit is paid, the insurance company must receive written proof of your death. If there is more than one beneficiary, each receives an equal share unless you have requested otherwise in writing. You are automatically the beneficiary for dependent life insurance.

If there is no eligible beneficiary or you did not name one, your benefit will be paid, in this order, to:

- Your legal spouse
- Your surviving children, either natural or adopted
- Your parents
- Your estate.

Basic Life Insurance

The basic life insurance plan provides a death benefit in the amount of two times your annual pay up to a maximum benefit of \$1,000,000. Regular short-hour and term-of-project short-hour employees receive a benefit equal to one times annual pay. Refer to the *Important Terms* section of this document for a definition of annual pay.

Basic life insurance coverage is provided by the Company at no cost to you.

Imputed Income

Federal tax law requires that employees pay income taxes on the value of Company-provided life insurance above \$50,000. If your pay is greater than \$25,000, your basic life insurance will be above \$50,000, and an additional amount of income representing the value of this insurance will be added to your W-2 form. This added income is called *imputed income*. You pay taxes on this amount, but this is not the amount of the tax itself. You can cap your basic life insurance at \$50,000 and avoid imputed income by completing a waiver form available from Pearson People Services. Please note that if you waive basic life insurance above \$50,000, you cannot reinstate your coverage at a later date without providing evidence of insurability to MetLife.

You pay for supplemental and dependent life insurance coverage on an after-tax basis. Under current tax regulations, there is no imputed income on these benefits.

Reduction in Coverage Due to Your Age

Once you reach age 65, your basic life insurance benefits are reduced. Between the ages of 65 and 69, your benefit will be 65% of the original basic life insurance benefit.

Upon attainment of age 70 or older, your benefit will be reduced to 50% of your regular amount.

Supplemental Life Insurance

You may also purchase supplemental life insurance coverage. This coverage is in addition to your basic life insurance coverage provided by the Company. You can elect supplemental coverage equal to one, two, three, four, five or six times your annual pay up to a maximum of \$2,000,000.

If the amount of your supplemental coverage exceeds three times your annual pay or \$1,000,000 – whichever is less – you will have to provide Evidence of Insurability. You will also have to provide Evidence of Insurability if the amount of your combined basic life insurance and supplemental life insurance total more than \$2,000,000. You can obtain an Evidence of Insurability form from Pearson People Services. Coverage for the additional

amounts above these limits that require Evidence of Insurability will not be effective until approved by the insurance company. See *Evidence of Insurability* on page 12.

You pay for supplemental life insurance on an after-tax basis. Your cost depends on the amount of coverage you choose and your age. In addition, the cost of coverage will be higher if you smoke.

Reduction in Coverage Due to Your Age

Supplemental life insurance for yourself does not reduce with age.

Waiver of Premium

If you become disabled while you are covered by supplemental life insurance and before you are 60 years old, you contribute toward the cost of coverage during the first year of long-term disability. However, you may apply to the insurance company for a waiver of premium for the period of long-term disability beyond one year. You will automatically receive a waiver of premium form at the time you qualify for long-term disability benefits and you must make application within 6 to 12 months of the date you qualified for long-term disability benefits. The insurance company may require you to have a physical exam by a doctor it chooses. If the insurance company approves a waiver of premium, it will be effective as of the date of such approval.

Supplemental Life Suicide Provision

Supplemental life benefits will not be paid if you commit suicide, while sane or insane, within two years from the original effective date of your coverage. Instead, your beneficiary will receive an amount equal to any contributions paid, without interest.

If you commit suicide more than two years after the original effective date of your coverage, but within two years of any increase in your supplemental life benefits, the increased amount will not be paid. Instead, your beneficiary will receive an amount equal to all contributions paid for the increased amount, plus the amount of your supplemental coverage that was in effect on the day before the effective date of the increased amount.

Dependent Life Insurance

In addition to life insurance coverage for yourself, you can also elect coverage for your spouse/ and/or children. You are automatically the beneficiary for dependent life insurance. See the *Important Terms* section of this document for the definition of eligible dependents.

Life Insurance for your Spouse

There are three levels of spouse life insurance coverage from which to choose:

- \$10,000 benefit
- 50% of your annual pay
- 1 x your annual pay.

If you choose coverage for your spouse your cost will depend on the option you choose, the age of your spouse, and whether he/she smokes. The maximum amount of coverage for your spouse is \$100,000. If the amount of his/her coverage exceeds \$50,000, your spouse will have to provide Evidence of Insurability. See *Evidence of Insurability* on page 12.

Life Insurance for your Children

There are two levels of coverage for dependent children:

- \$5,000
- \$10,000.

If you choose coverage for your children or the children of your spouse, the plan covers all eligible children who are over 14 days old. No matter how many children you cover, you will pay the same amount for coverage.

You pay for all dependent life insurance on an after-tax basis.

Evidence of Insurability may be required before dependent coverage becomes effective. See *Evidence of Insurability* on page 12.

Reduction in Coverage Due to Age

Life insurance for your spouse does not reduce with age.

Once an eligible child reaches age 26, his/her coverage will terminate at the end of the month in which he/she turns 26.

If You and Your Spouse Both Work for the Company

If you and your spouse both work for the Company, each of you can elect supplemental life insurance. If your spouse is also eligible as an employee, he or she may be covered as an employee or as a spouse, but not both. If you have dependent children, they can only be covered as the dependent of one parent.

Accidental Death & Dismemberment Insurance

The Company provides basic Accidental Death & Dismemberment (AD&D) insurance at no cost to you. AD&D insurance provides a benefit if you die or are seriously injured as the result of an accident that occurred while you were covered. The death or loss must occur within 365 days of the accident. In the event of your death, your beneficiary will receive benefits from both the life insurance plan and the AD&D plan.

The basic AD&D benefit equals two times your annual pay, up to \$1,000,000. Regular short-hour and term-of-project short-hour employees receive a benefit equal to one times annual pay.

In addition to basic AD&D insurance, you have the option of purchasing supplemental AD&D insurance for yourself or yourself and your family. Supplemental AD&D insurance options include:

- **Employee only** coverage in \$10,000 increments up to a maximum of 10 times your annual pay or \$500,000, whichever is less, or
- **Family** coverage, provided according to the following schedule:
 - 60% of the employee amount for the spouse (if there are no children insured);
 - 50% of the employee amount for the spouse and 10% for each child insured, to a maximum of \$30,000 for each child; or
 - 15% for each child (if there is no spouse insured) to a maximum of \$30,000 for each child.

If both you and your spouse work for the Company, only one of you may elect family coverage. You pay for supplemental AD&D insurance with after-tax dollars.

The chart below shows the standard losses and benefit amounts paid under the Plan. In addition, there may be several ancillary benefits payable.

How AD&D Benefits Are Paid

If you die as a result of an accident, the plan pays your beneficiary the full amount of your coverage. If you lose a limb or your sight as the result of an accident, the Plan pays a benefit to you. The benefit is equal to all or part of your coverage amount, depending on the nature of your loss. For losses within 365 days of a covered accident, the Plan pays benefits as follows:

Covered Losses	Benefit Amounts
Life	Full Amount

A hand	One-half of the Full Amount
A foot	One-half of the Full Amount
Sight of an eye	One-half of the Full Amount
Any combination of a hand, a foot or sight of an eye	Full Amount
Thumb and index finger of same hand	One-quarter of the Full Amount
Speech and hearing	Full Amount
Speech or hearing in both ears	One-half of the Full Amount
Quadriplegia	Full Amount
Paraplegia	One-half of the Full Amount
Hemiplegia	One-half of the Full Amount

Loss of hand or foot means permanent, physical severance at or above the wrist or ankle. Benefits are not paid for the loss of the use of the hand or foot.

Loss of sight of an eye means that the eye is entirely blind and that no sight can be restored in that eye.

Loss of thumb and index finger means actual severance through or above the third joint from the tip of the index finger and the second joint from the tip of the thumb.

Loss of speech and hearing means the entire and irrevocable loss which has lasted continuously for 12 consecutive months following the injury.

Quadriplegia means total paralysis of both upper and lower limbs.

Paraplegia means total paralysis of both lower limbs.

Hemiplegia means total paralysis of upper and lower limbs on one side of the body.

Paralysis means loss of use, without severance, of a limb. Paralysis must be determined by competent medical authority to be permanent, complete and irreversible.

The maximum benefit for all losses you suffer is the full amount of your AD&D insurance. For example, if you lose sight in one eye due to an accident, you will receive one-half the amount of your coverage. If you later lose your life due to the same accident, your beneficiary will receive one-half the amount of your coverage.

Other AD&D Benefits

Both basic and supplemental AD&D coverage include an exposure benefit and a seat belt benefit. Under the exposure benefit, a full benefit is payable if a covered person dies from unavoidable exposure to the elements and, after one year, the covered person's body

has not been found after the conveyance in which he/she was traveling disappeared, made a forced landing, sank, or was wrecked.

The seat belt benefit pays an additional benefit equal to 10% of the full benefit if a covered person dies from injuries sustained while driving or riding in a private passenger car, if the covered person's seat belt was properly fastened. The minimum benefit payable is \$1,000 and the maximum benefit payable is \$25,000.

If you die as the result of an accident, supplemental AD&D benefits may also include a training benefit for dependent spouses/s, an education benefit for dependent children and a child care center benefit for dependent children. The maximum amount payable for each of these benefits is \$5,000.

Contact Pearson People Services for more information about these ancillary benefits.

Reduction in AD&D Coverage Due to Age

Once you reach age 65, your basic AD&D coverage is reduced. Between the ages of 65 and 69, your benefit will be 65% of the original benefit. Upon attainment of age 70 or older, your benefit will be reduced to 50% of your regular amount. Supplemental AD&D coverage does not reduce with age.

What Is Not Covered by the Plan

The Plan will not pay benefits for a loss connected with any of the following:

- physical or mental illness, diagnosis of or treatment for the illness
- the use of any drug or medicine unless taken on the advice of and in accordance with the direction of a doctor
- an infection, unless it is caused by an external wound which was sustained in an accident
- suicide or attempted suicide
- a war, or a warlike action in time of peace, including terrorist acts
- committing or trying to commit a felony or other serious crime or an assault
- any poison or gas, voluntarily taken, administered or absorbed
- service in the armed forces of any country or international authority, except the United States National Guard
- driving a vehicle while intoxicated as defined by the laws of the jurisdiction in which the vehicle was being operated.

The Plan also does not cover losses occurring while you are:

- Operating, learning to operate, or serving as a member of a crew of an aircraft
- In any aircraft operated by or under any military authority (other than the Military Airlift Command)
- In any aircraft being used for a test or experimental purposes
- In any aircraft used or designed for use beyond the earth's atmosphere
- In any aircraft for the purposes of descent from such aircraft while in flight (except for self-preservation).

Business Travel Accident Insurance

The Business Travel Accident Insurance program pays benefits if you die or are injured as the result of an accident while traveling on Company business, or if your spouse or dependent dies or is injured as the result of an accident while traveling on an approved business or relocation trip.

Because this program is automatically provided by the Company, you do not need to enroll in it. Coverage under the program begins automatically on your date of hire. If you are not actively at work on your hire date, your coverage will become effective when you start work.

How Business Travel Accident Benefits Are Paid

The Plan provides benefits of three times your annual pay up to a maximum benefit of \$2,000,000. The Plan also provides maximum benefits of \$25,000 for your spouse and \$10,000 for each dependent child.

Coverage for an authorized business trip starts when you leave your home or normal place of employment, whichever occurs later. Coverage continues until you return to either of these locations. Coverage is not provided for commuting to or from work, or when you are on vacation, on a leave of absence, or otherwise not actively at work. However, you are covered for personal trips of up to seven days during a business trip.

Also, your spouse/ and dependent children are covered, whether traveling together with you or not, during an authorized relocation trip that starts when they leave their former place of residence for purposes of relocating, and ends when they arrive at the new place of residence. Dependent children means your unmarried children under age 19 (or under age 23 if attending school) who are dependent on you for support.

This Plan pays benefits for the following losses if they occur because of and within one year of an accident while on an authorized trip:

- Life
- Loss of limb, sight, speech or hearing.

<i>For Loss of:</i>	<i>Benefit</i>
Life, sight of both eyes, both hands or both feet, one hand and one foot, one hand or one foot plus the sight of one eye, speech and hearing, quadriplegia	Full Amount
One hand, one foot, sight of one eye, speech or hearing, hemiplegia	One-half of the Full Amount
Thumb and index finger of the same hand, uniplegia	One-quarter of the Full Amount

All losses should be reported as soon as possible along with appropriate proof.

If you incur more than one loss as the result of the same accident, the Plan will pay only one benefit. This will be the higher benefit payable.

The aggregate limit for losses to more than one person in the same accident is \$20,000,000 per accident. For example, in the case of multiple deaths, the amount paid per individual death would be prorated depending upon the number of individuals involved in the incident.

What is Not Covered by the Plan

Business travel accident insurance does not cover injury or death resulting from:

- Intentionally self-inflicted injuries
- Suicide or attempted suicide
- Disease of any kind
- Bacterial infections
- Hernia of any kind
- War or act of war, declared or undeclared
- Injury while in the armed forces of any country or international authority
- Injury while on an aircraft when you are serving as a pilot or crew member of any plane, unless you are specifically named in the policy, or a flight in an aircraft of any military authority. However, travel by Military Air Transport Service (MATs) of the

United States or a similar air transport of another country is covered. And, there is no coverage during a flight in an aircraft being used for any of the following activities:

- Acrobatics or stunt flying
- Racing or any endurance test
- Flying in a rocket-propelled aircraft
- Crop dusting or seeding
- Spraying
- Exploration
- Pipe or power line inspection
- Any form of hunting
- Bird or fowl herding
- Aerial photography or banner towing
- Any test or experiment
- Firefighting
- Any flight that requires a special permit or waiver from the FAA
- Flying in an aircraft owned or operated by the Company.

Additional Information About the Life and Accident Insurance Programs

Following is some additional information about your life, AD&D, and business travel accident insurance coverage.

Naming a Beneficiary

When you enroll in your benefits, you need to name a beneficiary for your life and accident insurance benefits. You can name different beneficiaries for each of these programs if you wish, and you can change your beneficiary designations at any time. You are automatically the beneficiary of dependent life insurance.

If you name more than one beneficiary to receive benefits from a plan, each beneficiary receives an equal share unless you have requested otherwise in writing.

If there is no eligible beneficiary or you did not name one, your benefit will be paid, in this order, to:

- Your legal spouse
- Your surviving children, either natural or adopted
- Your parents
- Your estate.

Evidence of Insurability

For each life insurance program, you will need to provide Evidence of Insurability if your coverage exceeds a specified amount. Evidence of Insurability is also required if you do not elect coverage within 31 days of becoming eligible, but you choose it at a later time. You may need to provide Evidence of Insurability (EOI) if:

- You increase the amount of your current supplemental or spouse/ life insurance coverage by more than one level in an open enrollment period
- You are electing an increase in your supplemental life insurance coverage to an amount that exceeds three times your annual base pay or \$1,000,000, whichever is less
- Your combined basic life insurance and supplemental life insurance totals more than \$2,000,000
- You were eligible to elect supplemental life or dependent life insurance in the past and you did not apply for coverage within 31 days of eligibility
- Life insurance for your spouse/ exceeds \$50,000, unless he or she has already provided proof of good health.

You can obtain an Evidence of Insurability form from Pearson People Services. The amount of life insurance in excess of the evidence limit will not be effective until it is approved by the insurance company.

If you have a wage increase which results in an increase in your spouse/'s dependent life insurance over \$50,000, he or she will need to provide Evidence of Insurability on the amount of coverage that exceeds \$50,000.

Accelerated Death Benefit

The life insurance program has an accelerated death benefit provision to help employees financially if they become terminally ill. You can choose to receive accelerated benefits

on a portion of the basic and supplemental life insurance benefits that would otherwise be payable at death.

Upon satisfactory proof of your illness to the insurance company, you can choose to receive a lump sum of up to 50% of the amount of your basic and supplemental life insurance or \$250,000, whichever is less. In this case, “terminally ill” means a life expectancy of no more than six months (24 months for residents of the state of Texas).

To receive the benefit, you must:

- Request this benefit in writing while you are living; if you are unable to request it yourself, your legal representative may request it for you
- Be insured as an employee for life insurance benefits
- Have life insurance benefits of at least \$10,000
- Provide the insurance company with a doctor’s statement that gives the diagnosis of your medical condition, the nature and severity of your condition, and states that your life expectancy is no more than six months (the insurance company may require that you be examined by a doctor of its choosing and will pay for the exam)
- Provide written consent from any irrevocable beneficiary or assignee, and from your spouse in community property states.

Benefits will not be paid if:

- The required premium is due and unpaid, subject to the grace period provision of the policy
- The terminal condition is directly or indirectly caused by attempted suicide or intentionally self-inflicted injury, whether sane or insane.
- There has been notification that all or a portion of your life benefits or death benefits will be paid to your former spouse as part of a divorce agreement.

Effects on Life Insurance Coverage

The amount of life insurance considered for the accelerated death benefit is based on the total of your basic and supplemental life insurance at the time you apply for the benefit. Benefits are payable only once. With the accelerated death benefit:

- Your life insurance benefit is reduced by the accelerated death benefit proceeds paid out under this provision
- You will not be able to increase your supplemental life insurance benefit after the accelerated benefit is approved

- Your premium is reduced based upon the remaining amount of your life insurance benefit (the premium must be paid, unless waived, to keep your life insurance coverage in force)
- Your remaining life insurance benefit is subject to the age reductions outlined in the plan
- You will not be able to reinstate your coverage to its full amount in the event of a recovery from a terminal condition.

Conversion of Life Insurance

You may convert all or a part of your basic and any supplemental and dependent life insurance coverage to an individual whole life policy when your coverage terminates.

You must pay the full cost of this coverage. Your premium rates will be based on your age (or the age of your spouse/ in the case of spouse/ life insurance) and the amount of coverage requested at the time of conversion. The premium will remain the same for the duration of the policy.

You must apply for conversion directly with the insurance company within 31 days from the date your coverage ceases or is reduced, in order to exercise your conversion rights. You will not be required to submit medical Evidence of Insurability. If you die during the 31-day conversion period you will be deemed to have elected to convert and the death benefit will be paid (subject to any applicable exclusions).

For more information concerning the conversion of any life insurance coverage, please contact the insurance company.

Portability Feature for Supplemental Life Insurance

If you should leave or retire from the Company, you may take your supplemental life insurance up to \$1,000,000 and dependent life insurance coverage with you. Rates are based on age and differ from the rates you paid as an active employee. The insurance company will continue to service your policy on an individual basis, and you will pay premiums directly to them. No Evidence of Insurability is required. To continue your coverage, you must elect the portability option within 31 days of the date:

- You retire
- Your employment is terminated
- The program is no longer offered by the Company
- You or a covered dependent (if applicable) cease to be eligible under the Plan.

You may continue your spouse/ life insurance coverage even if you do not elect to continue coverage for yourself. In order to continue life insurance for children, you must continue coverage for your spouse/ or yourself.

Plan Benefits That Are Not Convertible or Portable

Accidental death and dismemberment and business travel accident insurance cease when your coverage terminates. Portability and/or conversion features are not available for these coverages.