

CONTRACT #23
RFS # 317.86-00120
Edison # 38985

**Department of Finance and
Administration
Benefits Administration**

VENDOR:
**Minnesota Life Insurance
Company**



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION

312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-4517 or (866) 576-0029
FAX (615) 253-8556

Larry B. Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Lucian Geise, Executive Director, Fiscal Review Committee

FROM: Laurie Lee *LL*

DATE: July 28, 2014

RE: Minnesota Life Insurance Company – Basic Term Amendment # 1, Edison # 38985

This request for amendment # 1 comes to the Fiscal Review Committee with an October 1, 2014 effective date.

As detailed in the Amendment request accompanying this correspondence, the current contractor, Minnesota Life Insurance Company, has provided State employees with Basic Term Life insurance coverage since January of this year. Benefits Administration seeks to amend this contract to revise Attachment D to include language regarding coverage for incapacitated children of plan participants as well as revise the language surrounding Waiver of Premium claims to reflect the existing process. This amendment will also provide a rate revision to correct a typing error in the original contract.

The original contract is included for review. Thank you for your consideration of this request.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Sylvia Chunn	*Contact Phone:	615-253-8358		
*Presenter's name(s):	Kendra Gipson, Director of Vendor Services and Contracts, Sylvia Chunn, Procurement and Contracting Manager, Bob Smith, Director of Voluntary Benefits				
Edison Contract Number: (if applicable)	38985	RFS Number: (if applicable)	31786-00120		
*Original or Proposed Contract Begin Date:	September 23, 2013	*Current or Proposed End Date:	December 31, 2019		
Current Request Amendment Number: (if applicable)	One (1)				
Proposed Amendment Effective Date: (if applicable)	October 1, 2014				
*Department Submitting:	Finance and Administration				
*Division:	Benefits Administration				
*Date Submitted:	July 28, 2014				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Minnesota Life Insurance Company				
*Current or Proposed Maximum Liability:	\$76,500,000.00				
*Estimated Total Spend for Commodities:	\$0.00				
*Current or Proposed Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2014	FY: 2015	FY: 2016	FY: 2017	FY: 2018	FY: 2019
\$9,000,000.00	\$15,000,000.00	\$15,000,000.00	\$15,000,000.00	\$15,000,000.00	\$7,500,000.00
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from Edison)</i>					
FY: 2014	FY: 2015	FY: 2016	FY: 2017	FY: 2018	FY: 2019
\$2,524,383.19	\$	\$	\$	\$	\$
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:		Payments to the Contractor are based on payroll deduction and the payments of premiums by employees are paid directly to the Contractor.			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:		The funds are based upon payroll deductions and premiums are paid directly by members, so funds have not been carried forward for these services.			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:					
*Contract Funding Source/Amount:					
State:			Federal:		
<i>Interdepartmental:</i>	\$76,500,000.00		<i>Other:</i>		

Supplemental Documentation Required for
Fiscal Review Committee

If “ <i>other</i> ” please define:		
If “ <i>interdepartmental</i> ” please define:		
Dates of All Previous Amendments or Revisions: (<i>if applicable</i>)	Brief Description of Actions in Previous Amendments or Revisions: (<i>if applicable</i>)	
Method of Original Award: (<i>if applicable</i>)	RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award? How was this cost determined?	Projected costs were \$76,500,000.00 – this figure was determined using average State salary information, and historical claims information.	
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.		

Minnesota Life - Basic Term

Edison Contract # 38985
Vendor Number 157401
Reports Pulled: 7/3/2014

Fiscal Year	Expenditures
FY 2014	2,524,383.19
Total Expenditures	2,524,383.19

Minnesota Life - Basic Term

Edison Contract # 38985
Vendor Number 157401
Reports Pulled: 7/3/2014

Edison Report TN_PU_CN026 ~ Payments Not on Contract

Payments Not On Contract	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	PO_ID	D.VOUCHER_ID	Year
Unit	0						

Minnesota Life - Basic Term

Edison Contract #	38985
Vendor Number	157401
Reports Pulled:	7/3/2014

Contract Reconciliation

Maximum Liability	\$	76,500,000.00
Less: Expenditures on Summary Spreadsheet	\$	2,524,383.19
Remaining Amount on Contract	\$	73,975,616.81
Remaining Amount Per Edison as of 6/3/2014	\$	67,945,616.81
Difference (Should be zero)	\$	6,030,000.00
POs processed but not paid		
	1137 \$	547,000.00
	1135 \$	4,433,000.00
	1138 \$	1,050,000.00
Against Contract but not paid	\$	6,030,000.00
Final Reconciliation (should be zero)	\$	-

Amendment Request

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED

CHIEF PROCUREMENT OFFICER

DATE

Request Tracking #	31786-00120	
1. Procuring Agency	Department of Finance and Administration, Division of Benefits Administration	
2. Contractor	Minnesota Life Insurance Company	
3. Contract #	n/a (Basic Term Life)	
4. Proposed Amendment #	1	
5. Edison ID #	38985	
6. Contract Begin Date	09/23/2013	
7. Current Contract End Date – with ALL options to extend exercised	12/31/2019	
8. Proposed Contract End Date – with ALL options to extend exercised	12/31/2019	
9. Current Maximum Contract Cost – with ALL options to extend exercised	\$ 76,500,000.00	
10. Proposed Maximum Contract Cost – with ALL options to extend exercised	\$ 76,500,000.00	
11. Office for Information Resources Pre-Approval Endorsement Request – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
12. eHealth Pre-Approval Endorsement Request – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
13. Human Resources Pre-Approval Endorsement Request – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
14. Explanation Need for the Proposed Amendment	<p>This amendment revises the rate structure in the contract to correct a typing error, modifies the Waiver of Premium language to reflect the existing process, and includes coverage for incapacitated children.</p>	
15. Name & Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution		

Request Tracking #	31786-00120
<p>Paul J. Romuald, Manager Minnesota Life Insurance Company 1909 Hillbrooke Trail, Suite #2 Tallahassee, FL 32311 paul.romuald@securian.com Telephone # (850) 878-0038 ext:101 FAX # (888) 826-2756</p>	
<p>16. Evidence Contractor's Experience & Length Of Experience Providing the Goods or Services</p> <p>Minnesota Life was awarded the Basic Term Life contract through the RFP process and the State is pleased with their contract performance to date.</p>	
<p>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</p> <p>n/a</p>	
<p>18. Justification</p> <p>This amendment will update the contract attachment to match the certificate of coverage held by the Dept. of Commerce and Insurance as well as reflect the policy in place in Benefits Administration for Waiver of Premium claims and Incapacitated children. The amendment will also correct premium rates to eliminate any area for confusion between the Contract parties.</p>	
<p>Agency Head Signature and Date – <i>MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented circumstances</i></p>	



CONTRACT AMENDMENT COVER SHEET

Agency Tracking # 31786-00120	Edison ID 38985	Contract # n/a	Amendment # 1		
Contractor Legal Entity Name Minnesota Life Insurance Company			Edison Vendor ID 157401		
Amendment Purpose & Effect(s) Revision of rate structure to correct error, Modify Waiver of Premium language to reflect existing process, and add Incapacitated child provision to Attachment D.					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: 12/31/2019			
TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):			\$ 0.00		
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014			\$9,000,000.00		\$9,000,000.00
2015			\$15,000,000.00		\$15,000,000.00
2016			\$15,000,000.00		\$15,000,000.00
2017			\$15,000,000.00		\$15,000,000.00
2018			\$15,000,000.00		\$15,000,000.00
2019			\$7,500,000.00		\$7,500,000.00
TOTAL:			\$76,500,000.00		\$76,500,000.00
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.			<i>CPO USE</i>		
Speed Chart (optional) Claims IA00000097 Admin IA00000101		Account Code (optional) 789000000			

**AMENDMENT ONE
OF CONTRACT 38985**

This Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, State Insurance Committee, hereinafter referred to as the "State" and Minnesota Life Insurance Company, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract section C.3.b.i is deleted in its entirety and replaced with the following:
 - b. The Contractor shall be compensated for said service based upon the following payment rates:
 - i. **Premium Rates:** The Contractor shall be compensated based upon the following guaranteed premium rates for the entire term of the contract:

Traditional Basic Term Life & Basic AD&D Program January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	\$0.164 /per \$1000 of Benefit
Dependent Basic Group Term Life: Spouse & Child(ren)	\$0.910 /per unit
Dependent Basic Group Term Life: Child(ren) Only	\$0.310 /per unit
Employee Basic Group AD&D	\$0.022 /per \$1000 of Benefit
Dependent Basic Group AD&D	\$0.015 /per \$1000 of Benefit

Traditional Optional Accidental Death & Dismemberment Program January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Employee Optional AD&D	\$0.035 /per \$1000 of Benefit
Dependent (Spouse & Children) Optional AD&D	\$0.035 /per \$1000 of Benefit

2. Contract section C.3.b.ii is deleted in its entirety and replaced with the following:
 - ii. Should the State implement the Contemporary Life program at any point following calendar year 2014, during the life of this contract, the following guaranteed premium rates shall apply for the remainder of the term of the contract:

Contemporary Basic Term Life & Basic AD&D Program January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	\$0.160 /per \$1000 of Benefit
Employee Basic Group AD&D	\$0.022 /per \$1000 of Benefit

Contemporary Optional Accidental Death & Dismemberment Program January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Employee Optional AD&D	\$0.035 /per \$1000 of Benefit
Spouse Optional AD&D	\$1.05/per unit
Children Optional AD&D	\$0.35 /per unit

The above premium rates, multiplied by the appropriate volumes of insurance outstanding, constitute the maximum monthly liability of the State. Actual compensation of the Contractor will be governed by the terms of Section C.3, Payment Methodology, of this Contract.

- Contract Attachment D is deleted in its entirety and replaced with the new attachment D attached hereto.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective October 1, 2014. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

MINNESOTA LIFE INSURANCE COMPANY:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE INSURANCE COMMITTEE:

LARRY B. MARTIN , CHAIR

DATE

**CONTRACT
ATTACHMENT D**

TRADITIONAL BASIC TERM LIFE and BASIC ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS	
Benefit/Provision	Description
Plan Policy Requirements	The basic term life and basic accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.
Eligibility Criteria	
Eligibility Status	<ul style="list-style-type: none"> • <i>Employee</i> – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) any person who has received a seasonal appointment and who meets the requirements set forth in TCA 8-27-201(h); or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee. • <i>Dependent</i> – An individual who is: 1) a legally married spouse of a State of Tennessee employee; or 2) an individual from live birth up to the age maximum who is a natural or adopted child of a State employee; a stepchild of the employee; or a child for whom that employee is the legal guardian.
Child Age Maximum	The maximum age for dependent child coverage is through the end of the month in which the child reaches his birthday of 26 years. A child age 26 or older who is mentally and/or physically disabled and incapable of earning a living may have coverage continued as long as the incapacity existed before his or her 26 th birthday and the child was already insured under this plan on his or her 26 th birthday.
Participation Requirements	Employee participation is required for participation of a dependent. Only one parent may cover eligible child(ren). If a person is covered as an Employee, he cannot be covered as a spouse or dependent child of another Employee.
Carryover from Prior carrier	All current employees and dependents enrolled in the State basic term life and basic accidental death & dismemberment insurance program on December 31, 2013, shall be transferred to the coverage established under this contract at the coverage levels for which the employees and dependents qualify on January 1, 2014. Individuals who have been granted a waiver of premium due to disability will remain with the incumbent carrier.
Underwriting Criteria	
Guaranteed Issue	1) Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.
Underwritten	2) Not applicable
Annual Enrollment	Each year during a time period specified by the State, employees may elect to participate in the State's Group Health Insurance Plan; thus qualifying them for an increase in coverage for the basic term life/basic ad&d insurance program according to the table below in this section.
Effective Date of Coverage	
Employee	New hire coverage shall become effective on the first day of the month following date of hire. Open enrollment coverage shall become effective on a date specified by the State. The effective date is subject to Actively at Work requirements.
	The effective date will be the same as the employee's effective date unless the dependent is

Dependent

enrolled subsequent to the employee's enrollment. The effective date for dependents enrolled subsequent to the employee will be the first of a month determined by the State.

Benefit Amounts

Employee and dependents

In-force coverage being transferred to the Contractor on January 1, 2014, shall transfer with the same coverage amount. The guaranteed issue amount of insurance under the Basic Term Life/Basic AD&D Insurance Program shall be as shown below.

**TRADITIONAL BASIC TERM LIFE
Employee Schedule of Benefits**

Employees with Base Annual Earnings of:	Under Age 65	Age 65 but Under 70	Age 70 but Under 75	Age 75 or Over
Less than \$15,000	\$20,000	\$13,000	\$ 9,000	\$ 6,000
\$15,000 but less than \$17,500	\$22,000	\$14,300	\$ 9,900	\$ 6,600
\$17,500 but less than \$20,000	\$25,000	\$16,250	\$11,250	\$ 7,500
\$20,000 but less than \$22,500	\$30,000	\$19,500	\$13,500	\$ 9,000
\$22,500 but less than \$25,000	\$33,500	\$21,775	\$15,075	\$10,050
\$25,000 but less than \$27,500	\$37,000	\$24,050	\$16,650	\$11,100
\$27,500 but less than \$30,000	\$40,500	\$26,325	\$18,225	\$12,150
\$30,000 but less than \$32,500	\$44,000	\$28,600	\$19,800	\$13,200
\$32,500 but less than \$35,000	\$47,500	\$30,875	\$21,375	\$14,250
\$35,000 and over	\$50,000	\$32,500	\$22,500	\$15,000

Employees not enrolled in the State of Tennessee's Group Health Insurance Plan shall only have \$20,000 of basic term life and shall not be eligible to add dependent coverage.

Employees enrolled in the State of Tennessee's Group Health Insurance Plan shall have coverage based upon the employee's annual base salary as shown in the table above.

The determination of coverage for an employee shall be based upon the employee's age and salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.

The amount of basic term life insurance coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic Term Life face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.

Dependent Schedule of Benefits

Definition	Amount
Eligible Dependents of Insured who are:	
Spouse	\$3,000
Each dependent child (from live birth)	\$3,000

**TRADITIONAL BASIC ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)
Schedule of Benefits**

Employees with Base Annual Earnings of:	Employee	Family Coverage		
		Spouse Only (No Children)	Spouse and Children	
			Spouse	Each Child
Less than \$15,000	\$ 40,000	\$24,000	\$16,000	\$ 4,000
\$15,000 but less than \$17,500	\$ 44,000	\$26,000	\$18,000	\$ 4,000
\$17,500 but less than \$20,000	\$ 50,000	\$30,000	\$20,000	\$ 5,000
\$20,000 but less than \$22,500	\$ 60,000	\$36,000	\$25,000	\$ 5,000
\$22,500 but less than \$25,000	\$ 67,000	\$40,000	\$27,000	\$ 6,000
\$25,000 but less than \$27,500	\$ 74,000	\$44,000	\$30,000	\$ 7,000
\$27,500 but less than \$30,000	\$ 81,000	\$49,000	\$32,000	\$ 8,000
\$30,000 but less than \$32,500	\$ 88,000	\$53,000	\$35,000	\$ 9,000
\$32,500 but less than \$35,000	\$ 95,000	\$57,000	\$38,000	\$ 9,000
\$35,000 and over	\$100,000	\$60,000	\$40,000	\$10,000

The amount of basic accidental death and dismemberment coverage for the employee and dependent(s) begin to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic accidental death and dismemberment face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program and their dependents.

Table of Losses

These losses must:

1. Be the result of bodily injury caused solely by accident and independent of all other causes;
2. Occur within 90 days of the date of the accident; and
3. Be losses for which Proof of Loss is submitted within 180 days of the accident.

Accidental Death

Both hands or both feet

Sight of both eyes

One hand and one foot

One hand and sight of one eye

One foot and sight of one eye

THE MAXIMUM BENEFIT

One hand

One foot

Sight of one eye

ONE-HALF
THE MAXIMUM BENEFIT

Thumb and index finger of
either hand

ONE-FOURTH
THE MAXIMUM BENEFIT

The amount of payment will be determined by the Maximum Benefit shown for this coverage in the Schedule of Benefits. With respect to hands or feet, "loss" means actual severance at or above wrist or ankle joints; with respect to eyes, permanent and total loss of sight; with respect to thumb and index finger, actual severance of entire digit at or above joints.

No more than 100 percent of the Maximum Benefit will be paid for any one accident, no matter how many of the above listed losses occur as a result of that accident.

	<p>Limitations</p> <p>There are some limitations. A benefit will not be paid if the accident results from or is due to:</p> <ol style="list-style-type: none"> 1. Any disease or infirmity of mind or body, and any medical or surgical treatment thereof; 2. Suicide or attempted suicide, while sane or insane; 3. Any intentionally self-inflicted injury; 4. War, declared or undeclared war, whether or not you are a member of any armed force; 5. Commission of, participation in, or an attempt to commit an assault or felony; 6. Being under the influence of any narcotic, hallucinogen, barbiturate, gas or fumes, poison or any other controlled substance as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as now or hereafter amended, unless as prescribed by the Insured's licensed physician. Conviction is not necessary for a determination of being under the influence; 7. Intoxication as defined by the laws of the jurisdiction in which the accident occurred. Conviction is not necessary for a determination of being intoxicated; or 8. Active participation in a riot. "Riot" means all forms of public violence, disorder, or disturbance of the public peace, by three or more persons assembled together, whether with or without a common intent and whether or not damage to person or property or unlawful act is the intent or the consequence of such disorder.
<p>Advance Benefit Option</p>	<p>If the employee is terminally ill with a diagnosed life expectancy of no more than nine months, the employee can request a payment of up to 50 percent of the scheduled amount of his basic term life insurance. This advanced payment is subject to a minimum withdrawal of \$5,000 and will reduce the scheduled amount of coverage paid to the designated beneficiary. An advanced benefit can only be received once. The advanced payment will be reported to the Internal Revenue Service, and it may be considered taxable income.</p> <p>Limitations. There are some limitations on the advanced benefit option. A benefit will not be paid if:</p> <ol style="list-style-type: none"> 1. The terminal illness resulted from attempted suicide or self-inflicted injury; 2. The coverage has been assigned; 3. The coverage is payable to an irrevocable beneficiary; 4. You are required by law to use this option to meet the claims of creditors; or 5. You are required by a government agency to use this option in order to get or keep a government benefit or entitlement.
<p>Supplemental Basic AD&D Benefits</p>	<p>A supplemental basic accidental death benefit is payable if the employee dies as a result of an automobile accident for which a basic accidental death and dismemberment benefit is paid and the employee was properly secured by a seatbelt. The vehicle must have been operated by a licensed driver who was not intoxicated, driving while impaired, or under the influence of certain substances. The benefit will be the lesser of: \$25,000; the basic accidental death and dismemberment benefit; or \$1,000 if an official police report certifying proper seatbelt use is not submitted with the claim.</p> <p>If the employee dies as the result of an accident which occurs more than 75 miles from the employee's principal residence, a supplemental benefit of up to \$5,000 for preparation and transportation of the body will be paid. The accident must qualify for the provision of basic accidental death and dismemberment benefits for the repatriation benefit to be provided.</p>
<p>Waiver of Premium</p>	<p>If the employee is totally disabled prior to age 70, the employee's basic term life coverage will continue for one year from the last day of the month following end of positive pay status.</p> <p>In addition, if the employee becomes totally and permanently disabled before age 60 and remains disabled for nine consecutive months, the employee may be eligible to continue the basic term life coverage on himself and his covered dependents until the employee turns age 70. The Contractor determines whether the employee's disability is considered total and permanent. To be granted a continuation under the waiver of premium provision the employee must:</p> <ol style="list-style-type: none"> 1. apply within twelve months following the last day of the month following end of positive pay status; 2. provide proof of the disability each year that is satisfactory to the Contractor; and

	<p>3. remain totally disabled.</p> <p>Any amount payable under the Waiver of Premium or one year extension provision will be reduced by the amount of a conversion policy. The employee is not allowed to increase coverage above the level the employee had as an active employee. The conversion policy can be surrendered and the employee would be eligible for full coverage under the extension and approved Waiver of Premium claim.</p> <p>There are no extended benefits for the basic accidental death and dismemberment coverage.</p>
Beneficiary Designation	<p>Benefits for the loss of life under the basic term life and the basic and accidental death and dismemberment coverages will be paid to a beneficiary designated by the employee. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>The beneficiary for all dependent coverage and for the dismemberment coverage is the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal shares, if living; if not, to the employee's estate.</p>
Termination	<p>A Member's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;
Conversion of Coverage	<p>If the employee's basic term life insurance coverage ends because his employment with the State of Tennessee ceases, for any reason including retirement, or because the class of employees is no longer eligible, the employee will be entitled to enroll in an individual whole life or individual term life policy of insurance offered by the Contractor. No evidence of insurability will be required. This coverage will not be the same as that provided to the employee as an active employee and the premium will be affected by the form and amount of the policy, the employee's age, and the class of risk to which the employee belongs.</p> <p>The Contractor will send a notice concerning the former employee's eligibility to continue coverage. Payment of premium will be made directly to the Contractor by the former employee. Dependents may exercise a conversion option when they become ineligible for coverage, as well.</p> <p>If the employee or dependent dies during the 31-day period following the termination of insurance, the Contractor shall pay the maximum amount of life insurance for which an individual policy could have been issued.</p>

CONTEMPORARY BASIC TERM LIFE and BASIC ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS	
Benefit/Provision	Description
Plan Policy Requirements	The basic term life and basic accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.
Eligibility Criteria	
Eligibility Status	<ul style="list-style-type: none"> • <i>Employee</i> – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) is a seasonal or part-time employee with 24 months of service and is certified by an appointing authority to work at least 1,450 hours per fiscal year; or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance

<p>Carryover from Traditional Program</p>	<p>Committee.</p> <p>All current employees enrolled in the State Traditional basic term life and basic accidental death & dismemberment insurance program shall transition to the Contemporary coverage established under this contract at the new coverage levels on a date determined by the State. Individuals who have been granted a waiver of premium due to disability while enrolled in the Traditional Program under this contract will retain the Traditional coverage until such time as the employee may be removed from waiver of premium and is returned to active coverage status under the Contemporary Program. Dependent coverage will terminate, except for those covered under an employee on waiver of premium, when the benefit design is transitioned from Traditional to Contemporary.</p>
<p>Underwriting Criteria</p> <p>Guaranteed Issue</p> <p>Underwritten</p>	<p>Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.</p> <p>Not applicable</p>
<p>Annual Enrollment</p>	<p>There are no options available during the State's annual enrollment period.</p>
<p>Effective Date of Coverage</p> <p>Employee</p>	<p>New hire coverage shall become effective on the first day of the month following date of hire. The effective date is subject to Actively at Work requirements.</p>
<p>Benefit Amounts</p>	<p>CONTEMPORARY BASIC TERM LIFE</p> <p>The guaranteed issue amount of insurance under the Contemporary Basic Term Life Insurance Program shall be one times (1x) the employee's base annual salary rounded to the next highest thousand. For example, an employee whose base annual salary is \$39,000 shall receive a basic term life coverage amount of \$39,000, and an employee whose base annual salary is \$39,001 will receive a basic term life coverage amount of \$40,000. The total maximum amount of basic term life insurance coverage in force per employee shall not exceed \$250,000.</p> <p>The amount of basic term life insurance coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic Term Life face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.</p> <p>The determination of coverage for an employee shall be based upon the employee's age and salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.</p> <p>CONTEMPORARY BASIC ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)</p> <p>The guaranteed issue amount of insurance under the Contemporary Basic Accidental Death & Dismemberment Program shall be one times (1x) the employee's base annual salary rounded to the next highest thousand. For example, an employee whose base annual salary is \$39,000 shall receive a basic ad&d coverage amount of \$39,000, and an employee whose base annual salary is \$39,001 will receive a basic ad&d coverage amount of \$40,000. The total maximum amount of basic ad&d insurance coverage in force per employee shall not exceed \$250,000.</p> <p>The amount of basic accidental death and dismemberment coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45</p>

percent at age 70; and to 30 percent at age 75. Basic accidental death and dismemberment face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.

Table of Losses

These losses must:

1. Be the result of bodily injury caused solely by accident and independent of all other causes;
2. Occur within 90 days of the date of the accident; and
3. Be losses for which Proof of Loss is submitted within 180 days of the accident.

Accidental Death	
Both hands or both feet	
Sight of both eyes	THE MAXIMUM BENEFIT
One hand and one foot	
One hand and sight of one eye	
One foot and sight of one eye	
One hand	ONE-HALF
One foot	THE MAXIMUM BENEFIT
Sight of one eye	
Thumb and index finger of either hand	ONE-FOURTH THE MAXIMUM BENEFIT

The amount of payment will be determined by the Maximum Benefit shown for this coverage in the Schedule of Benefits. With respect to hands or feet, "loss" means actual severance at or above wrist or ankle joints; with respect to eyes, permanent and total loss of sight; with respect to thumb and index finger, actual severance of entire digit at or above joints.

No more than 100 percent of the Maximum Benefit will be paid for any one accident, no matter how many of the above listed losses occur as a result of that accident.

Limitations

There are some limitations. A benefit will not be paid if the accident results from or is due to:

1. Any disease or infirmity of mind or body, and any medical or surgical treatment thereof;
2. Suicide or attempted suicide, while sane or insane;
3. Any intentionally self-inflicted injury;
4. War, declared or undeclared war, whether or not you are a member of any armed force;
5. Commission of, participation in, or an attempt to commit an assault or felony;
6. Being under the influence of any narcotic, hallucinogen, barbiturate, gas or fumes, poison or any other controlled substance as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as now or hereafter amended, unless as prescribed by the Insured's licensed physician. Conviction is not necessary for a determination of being under the influence;
7. Intoxication as defined by the laws of the jurisdiction in which the accident occurred. Conviction is not necessary for a determination of being intoxicated; or
8. Active participation in a riot. "Riot" means all forms of public violence, disorder, or disturbance of the public peace, by three or more persons assembled together, whether with or without a common intent and whether or not damage to person or property or unlawful act is the intent or the consequence of such disorder.

<p>Advance Benefit Option</p>	<p>If the employee is terminally ill with a diagnosed life expectancy of no more than nine months, the employee can request a payment of up to 50 percent of the scheduled amount of his basic term life insurance. This advanced payment is subject to a minimum withdrawal of \$5,000 and will reduce the scheduled amount of coverage paid to the designated beneficiary. An advanced benefit can only be received once. The advanced payment will be reported to the Internal Revenue Service, and it may be considered taxable income.</p> <p>Limitations. There are some limitations on the advanced benefit option. A benefit will not be paid if:</p> <ol style="list-style-type: none"> 1. The terminal illness resulted from attempted suicide or self-inflicted injury; 2. The coverage has been assigned; 3. The coverage is payable to an irrevocable beneficiary; 4. You are required by law to use this option to meet the claims of creditors; or 5. You are required by a government agency to use this option in order to get or keep a government benefit or entitlement.
<p>Supplemental Basic AD&D Benefits</p>	<p>A supplemental basic accidental death benefit is payable if the employee dies as a result of an automobile accident for which a basic accidental death and dismemberment benefit is paid and the employee was properly secured by a seatbelt. The vehicle must have been operated by a licensed driver who was not intoxicated, driving while impaired, or under the influence of certain substances. The benefit will be the lesser of: \$25,000; the basic accidental death and dismemberment benefit; or \$1,000 if an official police report certifying proper seatbelt use is not submitted with the claim.</p> <p>If the employee dies as the result of an accident which occurs more than 75 miles from the employee's principal residence, a supplemental benefit of up to \$5,000 for preparation and transportation of the body will be paid. The accident must qualify for the provision of basic accidental death and dismemberment benefits for the repatriation benefit to be provided.</p>
<p>Waiver of Premium</p>	<p>If the employee is totally disabled prior to age 70, the employee's basic term life coverage will continue for one year from the last day of the month following end of positive pay status.</p> <p>In addition, if the employee becomes totally and permanently disabled before age 60 and remains disabled for nine consecutive months, the employee may be eligible to continue the basic term life coverage on himself and his covered dependents until the employee turns age 70. The Contractor determines whether the employee's disability is considered total and permanent. To be granted a continuation under the waiver of premium provision the employee must:</p> <ol style="list-style-type: none"> 4. apply within twelve months following the last day of the month following end of positive pay status; 5. provide proof of the disability each year that is satisfactory to the Contractor; and 6. remain totally disabled. <p>Any amount payable under the Waiver of Premium or one year extension provision will be reduced by the amount of a conversion policy. The employee is not allowed to increase coverage above the level the employee had as an active employee. The conversion policy can be surrendered and the employee would be eligible for full coverage under the extension and approved Waiver of Premium claim.</p> <p>There are no extended benefits for the basic accidental death and dismemberment coverage.</p>
<p>Beneficiary Designation</p>	<p>Benefits for the loss of life under the basic term life and the basic and accidental death and dismemberment coverages will be paid to a beneficiary designated by the employee. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal</p>

	shares, if living; if not, to the employee's estate.
Termination	A Member's coverage shall end when the first of the following occurs: <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;
Conversion of Coverage	If the employee's basic term life insurance coverage ends because his employment with the State of Tennessee ceases, for any reason including retirement, or because the class of employees is no longer eligible, the employee will be entitled to enroll in an individual whole life or individual term life policy of insurance offered by the Contractor. No evidence of insurability will be required. This coverage will not be the same as that provided to the employee as an active employee and the premium will be affected by the form and amount of the policy, the employee's age, and the class of risk to which the employee belongs. The Contractor will send a notice concerning the former employee's eligibility to continue coverage. Payment of premium will be made directly to the Contractor by the former employee. If the employee dies during the 31-day period following the termination of insurance, the Contractor shall pay the maximum amount of life insurance for which an individual policy could have been issued.

TRADITIONAL OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS	
Benefit/Provision	Description
Plan Policy Requirements	The optional accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.
Eligibility Criteria	
Eligibility Status	<ul style="list-style-type: none"> • <i>Employee</i> – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) is a seasonal or part-time employee with 24 months of service and is certified by an appointing authority to work at least 1,450 hours per fiscal year; or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee. • <i>Dependent</i> – An individual who is: 1) a legally married spouse of a State of Tennessee employee; or 2) an individual from live birth up to the age maximum who is a natural or adopted child of a State employee; a stepchild of the employee; or a child for whom that employee is the legal guardian.
Child Age Maximum	The maximum age for dependent child coverage is through the end of the month in which the child reaches his birthday of 26 years. A child age 26 or older who is mentally and/or physically disabled and incapable of earning a living may have coverage continued as long as the incapacity existed before his or her 26 th birthday and the child was already insured under this plan on his or her 26 th birthday.
Participation Requirements	Employee participation is required for participation of a dependent. Only one parent may cover eligible child(ren). If a person is covered as an Employee, he cannot be covered as a spouse or dependent child of another Employee.
Carryover from Prior carrier	All current employees and dependents enrolled in the State optional accidental death & dismemberment insurance program on December 31, 2013, shall be transferred to the coverage established under this contract at the coverage levels for which the employees and dependents qualify on January 1, 2014.
Underwriting Criteria	
Guaranteed Issue	Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.

Underwritten	Not applicable																																																																											
Annual Enrollment	Each year during the State's Annual Enrollment Period specified by the State, employees may elect to participate in the optional accidental death & dismemberment program by enrolling themselves and if desired, any eligible dependents.																																																																											
Effective Date of Coverage																																																																												
Employee	New hire coverage shall become effective on the first day of the month following date of hire Open enrollment coverage shall become effective on a date specified by the State; normally January 1 subsequent to the Annual Enrollment Period. The effective date is subject to Actively at Work requirements.																																																																											
Dependent	The effective date will be the same as the employee's effective date unless the dependent is enrolled subsequent to the employee's enrollment. The effective date for dependents enrolled subsequent to the employee will be the first of a month determined by the State.																																																																											
Benefit Amounts																																																																												
Employee and dependents	<p>In-force coverage being transferred to the Contractor on January 1, 2014, shall transfer with the same coverage amount. The guaranteed issue amount of insurance under the Traditional Optional AD&D Insurance Program shall be as shown below.</p> <p>TRADITIONAL OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) Schedule of Benefits</p> <table border="1"> <thead> <tr> <th rowspan="3">Employees with Base Annual Earnings of:</th> <th rowspan="3">Employee</th> <th colspan="3">Family Coverage</th> </tr> <tr> <th rowspan="2">Spouse Only (No Children)</th> <th colspan="2">Spouse and Children</th> </tr> <tr> <th>Spouse</th> <th>Each Child</th> </tr> </thead> <tbody> <tr> <td>Less than \$3,000</td> <td>\$ 6,000</td> <td>\$ 4,000</td> <td>\$ 2,000</td> <td>\$ 1,000</td> </tr> <tr> <td>\$3,000 but less than \$4,000</td> <td>\$ 9,000</td> <td>\$ 5,000</td> <td>\$ 3,000</td> <td>\$ 1,000</td> </tr> <tr> <td>\$4,000 but less than \$5,000</td> <td>\$ 12,000</td> <td>\$ 7,000</td> <td>\$ 4,000</td> <td>\$ 2,000</td> </tr> <tr> <td>\$5,000 but less than \$6,000</td> <td>\$ 15,000</td> <td>\$ 9,000</td> <td>\$ 5,000</td> <td>\$ 2,000</td> </tr> <tr> <td>\$6,000 but less than \$7,000</td> <td>\$ 18,000</td> <td>\$ 11,000</td> <td>\$ 7,000</td> <td>\$ 2,000</td> </tr> <tr> <td>\$7,000 but less than \$8,000</td> <td>\$ 21,000</td> <td>\$ 13,000</td> <td>\$ 8,000</td> <td>\$ 3,000</td> </tr> <tr> <td>\$8,000 but less than \$9,000</td> <td>\$ 24,000</td> <td>\$ 15,000</td> <td>\$ 10,000</td> <td>\$ 3,000</td> </tr> <tr> <td>\$9,000 but less than \$10,000</td> <td>\$ 27,000</td> <td>\$ 17,000</td> <td>\$ 11,000</td> <td>\$ 3,000</td> </tr> <tr> <td>\$10,000 but less than \$12,500</td> <td>\$ 32,000</td> <td>\$ 19,000</td> <td>\$ 13,000</td> <td>\$ 3,000</td> </tr> <tr> <td>\$12,500 but less than \$15,000</td> <td>\$ 38,000</td> <td>\$ 23,000</td> <td>\$ 15,000</td> <td>\$ 4,000</td> </tr> <tr> <td>\$15,000 but less than \$17,500</td> <td>\$ 44,000</td> <td>\$ 26,000</td> <td>\$ 18,000</td> <td>\$ 4,000</td> </tr> <tr> <td>\$17,500 but less than \$20,000</td> <td>\$ 50,000</td> <td>\$ 30,000</td> <td>\$ 20,000</td> <td>\$ 5,000</td> </tr> <tr> <td>\$20,000 and over</td> <td>\$ 60,000</td> <td>\$ 36,000</td> <td>\$ 25,000</td> <td>\$ 5,000</td> </tr> </tbody> </table> <p>The determination of coverage for an employee shall be based upon the employee's age and</p>	Employees with Base Annual Earnings of:	Employee	Family Coverage			Spouse Only (No Children)	Spouse and Children		Spouse	Each Child	Less than \$3,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 1,000	\$3,000 but less than \$4,000	\$ 9,000	\$ 5,000	\$ 3,000	\$ 1,000	\$4,000 but less than \$5,000	\$ 12,000	\$ 7,000	\$ 4,000	\$ 2,000	\$5,000 but less than \$6,000	\$ 15,000	\$ 9,000	\$ 5,000	\$ 2,000	\$6,000 but less than \$7,000	\$ 18,000	\$ 11,000	\$ 7,000	\$ 2,000	\$7,000 but less than \$8,000	\$ 21,000	\$ 13,000	\$ 8,000	\$ 3,000	\$8,000 but less than \$9,000	\$ 24,000	\$ 15,000	\$ 10,000	\$ 3,000	\$9,000 but less than \$10,000	\$ 27,000	\$ 17,000	\$ 11,000	\$ 3,000	\$10,000 but less than \$12,500	\$ 32,000	\$ 19,000	\$ 13,000	\$ 3,000	\$12,500 but less than \$15,000	\$ 38,000	\$ 23,000	\$ 15,000	\$ 4,000	\$15,000 but less than \$17,500	\$ 44,000	\$ 26,000	\$ 18,000	\$ 4,000	\$17,500 but less than \$20,000	\$ 50,000	\$ 30,000	\$ 20,000	\$ 5,000	\$20,000 and over	\$ 60,000	\$ 36,000	\$ 25,000	\$ 5,000
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	<p>salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.</p> <p>Table of Losses Please refer to the Basic Accidental Death and Dismemberment coverage.</p> <p>Limitations Please refer to Basic Accidental Death and Dismemberment coverage.</p> <p>Reductions There are no age benefit reductions in the Optional Accidental Death and Dismemberment coverage.</p>
Beneficiary Designation	<p>Benefits for the loss of life under the optional accidental death and dismemberment coverage will be paid to a beneficiary designated by the employee. This beneficiary designation is separate from the beneficiary designation under the Basic Term Life and Basic Accidental Death & Dismemberment Program. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>The beneficiary for all dependent coverage and for the dismemberment coverage is the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal shares, if living; if not, to the employee's estate.</p>
Termination	<p>A Member's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;

CONTEMPORARY OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS	
Benefit/Provision	Description
Plan Policy Requirements	The optional accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.
Eligibility Criteria	
Eligibility Status	<ul style="list-style-type: none"> • <i>Employee</i> – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) is a seasonal or part-time employee with 24 months of service and is certified by an appointing authority to work at least 1,450 hours per fiscal year; or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee. • <i>Dependent</i> – An individual who is: 1) a legally married spouse of a State of Tennessee employee; or 2) an individual from live birth up to the age maximum who is a natural or adopted child of a State employee; a stepchild of the employee; or a child for whom that employee is the legal guardian.
Child Age Maximum	The maximum age for dependent child coverage is through the end of the month in which the child reaches his birthday of 26 years. . A child age 26 or older who is mentally and/or physically disabled and incapable of earning a living may have coverage continued as long as the incapacity existed before his or her 26 th birthday and the child was already insured under this plan on his or her 26 th birthday.

<p>Participation Requirements</p> <p>Carryover from Traditional Program</p>	<p>Employee participation is required for participation of a dependent. Only one parent may cover eligible child(ren). If a person is covered as an Employee, he cannot be covered as a spouse or dependent child of another Employee.</p> <p>All current employees and dependents enrolled in the State Traditional Optional Accidental Death & Dismemberment insurance program shall be transferred to the Contemporary Optional Accidental Death & Dismemberment insurance program established under this contract at the new coverage levels on a date specified by the State. The coverage shall then be as shown below in the Schedule of Benefits for the Contemporary Optional Accidental Death & Dismemberment insurance program.</p>
<p>Underwriting Criteria</p> <p>Guaranteed Issue</p> <p>Underwritten</p>	<p>Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.</p> <p>Not applicable</p>
<p>Annual Enrollment</p>	<p>Each year during the State's Annual Enrollment Period specified by the State, employees may elect to participate in the optional accidental death & dismemberment program by enrolling themselves and if desired, any eligible dependents.</p>
<p>Effective Date of Coverage</p> <p>Employee</p> <p>Dependent</p>	<p>New hire coverage shall become effective on the first day of the month following date of hire. Open enrollment coverage shall become effective on a date specified by the State; normally January 1 subsequent to the Annual Enrollment Period. The effective date is subject to Actively at Work requirements.</p> <p>The effective date will be the same as the employee's effective date unless the dependent is enrolled subsequent to the employee's enrollment. The effective date for dependents enrolled subsequent to the employee will be the first of a month determined by the State.</p>
<p>Benefit Amounts</p> <p>Employee and dependents</p>	<p>In-force coverage being transitioned from the Traditional program shall be as shown below. The guaranteed issue amount of insurance under the Contemporary Optional AD&D Insurance Program shall be as shown below.</p> <p>CONTEMPORARY OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) Schedule of Benefits</p> <p>The employee guaranteed issue amount of insurance available under the Contemporary Optional Accidental Death & Dismemberment Program shall be five times (5x) the employee's base annual salary rounded to the next highest thousand. For example, an employee whose base annual salary is \$39,000 shall receive an optional ad&d coverage amount of \$195,000, and an employee whose base annual salary is \$39,001 will receive an optional ad&d coverage amount of \$196,000. The total maximum amount of optional ad&d insurance coverage in force per employee shall not exceed \$500,000.</p> <p>The determination of coverage for an employee shall be based upon the employee's salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.</p> <p>The employee may, if enrolled, purchase coverage for an eligible spouse in the amount of \$30,000.</p>

	<p>The employee may, if enrolled, purchase a unit of coverage for all children in the amount of \$10,000 per child.</p> <p>Table of Losses Please refer to the Basic Accidental Death and Dismemberment coverage.</p> <p>Limitations Please refer to Basic Accidental Death and Dismemberment coverage.</p> <p>Reductions There are no age benefit reductions in the Optional Accidental Death and Dismemberment coverage.</p>
<p>Beneficiary Designation</p>	<p>Benefits for the loss of life under the optional accidental death and dismemberment coverage will be paid to a beneficiary designated by the employee. This beneficiary designation is separate from the beneficiary designation under the Basic Term Life and Basic Accidental Death & Dismemberment Program. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>The beneficiary for all dependent coverage and for the dismemberment coverage is the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal shares, if living; if not, to the employee's estate.</p>
<p>Termination</p>	<p>A Member's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;



CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date 9/23/13	End Date 12/31/19	Agency Tracking # 31786-00120	Edison Record ID 38985
Contractor Legal Entity Name Minnesota Life Insurance Company			Edison Vendor ID 157401

Service Caption (one line only)
Basic Term Life Insurance, Basic AD&D Insurance, and Optional AD&D Insurance

Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #
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Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2014			\$9,000,000.00		\$9,000,000.00
2015			\$15,000,000.00		\$15,000,000.00
2016			\$15,000,000.00		\$15,000,000.00
2017			\$15,000,000.00		\$15,000,000.00
2018			\$15,000,000.00		\$15,000,000.00
2019			\$7,500,000.00		\$7,500,000.00
TOTAL:			\$76,500,000.00		\$76,500,000.00

American Recovery and Reinvestment Act (ARRA) Funding: YES NO

Ownership/Control

African American
 Asian
 Hispanic
 Native American
 Female
 Person w/Disability
 Small Business
 Government
 NOT Minority/Disadvantaged
 Other:

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

<input checked="" type="checkbox"/> RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
<input type="checkbox"/> Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
<input type="checkbox"/> Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
<input type="checkbox"/> Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with <u>all</u> interested parties or <u>all</u> parties in a predetermined "class."



Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Maureen Abbey JH

OCR USE - FA

Speed Chart (optional)

Claims IA00000097

Admin IA00000101

Account Code (optional)

79000000

78900000

CS



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
AND
MINNESOTA LIFE INSURANCE COMPANY**

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Minnesota Life Insurance Company, hereinafter referred to as the "Contractor," is for the provision of a group basic term life and accidental death & dismemberment insurance program, as further defined in the "SCOPE OF SERVICES".

The Contractor is a For-Profit Corporation.
Contractor Place of Incorporation or Organization: Minnesota
Contractor Edison Registration ID # 157401

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide all services and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- a. The Contractor agrees to provide a group minimum premium insured term life insurance and accidental death & dismemberment program, plus an optional group employee pay-all fully insured accidental death & dismemberment program to eligible employees of State agencies and their dependents (hereafter referred to as "Members") in accordance with Contract Attachment D. The Contractor shall initially provide a group basic term life and basic accidental death & dismemberment insurance program with benefits as described in Contract Attachment D as the "Traditional" program. Upon request by the State, the Contractor shall on a date determined by the State change the benefits of the basic term life, basic accidental death & dismemberment, and optional accidental death & dismemberment insurance program to be as described in Contract Attachment D as the "Contemporary" program.
 - b. The Contractor shall underwrite and administer the State Group Basic Term Life Insurance and Accidental Death & Dismemberment Program (hereinafter referred to as the "Program") in accordance with this Contract and the Group Master Policy.
 - c. The Contractor shall accept confirmation from the State of the in-force status of each member's coverage and the eligibility of each claimant as claims are submitted, on the basis of information maintained electronically in the State's computer system (currently known as "Edison"). The Contractor shall process said claims in a timely and accurate manner.
 - d. Upon notice from the State, the Contractor shall accept from the State, as accurate and complete confirmation of eligibility as a beneficiary, a printed statement listing the beneficiary(ies) of record at time of death as maintained electronically in the State's Edison system. The contractor shall accept hand signed beneficiary statements from the State until such time as the State implements electronic storage of beneficiary information in Edison.
 - e. The Contractor shall provide customary corporate office services and functions including but not limited to actuarial services, claims payment, administration and accounting.
 - f. The Contractor shall provide advice and assistance with regard to questions as raised by the State, individual employees, former employees and/or survivors.
 - g. The Contractor shall provide advice, assistance and information with regard to applicable Federal and State laws, court holdings and regulations affecting group insurance, and other Program related matters as needed.
 - h. The Contractor shall accept all current policy holders' coverage transferred from the prior contract, without any break or lapse in coverage. Coverages held by current members shall be at the rates indicated in Section C.3 of this contract.



- i. The Contractor shall provide for conversion of the Basic Term Life insurance coverage by former members through the conversion provisions of the Group Master Policy and payment of premium directly to the Contractor through individual whole life policies or individual term life policies. This conversion option shall at a minimum be offered to
 - Employees and their dependents upon the employee's termination of employment
 - Employees and their dependents upon retirement of the employee
 - Enrolled spouses who lose dependent eligibility due to a divorce
 - Enrolled dependent children who lose eligibility due to age
 - Employees who lose basic term life insurance face value coverage upon transition from the Traditional Program to the Contemporary Program as described in Contract Attachment D. (Conversion shall be offered for the amount of face value lost due to the transition.)
 - Enrolled dependents who lose coverage upon transition from the Traditional Program to the Contemporary Program as described in Contract Attachment D
 - Employees who lose basic term life insurance face value coverage due to reaching a specific age. (Conversion shall be offered for the amount of face value lost.)Members are to be notified by the Contractor of their options through written correspondence. Such notification shall be the responsibility of the Contractor and shall be mailed to the member's home address within fifteen (15) days of receipt of notice from the State of such terminations or loss of coverage as stated above.
- j. The Contractor shall provide a full range of actuarial services related to the insurance provided through this Contract. Such services shall be certified by a Fellow of the Society of Actuaries or a member of the American Academy of Actuaries.
- k. The Contractor shall provide all necessary forms, including but not limited to, submission and processing of claims, waiver of premium requests, and advanced payment of life insurance benefits.
- l. The Contractor shall furnish information to each claimant regarding the payment or rejection of claims.
- m. The Contractor shall assess applications for the advanced payment of life insurance benefits as provided in the Group Master Policy and Contract Attachment D. Any payment shall be considered an incurred claim for the purpose of determining payments by the State to the Contractor.
- n. The Contractor shall maintain through the Program the coverage to State of Tennessee active employees also enrolled in the closed Permaplan insurance product. The coverage under this contract is consistent with the policies and benefits of other eligible active state employees, except that the face amount of coverage for this group of individuals is not subject to reduction at age 70 or any subsequent age. There is no additional cost to these employees who are not subject to the reduction at age 70 or beyond in face amount of basic term life/basic ad&d coverage by virtue of age.

A.2. Staffing

- a. The Contractor shall provide and maintain qualified personnel and staffing to provide the deliverables and services in accordance with this Contract.
- b. The Contractor shall ensure that all staff, including the Contractor's employees, independent contractors, consultants, and subcontractors, performing services under this contract has the experience and qualifications to perform the applicable services.
- c. The Contractor shall designate an Account Manager and back-up with overall responsibility for the State Plan. The Account Manager shall serve as the single point of contact for the State and have overall responsibility for the Contractor's functions under the Contract. The Account Manager shall have the authority to make decisions and



resolve problems on behalf of the Contractor with the State and shall remain dedicated to the work of the Contract for the duration of the Contract.

- d. In addition to the Account Manager the Contractor shall designate a Customer Service Manager, who shall manage the Call Center operations and staff and shall remain dedicated to the work of the Contract for the duration of the Contract.
- e. The Contractor shall also designate an Information Systems Project Coordinator who shall be responsible for implementation of the systems requirements for administering the basic term life insurance program and interfaces with the State.
- f. All key Contractor project staff shall attend a project kick-off meeting at the State of Tennessee offices in Nashville, TN within the first thirty (30) days after the Contract Award Date.
- g. The Contractor shall train its representatives/operators and other staff regarding the provisions of the State's Program. The Contractor's staff shall successfully complete the training program prior to assuming their duties. The Contractor shall conduct regular staff refresher training to address program, process, and policy training.
- h. For work under this Contract, the Contractor shall employ no employees or contract with subcontractors that are on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, written approval from the State.
- i. The Contractor agrees that, prior to the execution of the Contract, it will provide the State with a list of the subcontractors that will be utilized in connection with this Contract and will provide reasonable advance notice of any additional subcontractors that may be used. The State may approve or disapprove the Contractor's Subcontractors or its staff assigned to this Contract if the State is not satisfied with the service delivered by the subcontractor or its staff. Should the State disapprove of any particular subcontractor, the Contractor will work with the State in good faith to procure a reasonable alternative subcontractor. The State may also direct the Contractor to replace staff members providing core services and/or interacting regularly with the State as it deems necessary and appropriate. The decision of the State on these matters shall not be subject to appeal.
- j. Key personnel commitments made by the Contractor shall not be changed unless prior approval is received from the State in writing. For these purposes, such commitments shall include any named individuals in the proposal and the levels of effort proposed. The Contractor shall notify the State at least fifteen (15) days in advance of proposed changes and shall submit justification (including proposed substitutions) in sufficient detail to the State to evaluate the impact upon the Contract. The decision of the State on these matters shall not be subject to appeal.
- k. The Contractor shall survey State staff named by the State annually to determine the State's satisfaction with the Account Team and report the results of the survey to the State (see Contract Attachment C – Reporting Requirements #6).

A.3. Call Center

- a. The Contractor shall maintain a Call Center and provide a dedicated toll-free line, by the date specified in A.13.e.8. for the exclusive purpose of responding to Member inquiries. The Contractor shall provide advice and assistance to members regarding issues such as, but not limited to, benefits available, claims status, conversion questions, and status of waiver of premiums application.



b. Call Center Requirements

- (1) The Contractor shall operate a Call Center that uses a toll-free number as the "front-end" entry point for callers. The Contractor's Call Center shall have designated representatives/operators to respond to inquiries from members.
- (2) The Contractor's call center and staff shall be located in the continental United States.
- (3) The Contractor's Call Center shall accept calls, at a minimum, from 7:00 a.m. to 4:30 p.m. Central Time (CT) Monday through Friday.
- (4) The Contractor's Call Center shall be equipped with TDD (Telecommunication Device for the Deaf) or TTY (Teletype) in order to serve the hearing impaired population.

c. Call Center Processes

- (1) The Contractor's call center shall maintain an Average Seconds to Answer (ASA) of less than thirty (30) seconds.
- (2) The Contractor's call center shall maintain a monthly average rate of ninety-two percent (92%) for First Call Resolution.

d. The Contractor shall provide call center statistics related to the performance standards above to the State on a weekly basis during the thirty (30) days prior to go-live date through sixty (60) days after the go-live date. The Contractor shall also submit a summary report with data for the preceding month. The monthly report shall include weekly and monthly data. (See Contract Attachment C – Reporting Requirements #4)

e. The Contractor's call center shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards described in this Contract.

f. The Contractor's call management systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to program, benefit, or enrollment changes.

g. The Contractor's call management systems shall be equipped with caller identification. In addition, the Contractor's call center shall adopt caller identification for itself.

h. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call and the staff member who handled the call. The Contractor shall be able to provide a full recording of each call upon the State's request. The Contractor shall archive the recordings for one year from the date of each call.

i. The Contractor may use an automated interactive voice response (IVR) system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in the queue in order to speak directly with a live-voice call center staff member rather than continue through additional prompts.

j. The Contractor shall inform callers of their likely wait times (based on real-time information, including call volume and member services representative availability) as they enter the queue.

k. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the call center.



- i. The call management system shall enable the logging of all calls, including:
 - (1) The caller's identifying information (e.g., employee ID);
 - (2) The call date and time;
 - (3) The reason for the call;
 - (4) The member services representative that handled the call;
 - (5) The length of call; and
 - (6) The resolution of the call and if unresolved, the action taken and follow up steps required.

- m. Additionally, the call management systems shall maintain a history of correspondence and call transactions for performance management, quality management and audit purposes. This history shall contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the transaction (e.g., the State and /or one of its authorized representatives or the member), and the member services representative that processed the transaction. Related correspondence and calls shall be indexed and properly recorded such that they can be treated in reporting and analysis as part of a distinct transaction.

A.4. Member Communications/Materials

- a. The Contractor shall, in consultation with and following written approval by the State, develop and disseminate member information and communication materials (hereinafter referred to as member materials). Member materials shall include, but are not limited to, member handbooks, administrative forms, letters, manuals, policies, webinars and online videos.
- b. Member materials shall be finalized (including State review and sign-off) and ready for distribution prior to the State's fall Annual Enrollment Period.
- c. In addition to the member materials referenced above, the Contractor shall assist the State, if requested, in the education and dissemination of general information regarding the Program. This assistance may include but not be limited to:
 - (1) Written information;
 - (2) Audio/video presentations;
 - (3) Attendance at meetings, workshops, and conferences; and
 - (4) Training of State staff and other persons on Contractor's administrative and benefits procedures.
- d. Unless otherwise specified in this Contract, the Contractor shall be responsible for all costs related to the design, development, mailing, if applicable, and revision of all member materials that are required to be produced under the terms of this Contract.
- e. If the State requires mailings above those identified in the contract, the State shall pay the postage, printing and production costs of such mailings pursuant to Contract Sections C.3.c. and C.3.d.
- f. Unless otherwise directed by the State, the Contractor shall obtain approval in writing from the State prior to using or distributing any member materials.



- g. The Contractor shall work in conjunction with the State's marketing staff to ensure continuity of branding across all plan and member materials, website, and any other communications information.
- h. The Contractor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing full time use of a stock photograph used in brochures for perpetuity) for any and all member materials in time for the materials to be approved by the State and printed.
- i. The Contractor shall ensure that its member materials are culturally sensitive and professional in content, appearance, and design.
- j. The Contractor shall prominently display the Contractor's call center telephone number and website address in large, bolded typeface on all member materials.
- k. The Contractor shall, to the extent practicable, use relatively large and legible fonts in its member materials. Additionally, the Contractor shall make maximum use of graphics to communicate key messages to populations with limited literacy or limited English proficiency.
- l. Unless otherwise prior approved in writing by the State, the contractor shall design all member materials at the sixth (6.0) grade level or lower using the Flesch-Kincaid Index or other suitable metric that the State prior approves in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to the State for approval, the Contractor shall provide a reading level analysis and certification of the reading level of each piece of material.
- m. The Contractor covenants that all materials distributed to members and prepared or produced by the Contractor shall be accurate in all material respects.
- n. The Contractor shall ensure that up-to-date versions of all printed member materials can be down loaded from its website/portal.
- o. The number of member handbooks and other relevant information to be printed shall be in sufficient quantities for distribution to the State's enrolled members, plus fifteen percent (15%) for distribution to new hires.
- p. At the State's request, the Contractor shall attend meetings, workshops, and conferences to discuss and market the basic term life insurance program. Any on-site visits to agencies covered under this plan shall require prior approval by the State.

A.5. Member Handbooks

- a. The Contractor, following review and approval by the State, shall periodically, but no more frequently than annually, update, print and distribute, upon the State's request, member handbooks and shall maintain on its website an up-to-date version of the member handbook.
- b. The member handbook shall be specific to the Program and shall detail eligibility, benefits and exclusions, premium rates, and provide other information helpful to members.
- c. The Contractor shall distribute the member handbook with a cover letter to every head-of-contract no later than twenty-one (21) days prior to the go-live date and thereafter fourteen (14) days prior to the start of each benefit year upon request by the State.
- d. Upon the State's request, the Contractor shall provide member handbooks to Agency Benefits Coordinators within fifteen (15) days of the State's request to provide copies.



A.6. Website

- a. The Contractor shall maintain a website dedicated to and customized for this Contract. The Design of the website, inclusive of the site map, page layout, color/font scheme and branding, static content and any documents which can be accessed via or downloaded from the website, shall be prior approved in writing by the State. The website shall be designed for members and dedicated to the basic term life insurance program. Additionally, the Contractor shall obtain prior, written approval from the State for any links from the site to an external (governmental and non-governmental) website/portal or webpage.
- b. The Website shall be fully operational on or before the date specified in A.13.e.11.
- c. The Contractor shall update content and/or documents posted to the website within five (5) business days of the State's approval of changes to said content and/or documents.
- d. In association with the State's Annual Enrollment Period, the Contractor shall provide all information pertinent to each new plan year on the website/portal by the first day of said period.
- e. The Contractor shall submit to the State a website design specifications document, inclusive of a comprehensive site map, page design documentation including "screenshots" of all pages, all links to external sites (governmental and non-governmental) and all static content and documents associated with release #1 of the website for review and approval by the date specified in A.13.e.12.
- f. The Contractor shall host the website/portal on a non-governmental server, which shall be located within the United States.
- g. The Contractor shall ensure that the website/portal meets all of the capacity, availability, performance and security requirements outlined in Contract Sections A.8. and A.10.
- h. The Contractor shall obtain and cover the cost of the domain name for the website/portal.
- i. To ensure accessibility among persons with a disability, the Contractor's website shall comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Parts A-D.
- j. The website/portal shall be "Bobby-approved" (as defined in Contract Section A.15.i)
- k. At a minimum the website shall contain a home page with general information and links to additional information, including but not limited to the available coverage amounts, frequently asked questions (FAQs), the member handbook, and forms.

A.7. Administrative Services

- a. The Contractor, upon request by the State, shall review and comment on proposed revisions to the coverage provisions in the Program. When so requested, the Contractor shall comment in regard to:
 - (1) industry practices;
 - (2) the overall cost impact to the basic term life insurance program;
 - (3) necessary changes in the Contractor's reporting requirements; and/or
 - (4) system changes required to administer any revised Program provisions.



- b. The contractor shall provide advice, assistance and information to the State regarding applicable existing and proposed Federal and State laws and regulations affecting the Program.
- c. The Contractor shall provide advice and assistance with regard to questions as raised by the State, individual employees, former employees and/or survivors.
- d. The Contractor shall refer calls from Agency Benefits Coordinators (ABCs) regarding eligibility and premium payment issues to the State.
- e. The Contractor shall respond to all inquiries in writing from the State within three (3) business days after receipt of said inquiry. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State within two (2) business days as to when the response can be furnished to the State. For matters designated as urgent by the State, the Contractor shall provide a response to the State within four (4) hours during normal business hours. During non-business hours, the Contractor shall provide a response to urgent matters to the State within twenty-four (24) hours. Staff members, from the applicable business unit, with final decision making authority shall provide responses.
- f. The Contractor shall answer, in writing, within five (5) business days, all written inquiries from Members or beneficiaries concerning the status of claims submitted, all benefits available through the benefit option, its clarifications and revisions, and other relevant information.
- g. The Contractor shall establish a formal grievance procedure for Members and beneficiaries to appeal decisions in regard to administration of the program and to resolve disputes that may arise in the administration of the program. The Contractor shall provide the State with a written copy of this grievance procedure, and the State reserves the right to require changes in the procedures when appropriate.
- h. To maintain the privacy of personal information, the Contractor shall enable Transport Layer Security (TLS), or other security software as directed by the State, on the mail server used for daily communications between the State and the Contractor. TLS, or other security measures, shall be enabled no later than January 1, 2014 and shall remain in effect throughout the term of the contract unless otherwise directed by the State.
- i. The Contractor shall meet with representatives of the State periodically, but no less than quarterly, to discuss programmatic, operational and contractual issues related to the Program. The Contractor shall have in attendance the staff requested by the State, which shall include the Account Manager and representatives from the Contractor's organizational units required to respond to topics indicated by the agenda. These meetings will take place at the State of Tennessee offices in Nashville, TN. However, at its discretion, the State may allow the Contractor to participate in such meetings by teleconference.
- j. The Contractor shall not modify the services or benefits provided to members during the term of this Contract without the prior written consent of the State.
- k. The Contractor shall refer all media and legislative inquiries to the Division of Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy the Division of Benefits Administration on all correspondence.
- l. Unless prior approved in writing by the State and in compliance with State and Federal law, the Contractor shall not use information gained through this Contract, including but



not limited to utilization and pricing information, in marketing or expanding non-State business relationships or for any pecuniary gain.

A.8. Information Systems

- a. The Contractor shall use the State's Edison employee identification number (not Social Security Number) as the primary unique identifier for members and shall include the Edison identification number when communicating with the State about a particular member.
- b. Call Center Systems Access: The Contractor's call center staff shall have access to claims management and other systems as necessary to respond to inquiries from members.
- c. All Contractor systems shall maintain linkages and head-of-contract - dependent (e.g., spouse to spouse and parent to child) relationships between initial and related subsequent interactions/transactions/events/activities. Additionally, when the Contractor houses indexed images of documents used by members and subcontractors to transact with the Contractor, the Contractor shall ensure that these documents maintain logical relationships to certain key data such as member identification and subcontractor identification numbers. The Contractor shall also ensure that records associated with a common event, transaction or customer service issue have a common index that facilitates search, retrieval and analysis of related activities, e.g., interactions with a particular member about the same matter/problem/issue.
- d. Upon the State's request, the Contractor shall be able to generate a listing of all members (including each member's Edison identification number) that were sent a particular document, the date and time that the document was generated, and the date and time that it was sent to particular members or groups thereof. The Contractor shall also be able to generate a sample of said document.
- e. Retention and Accessibility of Information
 - (1) The Contractor shall provide and maintain a comprehensive information retention plan that is in compliance with State and Federal requirements.
 - (2) The Contractor shall maintain information on-line for a minimum of one (1) year, based on the last date of update activity, and update detailed and summary history data for up to two (2) years to reflect adjustments.
 - (3) The Contractor shall provide within three (3) business days turnaround or better on requests for access to information. Such requests for information shall be made by the State or its authorized designee.
 - (4) If an audit or administrative, civil or criminal investigation or prosecution is in progress or audit findings or administrative, civil or criminal investigations or prosecutions are unresolved, information shall be kept in electronic form until all tasks or proceedings are complete.
- f. Information Ownership. All information, whether data or documents, and reports that contain or make references to said information, involving or arising out of this Contract is owned by the State. The Contractor is expressly prohibited from sharing or publishing State information and reports or releasing such information to external entities, affiliates, parent company, or subsidiaries without the prior written consent of the State.
 - (1) Upon termination of this Contract, the Contractor shall provide to the State or its designated agent, pertinent data identified by the State for Members to effect a transition of the Program from the Contractor. The information shall be furnished in a format and medium as is compatible with the data processing system



maintained by the State or its designated agent. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To ensure the continuous operation of the program and upon 30 days notice, this information shall be provided to the State or its designated agent at least 45 days prior to the termination date of this Contract; further, the State may require the Contractor to provide this information at various other times prior to or after the termination date of this Contract. It shall be the responsibility of the Contractor to process all claims incurred on or before December 31, 2018 and received on or before the termination date of this Contract. No compensation, beyond that specified in this Contract, shall be paid for completion of this task as it is recognized to be part of the Contractor's responsibilities.

g. System Availability, Business Continuity and Disaster Recovery (BC-DR)

- (1) The Contractor shall ensure that critical member and other web-accessible and/or telephone-based functionality and information including the website described in Contract Section A.7. (to be agreed to by the State and the Contractor) are available to the applicable System users twenty-four (24) hours a day, seven (7) days a week, except during periods of scheduled system unavailability agreed upon by the State and the Contractor. Unavailability caused by events outside of the Contractor's span of control is outside of the scope of this requirement. Notification of any scheduled maintenance shall be posted on the member website/portal. The Contractor shall make efforts to minimize any down-time between 5:00 a.m. and 10:00 p.m. Central Time.
- (2) The Contractor shall ensure that the systems within its span of control that support its data exchanges with the State are available and operational according to the specifications and schedule associated with each exchange.
- (3) Regardless of the architecture of its systems, the Contractor shall develop and be continually ready to invoke a business continuity and disaster recovery (BC-DR) plan. The BC-DR plan shall encompass all information systems supporting this Contract. At a minimum the Contractor's BC-DR plan shall address the following scenarios:
 - i. Central and/or satellite data processing, telecommunications, print and mailing facilities and functions therein, hardware and software are destroyed or damaged;
 - ii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of transactions that are active in a live system at the time of the outage;
 - iii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of data maintained in a live or archival system; and
 - iv. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the system.
- (4) The Contractor shall provide the State a written summary of its BC-DR plan at least one (1) month prior to the go-live date.
- (5) The Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to



the State that it can restore system functions. The Contractor shall submit a written summary of its BC-DR plan to the State in January of each year; with the first report submitted after the initial report to be submitted in January of 2015 (see Contract Attachment C.7.)

- (6) In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards outlined in this Contract, the Contractor shall submit to the State a summary of its BC-DR corrective action plan that describes how the failure will be resolved. The Contractor shall deliver the corrective action plan within ten (10) business days of the conclusion of the test. If the summary results show failure or that remedial action is necessary, the Contractor shall also provide a timeline of how long exposure is and when remediation will be implemented.
 - (7) In the event of a declared major failure or disaster, as defined in the Contractor's BC-DR plan the Contractor's critical functionality as discussed in Contract Section A.8.g.1. shall be restored within seventy-two (72) hours of the failure's or disaster's occurrence.
 - (8) The Contractor shall maintain a duplicate set of all records relating to this Program in electronic medium, usable by the State and the Contractor for the purpose of disaster recovery or data restoration.
- h. Prior to implementing any major modifications to or replacement of the Contractor's core information systems functionality and/or associated operating environment, the Contractor shall notify the State in writing of the change or modification within a reasonable amount of time (commensurate with the nature and effect of the change or modification) if the change or modification; (a) would affect the Contractor's ability to perform one or more of its obligations under this Contract; (b) would be visible to State system users and members; (c) might have the effect of putting the Contractor in noncompliance with the provisions or substantive intent of this Contract; or (d) would materially reduce the coverage amounts payable or services provided to the average member. If so directed by the State, the Contractor shall discuss the proposed change with the State prior to implementing the change. Subsequent to this discussion, the State may require the Contractor to demonstrate the readiness of the impacted systems prior to the effective date of the actual modification or replacement.
- i. **System and Information Security and Access Management Requirements**
- (1) The Contractor shall make system information available to duly authorized representatives of the State and other State and Federal agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.
 - (2) The Contractor's systems shall contain controls to maintain information integrity. These controls shall be in place at all appropriate points of processing. The controls shall be tested in periodic and spot audits following a methodology to be developed jointly by and mutually agreed upon by the Contractor and the State.
 - (3) Audit trails shall be incorporated into all systems to allow information on source data files and documents to be traced through the processing stages to the point where the information is finally recorded.
 - (4) The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein. The Contractor shall provide the State with access to data facilities upon request. The physical security provisions shall be in effect for the life of this Contract.



- (5) Unless the State prior-approves in writing the Contractor's use of alternate mitigating controls, the Contractor shall use Federal Information Processing Standard (FIPS) 140-2 compliant technologies to encrypt all member specific information in motion or rest, including back-up media.

A.9. Data Integration and Technical Requirements

- a. The Contractor shall maintain an electronic data interface with the State's Edison System for the purpose of retrieving and processing State member termination of enrollment records and any other files which may be identified and generated by the State. The Contractor shall be responsible for providing and installing the hardware and software necessary. The State requires the use by the Contractor of second level authentication for the exchange of member personal information. This is accomplished using the State's standard software product, which supports Public Key Infrastructure (PKI). The Contractor shall design a solution, in coordination with the State, to connect to the State's Secure File Transfer Protocol (SFTP) server using a combination of the password and the authentication certificate. The initial sign-on and transmission testing will use a password. Certificate testing may also be performed during the test cycle. Subsequent production sign-on will be done using the authentication certificate. The Contractor will then download the file and decrypt the file in its secure environment. The State of Tennessee uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor shall, with adequate notice, cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.
- b. At least two (2) months prior to the go-live date, the Contractor shall complete testing of the transmission, receipt, and loading of the enrollment termination file from the State.
- c. The Contractor shall maintain, in its systems, records of all members terminated from the Program.
 - (1) Weekly Terminations Update: The Contractor shall, unless otherwise directed by the State, retrieve, via secure medium weekly termination files from the State, in the State's Edison format (which may be revised upon notification to the Contractor). The files will include recent terminations of employees due to death, retirement, and termination of employment.
 - (2) The Contractor and/or its subcontractors, as applicable, shall electronically process one hundred percent (100%) of electronically transmitted termination records within three (3) business days of receipt of the Weekly Terminations Update file.
 - (3) The Contractor and/or its subcontractors, as applicable, shall resolve all discrepancies identified by the processing of the terminations file within five (5) business days of receipt of the file from the State. The State and the Contractor shall work to develop a process for responding to invalid or non-processed records.
- e. The Contractor shall reconcile, within ten (10) business days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.
- f. The Contractor's systems shall conform to future federal and state specific standards for data exchange by the standard's effective date.
- g. The Contractor shall partner with the State in the management of current and future data exchange formats and methods and in the development and implementation planning of future data exchange methods not specific to HIPAA or other federal effort.
- h. The Contractor's system(s) shall possess mailing address standardization functionality in accordance with U.S. Postal Service conventions.



- i. Within sixty (60) days of notice of termination of this Contract, the Contractor shall transfer to the State or its designee all required data and records necessary to administer the program, subject to State and Federal confidentiality requirements. The transfer shall be made electronically via secure medium, in a file format to be determined based on the mutual agreement between the State and the Contractor. In addition, upon termination of this Contract all data owned by the State that is housed or processed within the Contractor's environment shall be removed and returned to the State in a usable format acceptable to the State, unless the parties enter into a similar, successive contract.

A.10. Privacy & Confidentiality

- a. The Contractor shall develop, adopt, and implement standards to safeguard the privacy and confidentiality of all personal information about eligible employees and dependents and members. For example, the Contractor shall ensure that it does not have completed forms containing personal information sitting in public view, left in unsecured boxes or files, or left unattended in any off-site location (e.g., in an automobile). The Contractor's procedures shall include but not be limited to safeguarding the identity of members as members of the Program and preventing the unauthorized disclosure of personal information. The Contractor shall comply with all federal and state laws concerning the privacy and confidentiality of members' information, and shall implement any regulations when they become effective.
- b. In the absence of exigent circumstances, the Contractor shall not disclose any member's personal information to another business associate for pecuniary gain unless the State specifically prior authorizes such disclosure in writing.
- c. The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the members' personal information. The Contractor shall report to the State any unauthorized use or disclosure of the personal information within five (5) business days of any incident of which it becomes aware.
- d. The Contractor shall mitigate, to the extent practicable, any harmful effect that is known to the Contractor of a use or disclosure of personal information by the Contractor in violation of the requirements of this contract or federal or state laws.
- e. The Contractor shall (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic personal information of members that it creates, receives, maintains, or transmits, report to the State any security incident of which the Contractor becomes aware, and ensure that any agent of the Contractor, including any subcontractor, agrees to the same restrictions and conditions that apply to the Contractor with respect to such information.
- f. The Contractor shall not sell member information unless it is aggregated blinded data, which is not identifiable on a member basis. The Contractor shall not use member identified or non-aggregated information for advertising, marketing, promotion or any activity intended to influence sales or market share of any product or service.
- g. The Contractor shall have full financial responsibility for any penalties, fines, or other payments imposed or required as a result of the Contractor's non-compliance with, or violation of, federal or state requirements, and the Contractor shall indemnify the State with respect to any such penalties, fines, or payments.
- h. The Contractor shall assure that all Contractor staff is trained in all privacy and security requirements, as applicable.

A.11. Audits and Quality Assurance



- a. The Contractor shall cooperate fully with audits the State may conduct related to any aspect of the Program the State deems appropriate (at the Contractor's expense). The State may select any qualified persons or organization to conduct the audits. To the extent allowed by applicable law, the State agrees that persons or organizations conducting audits of the Contractor shall be prohibited from disclosing confidential patient records or proprietary or confidential information reasonably designated as such by the Contractor.
- b. The Contractor shall maintain an internal quality assurance plan. If requested by the State, the Contractor shall provide a summary of the internal quality assurance plan indicating areas addressed, established criteria and standards and those methods employed to evaluate results.
- c. The Contractor shall submit to the State, at least one (1) month prior to the go-live date, a summary of its methodology for conducting internal claims and operational audits, including audits to determine claims payment and processing accuracy and claims payment turnaround. The Contractor shall notify the State in writing at least thirty (30) calendar days in advance of any significant changes to its methodology. The State reserves the authority to review the change and require changes, where appropriate.

A.12. Reporting

- a. As required by this Contract (see Contract Attachment C), the Contractor shall submit reports to the State. Reports shall be submitted electronically, in the format specified by the State, and shall be of the type and at the frequency indicated below. The State reserves the right to modify reporting requirements as deemed necessary to monitor the Program. The State will provide the Contractor with at least ninety (90) days' notice prior to implementation of a report modification.

Unless otherwise directed by the State, the Contractor shall submit reports as follows:

- Weekly reports shall be submitted by Tuesday of the following week;
- Monthly reports shall be submitted by the 15th of the following month;
- Quarterly reports shall be submitted by the 20th of the following month;
- Semi-Annual Reports shall be submitted by the 20th of the following month;
- Annual reports shall be submitted within sixty (60) days after the end of the calendar year.

Unless prior approved in writing by the State, each report shall be specific to the Program (not the Contractor's book of business).

- b. The Contractor shall ensure that reports submitted by the Contractor to the State shall meet the following standards:
 - (1) The Contractor shall verify the accuracy and completeness of data and other information in reports submitted.
 - (2) The Contractor shall ensure delivery of reports or other required data on or before scheduled due dates.
 - (3) Reports or other required data shall conform to the State's defined written standards.
 - (4) All required information shall be fully disclosed in a manner that is responsive and with no material omission.
 - (5) Each report shall be accompanied by a brief narrative that describes the content of the report and highlights salient findings of the report.



- (6) As applicable, the Contractor shall analyze the reports for any early patterns of change, identified trend, or outliers and shall submit a written summary with the report including such analysis and interpretation of findings. At a minimum, such analysis shall include the identification of change(s), the potential reasons for change(s), and the proposed action(s).
- (7) The Contractor shall notify the State regarding any significant changes in its ability to collect information relative to required data or reports.
- (8) The submission of late, inaccurate or otherwise incomplete reports shall be considered failure to report within the specified timeframe (see Contract Attachment B.7.).
- (9) State requirements regarding reports, report content and frequency of submission may change during the term of the Contract. The Contractor shall have at least forty-five (45) days to comply with changes specified in writing by the State.

A.13. Implementation

- a. Basic Term Life Insurance and Accidental Death & Dismemberment Insurance Program Implementation Plan. General Requirements: The Contractor shall provide to the State a comprehensive Implementation Plan no later than thirty (30) days after the Contract Award Date. The plan shall outline the steps necessary for the Contractor to submit deliverables by the date specified in Contract Section A.13.e.1. and for the Contractor to be fully operational by the Program go-live date of January 1, 2014. This plan shall include a detailed timeline description of all work to be performed both by the Contractor and the State. The implementation plan shall also provide specific details on the following:
 - (1) Identification, timing, and assignment of significant responsibilities and tasks;
 - (2) Names and titles of key implementation staff;
 - (3) Identification and timing of the State's responsibilities;
 - (4) Processing of test data for appropriate interpretation of data values;
 - (5) Identification and timing for the testing, acceptance and certification of exchange of data between the Contractor and Edison and other relevant information systems;
 - (6) Member communications and their timing (consistent with Benefits Administration's larger member communication strategy); and
 - (7) Schedule of in-person meetings and conference calls with the State.
- b. The Contractor shall have a designated full-time implementation team to service this account. All of the Contractor's implementation team members shall have participated, as team members, in the implementation of term life insurance plans for at least one other large employer (i.e., an employer plan with at least 10,000 members). The Contractor's implementation team shall include a full-time, designated project manager ready to begin work immediately following the contract signing until thirty (30) days after the go-live date. The team shall also include an Account Manager dedicated to this Contract, who will be the main contact with the State for all of the day-to-day matters relating to the implementation and ongoing operations of this Contract. Also, the Contractor shall assign a backup to the Account Manager. An Information Systems Project Manager shall be part of the implementation team. All implementation team members shall be available as needed during the implementation as well as thirty (30) days after the go-live date.
- c. Staffing Plan:
 - (1) General Requirement. As part of its Project Implementation Plan described above, the Contractor shall submit to the State for review and approval a detailed



staffing plan. The Contractor shall submit to the State its Staffing Plan with its Project Implementation Plan by the date specified in Contract Section A.13.e.1.

(2) Contents. The staffing plan shall provide staffing estimates for all functions and requirements of the Contract, including:

- i. Representatives/operators, serving in the Call Center
- ii. Contractor supervisory/account management staff; and
- iii. Technical Staff, as required to process the interface files with the State.

d. The State may conduct a comprehensive readiness review of the Contractor at least sixty (60) days prior to January 1, 2014 in order to ensure that the Contractor is able and prepared to perform all functions required by this Contract and to provide high quality services to Members. Such review by the State may include an on-site review of the Contractor's customer service, claims adjudication facilities and operation. Contractor shall participate in all readiness review activities conducted by the State staff and/or the State's benefit consultants to ensure the Contractor's operational readiness for all products and services (e.g. claims adjudication, eligibility, member services, reporting requirements, Edison interface, etc.) The State will provide the Contractor with a summary of findings that may include areas requiring corrective action prior to January 1, 2014.

e. Due Dates for Project Deliverables/Milestones

Unless otherwise specified in writing by the State, the Contractor shall adhere to the following schedule for the deliverables and milestones for which it is responsible under this Contract:

Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
Implementation		
1. Basic Term Life and Accidental & Dismemberment Insurance and Optional AD&D Implementation plan, Staffing Plan and timetable	A.13.a. and c.	Within 30 days post Contract Award Date
2. All Subcontractors approved by State and copies of the executed subcontracts provided, if requested by the State	A.2.i.	Within 45 days post Contract Award Date
3. Go-Live	A.13.a.	January 1, 2014
4. Kick-off meeting for all key Contractor staff	A.2.f	No later than 30 days after Contract Award Date
5. State readiness review if requested by State	A.13.d.	November 1, 2013
Staffing		
6. Staff identified and designated responsibilities	A.2.	30 days post Contract Award Date
7. Account Team Satisfactory Survey	A.2.k.	Annually
Call Center		



Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
8. Call center open	A.3.	December 2, 2013
9. Call center statistics	A.3.c. and A.3.d.	Weekly starting December 2, 2013 and monthly starting March 1, 2014
Member Communications/Materials		
10. Member handbook	A.5.c.	December 11, 2013, or before, and then, at least 14 days prior to each benefit year if requested by the State
Website		
11. Web site go-live	A.6.b.	December 2, 2013, or before
12. State review of web site	A.6.e.	November 1, 2013, or before
Administrative Services		
13. Grievance procedure	A.7.g.	January 1, 2014
14. Transport Layer Security (TLS)	A.7.h.	January 1, 2014
15. Quarterly meetings with the State	A.8.i.	Quarterly after go-live
Information Systems		
16. Business Continuity Disaster Recovery (BC/DR) Results Report	A.8.g.(4) and (5)	December 2, 2013 and then annually in January (beginning in 2015)
Data Integration & Technical Requirements		
17. Completion of termination file testing	A.9.b.	November 1, 2013, or before
18. Edison System Interface/file acceptance	A.9.b.	November 1, 2013, or before
19. Weekly terminations production file	A.9.c.(1)	Weekly after January 1, 2014
20. Data and records upon termination of contract	A.9.i.	Within 60 days of notice of termination
Reporting		
21. Complete testing of understanding of monthly reports received from State	C.5.l.a.(11)iv.	November 1, 2013, or before
22. Complete testing of invoice creation for the State	C.5.l.	November 1, 2013, or before
23. Confirm with State the format and data needed for each required report	A.12.	November 1, 2013, or before
24. Reports specified in Contract Attachment C	A.13.a. and Contract Attachment C	As specified in Contract Attachment C beginning December 2, 2013
Quality Assurance		



Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
25. Copy of internal quality assurance plan	A.11.c.	30 days prior to go-live and as modified
Scope of Services		
26. Transition from Traditional Program to Contemporary Program	A.1.a.	January 1, 2015
27. Accept beneficiary confirmation statements maintained in and printed From Edison	A.1.d.	October 1, 2014
Regulatory Requirements		
28. Group Master Policy	A.14.a.	November 4, 2013

A.14. Regulatory Requirements

- a. The Contractor shall prepare and submit to the State Division of Benefits Administration for approval no later than sixty (60) days prior to program implementation on January 1, 2014, the Group Master Policy to be filed with the State of Tennessee Department of Commerce and Insurance. Upon approval by the State Division of Benefits Administration, the Contractor shall file the Group Master Policy with the State of Tennessee Department of Commerce and Insurance for review and approval.
- b. The Contractor shall submit to the State a revised Group Master Policy within thirty (30) days of any changes to the Program.
- c. The Contractor shall immediately notify the State of any pending disciplinary action initiated by the State of Tennessee Department of Commerce and Insurance that may materially impact its ability to perform under this Contract.
- d. The Contractor shall make all required reports to the United States Internal Revenue Service.
- e. The Contractor shall pay to the appropriate authority all premium taxes, including state premium taxes, due on the coverage provided by this Program.

A.15. Definitions

- a. **Actively at Work:** Active full time performance of all the customary duties of the Employee's occupation at the Employer's usual place of business or place(s) that the Employer's normal course of business requires. Employee will be considered Actively at Work on each day of paid vacation or scheduled day off on which the Employee was not totally disabled, if Employee was Actively at Work on his last scheduled working day.
- b. **Agency Benefits Coordinator:** The individual within each State agency or department who is the officially-designated liaison between the Division of Benefits Administration and employees/members.
- c. **Annual Base Salary:** The regular pay which the Employee receives per year, as of the date of the application, not including overtime pay, longevity, etc.



- d. **Attained Age:** The Member's age as of his last birthday at time of application and subsequently on an annual date, e.g. September 1, specified by the State .
- e. **Average Speed of Answer (ASA):** The mean time between (a) the moment at which a caller to the Contractor's Call Center first hears an introductory greeting and enters the queue and (b) the time at which a Call Center representative at the Call Center answers the call. For this definition, the term "answer" shall mean to begin an uninterrupted dialogue with the caller. If a Call Center representative asks the caller to hold during the first 30 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the Call Center representative returns to the caller and begins an uninterrupted dialogue.
- f. **BC/DR:** Business Continuity/Disaster Recovery. Disaster Recovery and its associated planning refer to specific steps that must be undertaken to resume operations in the aftermath of a catastrophic natural disaster or complete technology failure. Business Continuity describes the higher-level processes that must be put in place so that an organization's mission-critical functions can continue during and after a disaster.
- g. **Benefits Administration:** The division of the Tennessee Department of Finance & Administration which administers the basic term life and accidental death & dismemberment insurance program.
- h. **Beneficiary:** The person(s) designated to receive the benefits provided by the Group Master Policy in the event of the Member's death or dismemberment.
- i. **Bobby- Approved:** Standards for website accessibility in keeping with Americans with Disabilities Act of 1990, Public Law 101-336, (as amended) and implementing regulations and other national standardization criteria. For more information refer to: <http://www.accessible.org/bobby-approved.html>.
- j. **Business Days:** Traditional workdays, including Monday, Tuesday, Wednesday, Thursday, and Friday. State Holidays are excluded.
- k. **Calendar Days:** All seven days of the week.
- l. **Contract Award Date:** The date on which the State Insurance Committee approved entering into a contract with the best evaluated proposer on RFP 31786-00120.
- m. **Days:** Unless otherwise specified, refers to calendar days.
- n. **Deliverable:** A document, manual, or report (in hard copy, electronic format or specific medium as required) that the Contractor submits to the State to fulfill requirements of this Contract.
- o. **Edison:** The State's enterprise resource planning system, which supports human resources, payroll, insurance, contracting, procurement and other agency functions.
- p. **Eligible Employees and Dependents:** Employees and their dependents of State agencies who meet the eligibility requirements as defined in "Basic Term Life/Basic AD&D/Optional AD&D Insurance Eligibility and Benefits" (Contract Attachment D).
- q. **Employer:** The State of Tennessee.
- r. **First Call Resolution:** A member's question(s) is answered during their first call eliminating the need for the Contractor to call back the member.
- s. **Guaranteed Issue:** The coverage which is issued without having to complete a supplemental application which includes health questions.
- t. **Head-of-Contract:** The employee who is eligible to enroll in the Program.
- u. **Holidays:** Days on which official holidays and commemorations as defined in Tennessee Code Annotated § [15-1-101](#) *et seq.*, are observed.



- v. **Information Technology (IT):** A combination of computing hardware and software that is used in: (a) the capture, storage, manipulation, movement, control, display, interchange and/or transmission of information, i.e. structured data (which may include digitized audio and video) and documents; and/or (b) the processing of such information for the purposes of enabling and/or facilitating a business process or related transaction.
- w. **Lapse:** The Member's coverage ends due to the non-payment of the required premium.
- x. **Loss Ratio:** The percentage ratio derived from the sum of total paid claims plus waiver of premium claims plus required reserves for incurred but not reported claims divided by the total collected premiums.
- y. **Members:** Eligible employees and dependents participating in the Basic Term Life/Basic AD&D/Optional AD&D Insurance Program.
- z. **Policy Anniversary Date:** The annual anniversary of the Group Master Policy Effective Date for this Program shall be January 1 of each calendar year.
- aa. **Telecommunication Device for the Deaf (TDD):** Special telephony devices with keyboard attachments for use by individuals with hearing impairments who are unable to use conventional phones. Also known as Teletype (TTY).
- bb. **Week, Calendar:** The traditional seven-day week, Sunday through Saturday.

A.16 At the State's discretion, Contractor may provide to the State, at no additional cost, "LifeSuite" services in addition to the other services provided above in the Scope of services of this Contract. The State may at any time choose to implement or decline any or all of the "LifeSuite" services offered by the Contractor referenced in Attachment E, to include Beneficiary Financial Counseling, Legacy Planning, Legal Services, and Travel Assistance.

B. CONTRACT PERIOD:

B.1. **Contract Term.** This Contract shall be effective for the period beginning September 23, 2013 and ending on December 31, 2019. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed Seventy Six Million Five Hundred Thousand Dollars (\$76,500,000.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. **Compensation Firm.** The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.



C.3. **Payment Methodology.** The Contractor shall be compensated based on the payment rates hereir for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of services defined in Section A.

b. The Contractor shall be compensated for said service based upon the following payment rates:

i. **Premium Rates:** The Contractor shall be compensated based upon the following guaranteed premium rates for the entire term of the contract:

Traditional Basic Term Life & Basic AD&D Program January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	\$0.164 /per \$1000 of Benefit
Dependent Basic Group Term Life: Spouse & Child(ren)	\$0.910 /per unit
Dependent Basic Group Term Life: Child(ren) Only	\$0.310 /per unit
Employee Basic Group AD&D	\$0.022 /per \$1000 of Benefit
Dependent Basic Group AD&D	\$0.015 /per \$1000 of Benefit

Traditional Optional Accidental Death & Dismemberment Program January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Employee Optional AD&D	\$0.035 /per \$1000 of Benefit
Dependent (Spouse & Children) Optional AD&D	\$0.35 /per Unit

ii. Should the State implement the Contemporary Life program at any point following calendar year 2014, during the life of this contract, the following guaranteed premium rates shall apply for the remainder of the term of the contract:

Contemporary Basic Term Life & Basic AD&D Program January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	\$0.160 /per \$1000 of Benefit
Employee Basic Group AD&D	\$0.022 /per \$1000 of Benefit



Contemporary Optional Accidental Death & Dismemberment Program January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Employee Optional AD&D	\$0.035 /per \$1000 of Benefit
Spouse Optional AD&D	\$0.035 /per \$1000 of Benefit
Children Optional AD&D	\$0.035 /per \$1000 of Benefit

The above premium rates, multiplied by the appropriate volumes of insurance outstanding, constitute the maximum monthly liability of the State. Actual compensation of the Contractor will be governed by the terms of Section C.3, Payment Methodology, of this Contract.

iii. **Reserves:**

TRADITIONAL BASIC TERM LIFE and BASIC AD&D PROGRAM

In addition to the charges listed in Section C.3.b.(i). above, the Contractor shall include, in the first Contract year (2014) only, a charge of **One Dollar and Thirty-Eight Cents (\$1.38)** monthly per employee to establish the reserves outlined below. After the first year, the Contractor shall revise this rate if the Traditional Program is still in effect to reflect only adjustments required to maintain the reserve percentages below. All reserves accumulated under the Traditional Program shall be carried forward to the Contemporary Program when implemented.

The Contractor is permitted to apply the following factors for the purpose of establishing reserves for incurred but unreported claims at Contract termination:

Traditional Basic Term Life & Basic AD&D Program January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	15.0% of Annual Premium
Dependent Basic Group Term Life	14.5% of Annual Premium
Employee Basic Group AD&D	11.0% of Annual Premium
Dependent Basic Group AD&D	11.0% of Annual Premium

Should the total membership in either of the Basic Employee Term Life, Basic Dependent Term Life, Basic Employee AD&D and Basic Dependent AD&D Traditional products change from one year to the next by more than twenty percent (20%) during any given year of the Contract, the Contractor may request a change in the percentage upon which the reserves are accumulated. Request for such change must be made at least ninety days (90) prior to the proposed effective date, and must be approved by the State and effected through an amendment to this contract.

CONTEMPORARY BASIC TERM LIFE and BASIC AD&D

In addition to the charges listed in Section C.3.b.(ii). above, the Contractor may include, in the first year only of the Contemporary Program, a charge, not to exceed, of **Zero Dollars and Cents (\$0.00)** monthly per employee to establish the reserves outlined below. After the first year of the Contemporary Program, the Contractor shall



revise this rate to reflect only adjustments required to maintain the reserve percentages below.

The Contractor is permitted to apply the following factors for the purpose of establishing reserves for incurred but unreported claims at Contract termination:

Contemporary Basic Term Life & Basic AD&D Program January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Employee Basic Group Term Life	15.0% of Annual Premium
Employee Basic Group AD&D	11.0% of Annual Premium

Should the total membership in the Basic Employee Term Life and Basic Employee AD&D Contemporary product change from one year to the next by more than twenty percent (20%) during any given year of the Contract, the Contractor may request a change in the percentage upon which the reserves are accumulated. Request for such change must be made at least ninety days (90) prior to the proposed effective date, and must be approved by the State and effected through an amendment to this contract.

iv. WAIVER OF PREMIUM

The Contractor may establish a reserve of forty percent (40%) of the face amount of the basic term life insurance coverage for any participating State employee who satisfactorily demonstrates eligibility for the Program's "Insurance During Disability Before Age 60" provision. Such reserving charges shall be reported as a disability claim for the purpose of the monthly statement and annual accounting. In the event of recovery from disability during the term of this Contract, the Program shall be credited with the reserve amount established for such employee. Any amount of basic term life insurance being continued under the Program's "Insurance During Disability Before Age 60" provision will continue, until the month in which the employee reaches age 70, as long as the employee is disabled. The premium will be waived by the Contractor for the employee and dependents during the period.

Should an employee who is approved for the "Insurance During Disability Before Age 60" provision be insured with respect to dependents at the time disability occurs, the premium for Dependent Life Insurance will also be waived by the Contractor, as long as the employee is eligible for the "Insurance During Disability Before Age 60" provision. The Contractor may establish a reserve of five percent (5%) of the dependent's face amount of basic term coverage at the same time as the reserve for the employee is established. Such reserving charges shall be reported by the Contractor as a disability claim for the purpose of the monthly statement and annual accounting. In the event of the employee's recovery from disability during the term of this Contract, the Program shall be credited with the reserve amount established.

v. REFUND

Upon expiration or termination of this Contract, all reserves specified above, except those reserves established for the Program's "Insurance During Disability Before Age 60" provision under Section C.3.b.(4). above, shall be refunded to the State following completion of the final accounting. If a deficit exists at Contract expiration or termination, the Contractor may, after payment of all claims filed within one (1) year of the Contract expiration or termination date, recover such deficit from the reserves prior to refund of reserves to the State. Upon refund of the reserves established above, the Contractor shall not be liable for any claims incurred during the term of the Contract which are not reported to the Contractor prior to the Contract expiration or termination date except for claims arising from employees and dependents on approved waiver of premium.



vi. **Administrative & Conversion Charge:**

This Administrative fee includes all retention charges, except the premium tax and incurred claims reserves listed above, and is to be paid once a month, for the preceding month. The Conversion charge is for per One-Thousand dollars (\$1,000) of life insurance converted during the preceding calendar month.

Administrative & Conversion Charges Traditional Plan January 1, 2014 – December 31, 2018	Amount per month (per compensable increment)
Administrative Charge (Charge against the plan for program administration)	\$0.132 /per Employee per month
Conversion Charge (Charge against the plan for each \$1,000 of Conversion Life insurance issued)	\$85.00 /per \$1000

Administrative & Conversion Charges Contemporary Plan January 1, 2015 – December 31, 2018	Amount per month (per compensable increment)
Administrative Charge (Charge against the plan for program administration)	\$0.132 /per Employee per month
Conversion Charge (Charge against the plan for each \$1,000 of Conversion Life insurance issued)	\$85.00 /per \$1000

- vii. **Basic Term Life/Basic AD&D Expenses and Earned Premium:** In months when the expenses are less than the earned premium, based on the provisions of Sections C.3.b. and C.5.i. of this Contract, the Contractor shall be paid the expenses. When monthly expenses exceed the monthly premium, year to date expenses are compared to year to date earned premium and the monthly expenses are paid, if they are less than the difference between the year to date earned premium and year to date expenses. To the extent that a deficit exists on a year to date basis, the amount of the monthly deficit can be carried forward to a following month(s), and treated as an expense.

If, at the end of any Contract year, except the last, subject to the payment provisions of Section C.3 above, the total annual charges exceed the maximum annual liability, the deficit may be carried forward into the next contract year. The Contractor may amortize the deficit over the next Contract year and include it in the monthly cost statement. The deficit can only be recovered each year up to the maximum annual liability. Any deficit incurred during the final year of this Contract shall be the responsibility of the Contractor.

If, at the end of any Contract year, subject to the payment provisions of Section C.3 above, the maximum annual liability exceeds the total annual charges, the excess premium (up to 10% of the year's annual premium) may be carried forward by the State to the next Contract year. Although the excess premium will be determined on a cumulative basis, the amount of the excess premium carried forward cannot exceed Ten Percent (10%) of the annual premium for the prior Contract year.

- viii. **Annual Financial Statement.** Within ninety (90) days of the end of each calendar year, the Contractor shall prepare and provide to the State an annual financial



statement. The statement shall include all premiums earned, all claims payments, the change in reserves for incurred but unreported claims, administrative charges, conversion fees, interest earnings, premium tax, and interest on premium due. To the extent that the annual expenses exceed the sum of the monthly payments determined under the provision of Section C.3, the State shall make a payment to the Contractor of the difference. The annual expenses may not exceed the maximum annual liability.

The State shall receive an annual interest credit or charge based upon the total cash flow of the Program, including all reserves established thereunder. On an annual basis, the Contractor shall perform a cash flow analysis to establish the actual interest credit or charge to the Program for the prior year. In performing the analysis, the Contractor shall calculate interest to the Program monthly at a rate equal to the discount rate on six-month U.S. Treasury Bill plus one-half (1/2) percent divided by twelve (12). The U.S. Treasury Bill rate used for a given month shall be the discount rate determined by the first auction of six-month Treasury Bills occurring on or after the fifteenth day of the prior month.

Following the presentation of the annual financial statement, the Contractor will provide to the State a summary of the invoicing and payment dates for the monthly invoices for the year covered by the annual statement. The Contractor and the State will confer on ways to improve the payment practices if either party determines such discussions are necessary.

ix. **Liability Upon Termination of Contract:**

Upon expiration or termination of this Contract, the Contractor shall have the claim liability for all claims incurred on or before December 31, 2018. This liability shall include all employees who have been approved for or who have applied for the Program's "Insurance During Disability Before Age 60" provision on or before the date of Contract termination or expiration and who are granted such waiver and continue to provide annual proof of total disability.

x. **Converted Members:** The Contractor shall accept payments directly from members who are no longer employed and have converted to an individual policy.

- c. If member materials containing an error had been approved by the State in writing and the error was detected after the materials have been mailed, the State will reimburse the Contractor the production and postage cost of mailing the corrected version pursuant to Contract Section C.3.d.
- d. For mailings above those identified in the contract, the State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation of actual costs incurred.
- (1) Postage. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract and as directed and authorized by the State.
 - (2) Printing/Production. The State shall reimburse the Contractor an amount equal to the actual net cost of document printing/production as required and authorized by the State and as detailed by the Contract Scope of Services.

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed, approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

C.4. **Travel Compensation.** The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.



C.5 Invoice Requirements for Basic Term Life/Basic AD&D.

The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices monthly, and no more often than monthly, with all necessary supporting documentation, to:

Sylvia Chunn, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Benefits Administration Division
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, Suite 1900
Nashville, Tennessee 37243

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

- (1) Invoice Number (assigned by the Contractor)
- (2) Invoice Date
- (3) Contract Number (assigned by the State)
- (4) Customer Account Name: Finance and Administration, Benefits Administration;
- (5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
- (6) Contractor Name
- (7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
- (8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
- (9) Contractor Remittance Address
- (10) Description of Delivered Service
- (11) Complete Itemization of Charges, which shall detail the following:
 - i. Service or Milestone Description (including name & title as applicable) of each service invoiced
 - ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
 - iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
 - iv. Detailed Amounts by Service
 - Number of enrolled employees (utilizing reports provided by the State)
 - Earned premium
 - Prior surplus balance
 - Group maximum liability
 - Paid claims dollars
 - Waiver of premium charge or credit
 - Conversion charge
 - Prior deficit balance
 - Minimum premium charge (administrative charge for retention and incurred but not reported claims reserve charge)
 - Monthly cost total
 - Prior payments received
 - Current surplus
 - Current deficit
 - v. Total Amount Due for the invoice period

b. The Contractor understands and agrees that an invoice under this Contract shall:

- (1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
- (2) only be submitted for completed service and shall not include any charge for future work;
- (3) not include sales tax or shipping charges; and



- (4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

- C.6 Purchase Order in lieu of Invoicing for Optional Accidental Death & Dismemberment
The State will generate a monthly purchase order for the Optional Accidental Death & Dismemberment Program and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed above in Contract Section C.3.
- C.7. Payment of Purchase Order A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided.
- C.8 Payment Reductions The Contractor's payment shall be subject to reduction for amounts included in any purchase order or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
- C.9. Deductions The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.10. Prerequisite Documentation The Contractor shall not be paid by the State under this Contract until the State has received the following documentation properly completed.
- a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH).
 - b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.
- C.11. Contractor Payment Responsibilities The Contractor shall pay to the appropriate authority all premium taxes, including State premium taxes, due on the coverage provided by this plan.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date.



The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to terminate the Contract and withhold payments in excess of fair compensation for completed services.
- a. The State will provide notification of termination for cause in writing. This notice will: (1) specify in reasonable detail the nature of the breach; (2) provide the Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event the Contractor fails to correct the breach. The Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.
 - b. Notwithstanding the foregoing, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor



shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of *Tennessee Code Annotated, Section 12-4-124, et seq.* for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.
- D.9. Records The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.10. Monitoring The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.11. Progress Reports The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.12. Strict Performance Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.13. Independent Contractor The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business



affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.14. State Liability The State shall have no liability except as specifically provided in this Contract.
- D.15. Force Majeure The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.
- D.16. State and Federal Compliance The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.17. Governing Law This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.18. Completeness This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.19. Severability If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.20. Headings Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Sylvia Chunn, Procurement and Contracting Manager
Tennessee Department of Finance & Administration
Division of Benefits Administration
312 Rosa L. Parks Avenue, Suite 1900



Nashville, Tennessee 37243
sylvia.chunn@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Paul J. Romuald, Manager
Minnesota Life Insurance Company
1909 Hillbrooke Trail, Suite #2
Tallahassee, FL 32311
paul.romuald@securian.com
Telephone # (850) 878-0038 ext:101
FAX # (888) 826-2756

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

- E.3. Subject to Funds Availability The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. Tennessee Consolidated Retirement System The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.
- E.5. Insurance The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
- (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.
 - (3) Professional Malpractice Liability with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.



- b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

E.6. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.7. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

- a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.
- b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.
- c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.
- d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.



- E.8. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or contracted services. Such procurements shall be made on a competitive basis, where practical. The Contractor shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Contract. In each instance where it is determined that use of a competitive procurement method was not practical, said documentation shall include a written justification, approved by the Commissioner of Finance and Administration, for such decision and non-competitive procurement.
- E.9. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.10. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below, unless Tennessee state law expressly requires that a provision of the Group Master Policy take precedence.
- a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);
 - b. any clarifications of or addenda made to the Contractor's Proposal seeking this Contract;
 - c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;
 - d. any technical specifications provided to proposers during the procurement process to award this contract;
 - e. the Contractor's proposal seeking this Contract;
 - f. the Group Master Policy approved by the Tennessee Department of Commerce and Insurance
 - g. Confidential Site Information Access Agreement between Minnesota Life Insurance Company and the State of Tennessee
- E.11. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;



- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

- E.12. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP # 31786-00120 (Attachment 6.2 Section B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

- E.13. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

- E.14. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

- E.15. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

- failure to perform in accordance with any term or provision of the Contract;
- partial performance of any term or provision of the Contract;
- any act prohibited or restricted by the Contract, or
- violation of any warranty.

For purposes of this Contract, these items shall hereinafter be referred to as a "Breach."

- a. Contractor Breach— The State shall notify Contractor in writing of a Breach.
 - (1) In event of a Breach by Contractor, the State shall have available the remedy of Actual Damages and any other remedy available at law or equity.
 - (2) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages as detailed in Contract Attachment B. The State shall notify



the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in above referenced Contract Attachment B and agrees that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

The State may conduct "secret shopper" and other monitoring activities during the operation of this Contract. The State may also assess liquidated damages for breaches of contract that it discovers during these and other activities as detailed in Contract Attachment B.

- (3) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. The Notice of Partial Default and termination of services associated with the Breach shall advise the Contractor whether the State will provide an opportunity to cure. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.



- (4) **Contract Termination**— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

The Termination Notice must (1) specify in reasonable detail the nature of the Breach; (2) provide Contractor with an opportunity to cure, which shall be no less than 30 days from the date of the Termination Notice; (3) shall specify the effective date of termination in the event Contractor fails to correct the Breach. The Contractor shall present the State with a written request detailing the efforts it will take to resolve the problem. This opportunity to “cure” shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations.

- b. **State Breach**— In the event of a Breach of Contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of Contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State’s Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State’s Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.
- E.16. **Disclosure of Personal Identity Information** The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.
- E.17. **Third Party Beneficiary** This Contract has been entered into solely for the benefit of the State and the Contractor and is not intended to create any legal, equitable, or beneficial interest in any third party or to vest in any third party any interest as to enforcement or performance.
- E.18. **Confidential and Proprietary Information** The State agrees to protect, to the fullest extent permitted by state law, the confidentiality of information expressly identified by the Contractor as confidential and proprietary, including information that would allow a person to obtain unauthorized access to confidential information or to electronic information processing systems owned by or licensed to the State.



- E.19. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed. It is expressly understood and agreed that the obligations set forth in this section shall survive the termination of this Contract in perpetuity.
- E.20. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of *Tennessee Code Annotated*, Section 12-7-101, et. seq., shall be printed pursuant to this contract unless a printing authorization number has been obtained and affixed as required by *Tennessee Code Annotated*, Section 12-7-103 (d).
- E.21. Tennessee Department of Revenue Registration The Contractor shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Contract.

IN WITNESS WHEREOF,

MINNESOTA LIFE INSURANCE COMPANY:

 11/25/2013

CONTRACTOR SIGNATURE **DATE**
 2nd Vice President, Group Case Underwriting - Brian Anderson

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
 STATE INSURANCE COMMITTEE:

 11-26-13

 LARRY B. MARTIN, CHAIRMAN **DATE**




ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	38985
CONTRACTOR LEGAL ENTITY NAME:	Minnesota Life Insurance Company
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	41-0417830

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Brian Anderson - 2nd Vice President, Group Case Underwriting

PRINTED NAME AND TITLE OF SIGNATORY

11/25/2013

DATE OF ATTESTATION



LIQUIDATED DAMAGES

1. Program Start-up (see Contract Section A.13.e.)	
Guarantee	All services required by this contract between the "contract start date" and the "go-live" date as specified in contract section A.13.e. shall be completed as specified.
Assessment	One thousand dollars (\$1,000.00) for each day beyond the deadline that any service deliverable is not completed. Fifty thousand dollar (\$50,000) maximum.
Measurement	Measured, reported, reconciled, and paid no later than three (3) months after the go-live date.
2. Program Go-Live (see Contract Section A.13.)	
Guarantee	All services required by this contract shall take effect (i.e. "go-live") and be fully operational on January 1, 2014.
Assessment	One thousand dollars (\$1,000.00) for each day beyond the deadline that all services are not fully operational. One hundred thousand dollar (\$100,000) maximum.
Measurement	Measured, reported, reconciled, and paid no later than four (4) months after the go-live date.
3. Approval of Communication Materials (see Contract Section A.4.f.)	
Guarantee	State approval must be obtained for all communication materials prior to distribution.
Assessment	One thousand dollars (\$1,000.00) for each occurrence the standard is not met. An occurrence is defined as per mailing and not per mail piece. Twelve thousand dollar (\$12,000) annual maximum.
Measurement	Reported, reconciled, and paid per occurrence through the duration of the Contract.
4. Tennessee Edison System Interface (see Contract Section A.9.)	
Guarantee	Contractor's interface with the Edison System shall be fully operational by the date specified in Contract Sections A.13.e.18., and the contractor shall maintain, from January 1, 2014 through the term of the contract, a valid interface with the Edison System.
Assessment	One thousand dollars (\$1,000.00) per day for every day out of compliance. One hundred thousand dollar (\$100,000) annual maximum.
Measurement	Fully operational shall mean the Edison Certification of Interface Acceptance has been executed and that weekly files obtained by the Contractor from the State's Edison system will be timely and accurately processed and the data loaded directly into the Contractor's production database. Ongoing measurement, reconciled quarterly, and quarterly assessment paid annually.
5. Average Seconds to Answer (see Contract Section A.3.)	
Guarantee	The Contractor's call center shall maintain an average seconds to answer (ASA) of thirty (30) seconds or less, as required in Contract Section A.3.c.(1).
Assessment	One thousand dollars (\$1,000) for each calendar month that the average seconds to answer exceeds the threshold above. Twelve thousand dollar (\$12,000) annual maximum.
Measurement	The Contractor shall calculate the number of instances during each day during which a caller's time-to-answer exceeds this threshold (based on Contractor's internal telephone support system reports) compared to the total number of calls per day. Measured and reported on a weekly basis during the thirty (30) days prior to the go-live date though sixty (60) days after the go-live date. Thereafter, measured and reported monthly. Reconciliation shall be quarterly and quarterly assessment paid annually.
6. First Call Resolution (see Contract Section A.3.)	
Guarantee	The Contractor's call center shall maintain a monthly average rate of ninety-two percent (92%) for first call resolution, as required in Contract Section A.3.c.(2).
Assessment	One thousand dollars (\$1,000) for each calendar month that the average first call resolution rate exceeds the threshold above. Twelve thousand dollar (\$12,000) annual maximum.
Measurement	The Contractor shall calculate the number of instances during each day during which a caller's initial call was answered without needing a call back from the Contractor (based on Contractor's internal telephone support system reports) compared to the total number of



	calls. Measured and reported on a weekly basis during the thirty (30) days prior to the live date though sixty (60) days after the go-live date. Thereafter, measured and reported monthly. Reconciliation shall be quarterly and quarterly assessment paid annually.
7. Management Reporting (see Contract Section A.12.)	
Guarantee	All reports shall be delivered as specified in Section A.12, unless otherwise directed by the state.
Assessment	One thousand dollars (\$1,000.00) for each report not delivered within the time frame specified in the contract. Fifty thousand dollar (\$50,000) annual maximum.
Measurement	Measured based on report due date (weekly, monthly, quarterly, semi-annually, and annually); Reconciled quarterly and quarterly assessment paid annually.
8. Privacy and Security of Members Information (see Contract Section A.10)	
Guarantee	The Contractor shall not release, intentionally or unintentionally, members' personal information, enrollment information, or claims information to unauthorized parties.
Assessment	Two thousand five hundred dollars (\$2,500) for the first violation, five thousand dollars (\$5,000) for the second violation and ten thousand dollars (\$10,000) for the third and any additional violations with a maximum cap at one hundred thousand dollars (\$100,000) annually. The assessment will be imposed on a per incident basis meaning regardless of how many members are impacted and the assessment will be levied on the graduated basis detailed above.
Measurement	Measured, reported, reconciled, and paid per occurrence.



REPORTING REQUIREMENTS

As required by Contract Section A.12., the Contractor shall submit Management Reports to the State. The reports shall be used by the State to assess the basic term life, basic accidental death & dismemberment, and optional accidental death & dismemberment programs coverage and costs, as well as reconcile the Liquidated Damages. All reports shall be submitted in Microsoft Excel format, unless otherwise specified by the State, and shall be sent to the State via secure email or secure file transfer protocol.

- 1) **Liquidated Damages Tracking**, as detailed in Contract Attachment B, each component to be listed with guarantee and actual results, submitted quarterly using the template prior approved in writing by the State; the report shall also include a narrative statement regarding the status of each item
- 2) **Program Start-up**, as detailed in Contract Section A.13.e., each component to be listed with due dates and actual complete dates, submitted one time only by the 15th day of January 2014
- 3) **Program Go-Live**, as detailed in Contract Section A.13.e., each component to be listed with due dates and actual complete dates, submitted one time only by the 17th day of February 2014
- 4) **Call Center Activity Reports**, as detailed in Contract Section A.3.d, submitted weekly, then monthly.
 - a. Average Seconds to Answer – statistics to support an average seconds to answer (ASA) of less than thirty (30) seconds for monthly calls
 - b. First Call Resolution – statistics to support a monthly average rate of ninety-two percent (92%) for first call resolution
- 6) **Account Team Satisfaction Survey Report**, as required in Contract Section A.2.k., submitted annually using the template prior approved in writing by the State
- 7) **BC/DR Results Report**, as detailed in Contract Section A.8.g.(4) and (5) submitted annually by email using the template prior approved in writing by the State
- 8) **Monthly Invoice**, as detailed in Contract Section C.5.i. submitted monthly by email using the template prior approved in writing by the State
- 9) **Annual Financial Analysis and Invoice Summary**, as detailed in Contract Section C.3.b.vi.
- 10) **Claims Listing and Summary**, submitted monthly, using a template approved by the State, showing
 - Monthly volume of claims and dollars paid by line of coverage
 - Monthly loss ratio by lines of coverage
 - Monthly turnaround time from receipt to payment of death and ad&d claims
 - Monthly summary of newly approved and existing waiver of premium cases
 - Monthly summary of issued conversion policies
 - Monthly summary of approved advance benefit claims
 - Monthly summary of ad&d supplemental benefit paid on claims
 - Monthly summary of cause of death on basic term life insurance claims
 - A year to date cumulative total for each item above which in the December report will be an annual summary



- 11) **Quality Assurance**, submitted annually showing a summary for the previous calendar year of the claims payment accuracy of the State claims selected for auditing by the Contractor
- 12) **Financial Rating**, submitted annually showing the Contractor's most recent rating by A. M. Best or other nationally recognized rating firm approved by the State
- 13) **AdHoc Reports**, The Contractor shall submit such ad hoc reports as are deemed by the State to be necessary, to analyze the Basic Term Life, Basic Accidental Death & Dismemberment, and Optional Accidental Death & Dismemberment Insurance Program. The exact format, frequency and due dates for such reports shall be mutually agreed with the Contractor and shall be submitted at no cost to the State.



TRADITIONAL BASIC TERM LIFE and BASIC ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS	
Benefit/Provision	Description
Plan Policy Requirements	The basic term life and basic accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.
Eligibility Criteria	
Eligibility Status	<ul style="list-style-type: none"> • <i>Employee</i> – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) any person who has received a seasonal appointment and who meets the requirements set forth in TCA 8-27-201(h); or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee. • <i>Dependent</i> – An individual who is: 1) a legally married spouse of a State of Tennessee employee; or 2) an individual from live birth up to the age maximum who is a natural or adopted child of a State employee; a stepchild of the employee; or a child for whom that employee is the legal guardian.
Child Age Maximum	The maximum age for dependent child coverage is through the end of the month in which the child reaches his birthday of 26 years.
Participation Requirements	Employee participation is required for participation of a dependent. Only one parent may cover eligible child(ren). If a person is covered as an Employee, he cannot be covered as a spouse or dependent child of another Employee.
Carryover from Prior carrier	All current employees and dependents enrolled in the State basic term life and basic accidental death & dismemberment insurance program on December 31, 2013, shall be transferred to the coverage established under this contract at the coverage levels for which the employees and dependents qualify on January 1, 2014. Individuals who have been granted a waiver of premium due to disability will remain with the incumbent carrier.
Underwriting Criteria	
Guaranteed Issue	1) Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.
Underwritten	2) Not applicable
Annual Enrollment	Each year during a time period specified by the State, employees may elect to participate in the State's Group Health Insurance Plan; thus qualifying them for an increase in coverage for the basic term life/basic ad&d insurance program according to the table below in this section.
Effective Date of Coverage	
Employee	New hire coverage shall become effective on the first day of the month following date of hire. Open enrollment coverage shall become effective on a date specified by the State. The effective date is subject to Actively at Work requirements.
Dependent	The effective date will be the same as the employee's effective date unless the dependent is enrolled subsequent to the employee's enrollment. The effective date for dependents enrolled subsequent to the employee will be the first of a month determined by the State.



Benefit Amounts

Employee and dependents

In-force coverage being transferred to the Contractor on January 1, 2014, shall transfer with the same coverage amount. The guaranteed issue amount of insurance under the Basic Term Life/Basic AD&D Insurance Program shall be as shown below.

**TRADITIONAL BASIC TERM LIFE
Employee Schedule of Benefits**

Employees with Base Annual Earnings of:	Under Age 65	Age 65 but Under 70	Age 70 but Under 75	Age 75 or Over
Less than \$15,000	\$20,000	\$13,000	\$ 9,000	\$ 6,000
\$15,000 but less than \$17,500	\$22,000	\$14,300	\$ 9,900	\$ 6,600
\$17,500 but less than \$20,000	\$25,000	\$16,250	\$11,250	\$ 7,500
\$20,000 but less than \$22,500	\$30,000	\$19,500	\$13,500	\$ 9,000
\$22,500 but less than \$25,000	\$33,500	\$21,775	\$15,075	\$10,050
\$25,000 but less than \$27,500	\$37,000	\$24,050	\$16,650	\$11,100
\$27,500 but less than \$30,000	\$40,500	\$26,325	\$18,225	\$12,150
\$30,000 but less than \$32,500	\$44,000	\$28,600	\$19,800	\$13,200
\$32,500 but less than \$35,000	\$47,500	\$30,875	\$21,375	\$14,250
\$35,000 and over	\$50,000	\$32,500	\$22,500	\$15,000

Employees not enrolled in the State of Tennessee's Group Health Insurance Plan shall only have \$20,000 of basic term life and shall not be eligible to add dependent coverage. Employees enrolled in the State of Tennessee's Group Health Insurance Plan shall have coverage based upon the employee's annual base salary as shown in the table above.

The determination of coverage for an employee shall be based upon the employee's age and salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.

The amount of basic term life insurance coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic Term Life face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.

Dependent Schedule of Benefits

Definition	Amount
Eligible Dependents of Insured who are:	
Spouse	\$3,000
Each dependent child (from live birth)	\$3,000

**TRADITIONAL BASIC ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)
Schedule of Benefits**

Employees with Base Annual Earnings of:	Employee	Family Coverage		
		Spouse Only (No Children)	Spouse and Children	
			Spouse	Each Child
Less than \$15,000	\$ 40,000	\$24,000	\$16,000	\$ 4,000
\$15,000 but less than \$17,500	\$ 44,000	\$26,000	\$18,000	\$ 4,000
\$17,500 but less than \$20,000	\$ 50,000	\$30,000	\$20,000	\$ 5,000



\$20,000 but less than \$22,500	\$ 60,000	\$36,000	\$25,000	
\$22,500 but less than \$25,000	\$ 67,000	\$40,000	\$27,000	\$ 6,000
\$25,000 but less than \$27,500	\$ 74,000	\$44,000	\$30,000	\$ 7,000
\$27,500 but less than \$30,000	\$ 81,000	\$49,000	\$32,000	\$ 8,000
\$30,000 but less than \$32,500	\$ 88,000	\$53,000	\$35,000	\$ 9,000
\$32,500 but less than \$35,000	\$ 95,000	\$57,000	\$38,000	\$ 9,000
\$35,000 and over	\$100,000	\$60,000	\$40,000	\$10,000

The amount of basic accidental death and dismemberment coverage for the employee and dependent(s) begin to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic accidental death and dismemberment face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program and their dependents.

Table of Losses

These losses must:

1. Be the result of bodily injury caused solely by accident and independent of all other causes;
2. Occur within 90 days of the date of the accident; and
3. Be losses for which Proof of Loss is submitted within 180 days of the accident.

Accidental Death	
Both hands or both feet	
Sight of both eyes	THE MAXIMUM BENEFIT
One hand and one foot	
One hand and sight of one eye	
One foot and sight of one eye	
One hand	ONE-HALF
One foot	THE MAXIMUM BENEFIT
Sight of one eye	
Thumb and index finger of either hand	ONE-FOURTH THE MAXIMUM BENEFIT

The amount of payment will be determined by the Maximum Benefit shown for this coverage in the Schedule of Benefits. With respect to hands or feet, "loss" means actual severance at or above wrist or ankle joints; with respect to eyes, permanent and total loss of sight; with respect to thumb and index finger, actual severance of entire digit at or above joints. No more than 100 percent of the Maximum Benefit will be paid for any one accident, no matter how many of the above listed losses occur as a result of that accident.

Limitations

There are some limitations. A benefit will not be paid if the accident results from or is due to:

1. Any disease or infirmity of mind or body, and any medical or surgical treatment thereof;
2. Suicide or attempted suicide, while sane or insane;
3. Any intentionally self-inflicted injury;
4. War, declared or undeclared war, whether or not you are a member of any armed force;
5. Commission of, participation in, or an attempt to commit an assault or felony;
6. Being under the influence of any narcotic, hallucinogen, barbiturate, gas or fumes, poison or any other controlled substance as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as now or hereafter amended, unless as prescribed by the Insured's licensed physician. Conviction is not necessary for a determination of being under the influence;
7. Intoxication as defined by the laws of the jurisdiction in which the accident occurred. Conviction is not necessary for a determination of being intoxicated; or
8. Active participation in a riot. "Riot" means all forms of public violence, disorder, or disturbance of the public peace, by three or more persons assembled together, whether with or without a common intent and whether or not damage to person or property or



	unlawful act is the intent or the consequence of such disorder.
Advance Benefit Option	<p>If the employee is terminally ill with a diagnosed life expectancy of no more than nine months, the employee can request a payment of up to 50 percent of the scheduled amount of his basic term life insurance. This advanced payment is subject to a minimum withdrawal of \$5,000 and will reduce the scheduled amount of coverage paid to the designated beneficiary. An advanced benefit can only be received once. The advanced payment will be reported to the Internal Revenue Service, and it may be considered taxable income.</p> <p>Limitations. There are some limitations on the advanced benefit option. A benefit will not be paid if:</p> <ol style="list-style-type: none">1. The terminal illness resulted from attempted suicide or self-inflicted injury;2. The coverage has been assigned;3. The coverage is payable to an irrevocable beneficiary;4. You are required by law to use this option to meet the claims of creditors; or5. You are required by a government agency to use this option in order to get or keep a government benefit or entitlement.
Supplemental Basic AD&D Benefits	<p>A supplemental basic accidental death benefit is payable if the employee dies as a result of an automobile accident for which a basic accidental death and dismemberment benefit is paid and the employee was properly secured by a seatbelt. The vehicle must have been operated by a licensed driver who was not intoxicated, driving while impaired, or under the influence of certain substances. The benefit will be the lesser of: \$25,000; the basic accidental death and dismemberment benefit; or \$1,000 if an official police report certifying proper seatbelt use is not submitted with the claim.</p> <p>If the employee dies as the result of an accident which occurs more than 75 miles from the employee's principal residence, a supplemental benefit of up to \$5,000 for preparation and transportation of the body will be paid. The accident must qualify for the provision of basic accidental death and dismemberment benefits for the repatriation benefit to be provided.</p>
Waiver of Premium	<p>If the employee becomes totally and permanently disabled before age 60 and remains disabled for nine consecutive months, the employee may be eligible to continue the basic term life coverage on himself and his covered dependents until the employee turns age 70. The Contractor determines whether the employee's disability is considered total and permanent. To be granted a continuation under the waiver of premium provision the employee must:</p> <ol style="list-style-type: none">1. apply within twelve months following the last day of the month following end of positive pay status;2. provide proof of the disability each year that is satisfactory to the Contractor; and3. remain totally disabled. <p>If the employee is disabled between age 60 through age 69 and becomes totally disabled, the employee's basic term life coverage will continue for one year from the last day of the month following end of positive pay status.</p> <p>Any amount payable under the Waiver of Premium or one year extension provision will be reduced by the amount of a conversion policy. The employee is not allowed to increase coverage above the level the employee had as an active employee. The conversion policy can be surrendered and the employee would be eligible for full coverage under the extension and approved Waiver of Premium claim.</p> <p>There are no extended benefits for the basic accidental death and dismemberment coverage.</p>



<p>Beneficiary Designation</p>	<p>Benefits for the loss of life under the basic term life and the basic and accidental death dismemberment coverages will be paid to a beneficiary designated by the employee. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>The beneficiary for all dependent coverage and for the dismemberment coverage is the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal shares, if living; if not, to the employee's estate.</p>
<p>Termination</p>	<p>A Member's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;
<p>Conversion of Coverage</p>	<p>If the employee's basic term life insurance coverage ends because his employment with the State of Tennessee ceases, for any reason including retirement, or because the class of employees is no longer eligible, the employee will be entitled to enroll in an individual whole life or individual term life policy of insurance offered by the Contractor. No evidence of insurability will be required. This coverage will not be the same as that provided to the employee as an active employee and the premium will be affected by the form and amount of the policy, the employee's age, and the class of risk to which the employee belongs.</p> <p>The Contractor will send a notice concerning the former employee's eligibility to continue coverage. Payment of premium will be made directly to the Contractor by the former employee. Dependents may exercise a conversion option when they become ineligible for coverage, as well.</p> <p>If the employee or dependent dies during the 31-day period following the termination of insurance, the Contractor shall pay the maximum amount of life insurance for which an individual policy could have been issued.</p>

<p align="center">CONTEMPORARY BASIC TERM LIFE and BASIC ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS</p>	
<p>Benefit/Provision</p>	<p>Description</p>
<p>Plan Policy Requirements</p>	<p>The basic term life and basic accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.</p>
<p>Eligibility Criteria</p> <p>Eligibility Status</p> <p>Carryover from Traditional Program</p>	<ul style="list-style-type: none"> • Employee – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) is a seasonal or part-time employee with 24 months of service and is certified by an appointing authority to work at least 1,450 hours per fiscal year; or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee. <p>All current employees enrolled in the State Traditional basic term life and basic accidental death & dismemberment insurance program shall transition to the Contemporary coverage established under this contract at the new coverage levels on a date determined by the State. Individuals who have been granted a waiver of premium due to disability while enrolled in the Traditional Program under this contract will retain the Traditional coverage until such time as the employee may be removed from waiver of premium and is returned to active coverage status under the Contemporary Program. Dependent coverage will terminate, except for those covered under an employee on waiver of premium, when the benefit design is transitioned from Traditional to Contemporary.</p>



<p>Underwriting Criteria</p> <p>Guaranteed Issue</p> <p>Underwritten</p>	<p>Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.</p> <p>Not applicable</p>		
<p>Annual Enrollment</p>	<p>There are no options available during the State's annual enrollment period.</p>		
<p>Effective Date of Coverage</p> <p>Employee</p>	<p>New hire coverage shall become effective on the first day of the month following date of hire. The effective date is subject to Actively at Work requirements.</p>		
<p>Benefit Amounts</p>	<p>CONTEMPORARY BASIC TERM LIFE</p> <p>The guaranteed issue amount of insurance under the Contemporary Basic Term Life Insurance Program shall be one times (1x) the employee's base annual salary rounded to the next highest thousand. For example, an employee whose base annual salary is \$39,000 shall receive a basic term life coverage amount of \$39,000, and an employee whose base annual salary is \$39,001 will receive a basic term life coverage amount of \$40,000. The total maximum amount of basic term life insurance coverage in force per employee shall not exceed \$250,000.</p> <p>The amount of basic term life insurance coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic Term Life face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.</p> <p>The determination of coverage for an employee shall be based upon the employee's age and salary as of September 1 of each year or an alternative date established by the State with the effective date of the recalculated coverage to be on October 1 of the same year or on an alternative date established by the State.</p> <p>CONTEMPORARY BASIC ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D)</p> <p>The guaranteed issue amount of insurance under the Contemporary Basic Accidental Death & Dismemberment Program shall be one times (1x) the employee's base annual salary rounded to the next highest thousand. For example, an employee whose base annual salary is \$39,000 shall receive a basic ad&d coverage amount of \$39,000, and an employee whose base annual salary is \$39,001 will receive a basic ad&d coverage amount of \$40,000. The total maximum amount of basic ad&d insurance coverage in force per employee shall not exceed \$250,000.</p> <p>The amount of basic accidental death and dismemberment coverage for the employee begins to decrease at age 65. Reductions are to 65 percent of the scheduled amount at age 65; to 45 percent at age 70; and to 30 percent at age 75. Basic accidental death and dismemberment face amounts do not reduce at age 70 or above for those employees enrolled in the State's Permaplan program.</p> <p>Table of Losses</p> <p>These losses must:</p> <ol style="list-style-type: none"> 1. Be the result of bodily injury caused solely by accident and independent of all other causes; 2. Occur within 90 days of the date of the accident; and 3. Be losses for which Proof of Loss is submitted within 180 days of the accident. <table border="1" data-bbox="467 1709 1531 1829"> <tr> <td data-bbox="467 1709 1117 1829"> <p>Accidental Death Both hands or both feet Sight of both eyes One hand and one foot</p> </td> <td data-bbox="1117 1709 1531 1829"> <p>THE MAXIMUM BENEFIT</p> </td> </tr> </table>	<p>Accidental Death Both hands or both feet Sight of both eyes One hand and one foot</p>	<p>THE MAXIMUM BENEFIT</p>
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	<p>One hand and sight of one eye One foot and sight of one eye</p> <hr/> <p>One hand One foot Sight of one eye</p> <p style="text-align: right;">ONE-HALF THE MAXIMUM BENEFIT</p> <hr/> <p>Thumb and index finger of either hand</p> <p style="text-align: right;">ONE-FOURTH THE MAXIMUM BENEFIT</p> <p>The amount of payment will be determined by the Maximum Benefit shown for this coverage in the Schedule of Benefits. With respect to hands or feet, "loss" means actual severance at or above wrist or ankle joints; with respect to eyes, permanent and total loss of sight; with respect to thumb and index finger, actual severance of entire digit at or above joints. No more than 100 percent of the Maximum Benefit will be paid for any one accident, no matter how many of the above listed losses occur as a result of that accident.</p> <p>Limitations There are some limitations. A benefit will not be paid if the accident results from or is due to:</p> <ol style="list-style-type: none"> 1. Any disease or infirmity of mind or body, and any medical or surgical treatment thereof; 2. Suicide or attempted suicide, while sane or insane; 3. Any intentionally self-inflicted injury; 4. War, declared or undeclared war, whether or not you are a member of any armed force; 5. Commission of, participation in, or an attempt to commit an assault or felony; 6. Being under the influence of any narcotic, hallucinogen, barbiturate, gas or fumes, poison or any other controlled substance as defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970, as now or hereafter amended, unless as prescribed by the Insured's licensed physician. Conviction is not necessary for a determination of being under the influence; 7. Intoxication as defined by the laws of the jurisdiction in which the accident occurred. Conviction is not necessary for a determination of being intoxicated; or 8. Active participation in a riot. "Riot" means all forms of public violence, disorder, or disturbance of the public peace, by three or more persons assembled together, whether with or without a common intent and whether or not damage to person or property or unlawful act is the intent or the consequence of such disorder.
<p>Advance Benefit Option</p>	<p>If the employee is terminally ill with a diagnosed life expectancy of no more than nine months, the employee can request a payment of up to 50 percent of the scheduled amount of his basic term life insurance. This advanced payment is subject to a minimum withdrawal of \$5,000 and will reduce the scheduled amount of coverage paid to the designated beneficiary. An advanced benefit can only be received once. The advanced payment will be reported to the Internal Revenue Service, and it may be considered taxable income.</p> <p>Limitations. There are some limitations on the advanced benefit option. A benefit will not be paid if:</p> <ol style="list-style-type: none"> 1. The terminal illness resulted from attempted suicide or self-inflicted injury; 2. The coverage has been assigned; 3. The coverage is payable to an irrevocable beneficiary; 4. You are required by law to use this option to meet the claims of creditors; or 5. You are required by a government agency to use this option in order to get or keep a government benefit or entitlement.
<p>Supplemental Basic AD&D Benefits</p>	<p>A supplemental basic accidental death benefit is payable if the employee dies as a result of an automobile accident for which a basic accidental death and dismemberment benefit is paid and the employee was properly secured by a seatbelt. The vehicle must have been operated by a licensed driver who was not intoxicated, driving while impaired, or under the influence of certain substances. The benefit will be the lesser of: \$25,000; the basic accidental death and dismemberment benefit; or \$1,000 if an official police report certifying proper seatbelt use is not submitted with the claim.</p> <p>If the employee dies as the result of an accident which occurs more than 75 miles from the employee's principal residence, a supplemental benefit of up to \$5,000 for preparation and transportation of the body will be paid. The accident must qualify for the provision of basic accidental death and dismemberment benefits for the repatriation benefit to be provided.</p>



<p>Waiver of Premium</p>	<p>If the employee becomes totally and permanently disabled before age 60 and remains for nine consecutive months, the employee may be eligible to continue the basic term life coverage on himself until the employee turns age 70. The Contractor determines whether the employee's disability is considered total and permanent. To be granted a continuation under the waiver of premium provision the employee must:</p> <ol style="list-style-type: none"> 1. apply within twelve months following the last day of the month following end of positive pay status; 2. provide proof of the disability each year that is satisfactory to the Contractor; and 3. remain totally disabled. <p>If the employee is disabled between age 60 through age 69 and becomes totally disabled, the employee's basic term life coverage will continue for one year from the last day of the month following end of positive pay status.</p> <p>Any amount payable under the Waiver of Premium or one year extension provision will be reduced by the amount of a conversion policy. The employee is not allowed to increase coverage above the level the employee had as an active employee. The conversion policy can be surrendered and the employee would be eligible for full coverage under the extension and approved Waiver of Premium claim.</p> <p>There are no extended benefits for the basic accidental death and dismemberment coverage.</p>
<p>Beneficiary Designation</p>	<p>Benefits for the loss of life under the basic term life and the basic and accidental death and dismemberment coverages will be paid to a beneficiary designated by the employee. The beneficiary information shall be maintained by the State. Changes in beneficiary take effect when made by the employee.</p> <p>If two or more persons are designated beneficiaries and the employee does not indicate otherwise, they will share the benefits equally. If one of them does not survive the employee, that share will pass to the surviving beneficiaries.</p> <p>If no beneficiary is designated, the benefits will be paid to the employee's spouse, if living; if not, to the employee's children in equal shares, if living; if not, to the employee's parents in equal shares, if living; if not, to the employee's estate.</p>
<p>Termination</p>	<p>A Member's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Member's premiums are not paid when due, subject to the Grace Period; • The Group Policy providing this coverage is terminated; • The member no longer meets the eligibility definition for the Program;
<p>Conversion of Coverage</p>	<p>If the employee's basic term life insurance coverage ends because his employment with the State of Tennessee ceases, for any reason including retirement, or because the class of employees is no longer eligible, the employee will be entitled to enroll in an individual whole life or individual term life policy of insurance offered by the Contractor. No evidence of insurability will be required. This coverage will not be the same as that provided to the employee as an active employee and the premium will be affected by the form and amount of the policy, the employee's age, and the class of risk to which the employee belongs.</p> <p>The Contractor will send a notice concerning the former employee's eligibility to continue coverage. Payment of premium will be made directly to the Contractor by the former employee. If the employee dies during the 31-day period following the termination of insurance, the Contractor shall pay the maximum amount of life insurance for which an individual policy could have been issued.</p>

<p>TRADITIONAL OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE ELIGIBILITY AND BENEFITS</p>	
<p>Benefit/Provision</p>	<p>Description</p>
<p>Plan Policy Requirements</p>	<p>The optional accidental death & dismemberment insurance must be based on a group plan platform issued to the State of Tennessee.</p>
<p>Eligibility Criteria</p> <p style="padding-left: 40px;">Eligibility Status</p>	<ul style="list-style-type: none"> • Employee – An individual employed by the State who: 1) is regularly scheduled to work not less than thirty (30) hours per week; 2) is a seasonal or part-time employee with 24 months of service and is certified by an appointing authority to work at least 1,450 hours per fiscal year; or 3) is deemed eligible by applicable federal law, state law, or action of the State Insurance Committee.



<p>Child Age Maximum</p> <p>Participation Requirements</p> <p>Carryover from Prior carrier</p>	<ul style="list-style-type: none"> <i>Dependent</i> – An individual who is: 1) a legally married spouse of a State of Tennessee employee; or 2) an individual from live birth up to the age maximum who is a natural or adopted child of a State employee; a stepchild of the employee; or a child for whom that employee is the legal guardian. <p>The maximum age for dependent child coverage is through the end of the month in which the child reaches his birthday of 26 years.</p> <p>Employee participation is required for participation of a dependent. Only one parent may cover eligible child(ren). If a person is covered as an Employee, he cannot be covered as a spouse or dependent child of another Employee.</p> <p>All current employees and dependents enrolled in the State optional accidental death & dismemberment insurance program on December 31, 2013, shall be transferred to the coverage established under this contract at the coverage levels for which the employees and dependents qualify on January 1, 2014.</p>																														
<p>Underwriting Criteria</p> <p>Guaranteed Issue</p> <p>Underwritten</p>	<p>Eligible Employees and dependents who apply for coverage during an open enrollment period, eligible Employees employed on and after January 1, 2014 who enroll themselves and dependents within thirty (31) days of the first day of work, and eligible Employees and/or dependents who enroll within sixty (60) days of a special qualifying event.</p> <p>Not applicable</p>																														
<p>Annual Enrollment</p>	<p>Each year during the State's Annual Enrollment Period specified by the State, employees may elect to participate in the optional accidental death & dismemberment program by enrolling themselves and if desired, any eligible dependents.</p>																														
<p>Effective Date of Coverage</p> <p>Employee</p> <p>Dependent</p>	<p>New hire coverage shall become effective on the first day of the month following date of hire. Open enrollment coverage shall become effective on a date specified by the State; normally January 1 subsequent to the Annual Enrollment Period. The effective date is subject to Actively at Work requirements.</p> <p>The effective date will be the same as the employee's effective date unless the dependent is enrolled subsequent to the employee's enrollment. The effective date for dependents enrolled subsequent to the employee will be the first of a month determined by the State.</p>																														
<p>Benefit Amounts</p> <p>Employee and dependents</p>	<p>In-force coverage being transferred to the Contractor on January 1, 2014, shall transfer with the same coverage amount. The guaranteed issue amount of insurance under the Traditional Optional AD&D Insurance Program shall be as shown below.</p> <p>TRADITIONAL OPTIONAL ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) Schedule of Benefits</p> <table border="1" data-bbox="470 1501 1550 1837"> <thead> <tr> <th rowspan="3">Employees with Base Annual Earnings of:</th> <th rowspan="3">Employee</th> <th colspan="3">Family Coverage</th> </tr> <tr> <th rowspan="2">Spouse Only (No Children)</th> <th colspan="2">Spouse and Children</th> </tr> <tr> <th>Spouse</th> <th>Each Child</th> </tr> </thead> <tbody> <tr> <td>Less than \$3,000</td> <td>\$ 6,000</td> <td>\$ 4,000</td> <td>\$ 2,000</td> <td>\$ 1,000</td> </tr> <tr> <td>\$3,000 but less than \$4,000</td> <td>\$ 9,000</td> <td>\$ 5,000</td> <td>\$ 3,000</td> <td>\$ 1,000</td> </tr> <tr> <td>\$4,000 but less than \$5,000</td> <td>\$ 12,000</td> <td>\$ 7,000</td> <td>\$ 4,000</td> <td>\$ 2,000</td> </tr> <tr> <td>\$5,000 but less than \$6,000</td> <td>\$ 15,000</td> <td>\$ 9,000</td> <td>\$ 5,000</td> <td>\$ 2,000</td> </tr> </tbody> </table>	Employees with Base Annual Earnings of:	Employee	Family Coverage			Spouse Only (No Children)	Spouse and Children		Spouse	Each Child	Less than \$3,000	\$ 6,000	\$ 4,000	\$ 2,000	\$ 1,000	\$3,000 but less than \$4,000	\$ 9,000	\$ 5,000	\$ 3,000	\$ 1,000	\$4,000 but less than \$5,000	\$ 12,000	\$ 7,000	\$ 4,000	\$ 2,000	\$5,000 but less than \$6,000	\$ 15,000	\$ 9,000	\$ 5,000	\$ 2,000
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