STATE OF TENNESSEE
Group Insurance Program

Optional Term Life
Optional Universal Life

JULY 2008

EMPLOYEE HANDBOOK

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OPTIONAL LIFE INSURANCE

This booklet provides information about optional term life insurance and optional universal life insurance available to State of Tennessee employees. Employees may enroll in one or both plans.

This booklet is a summary of the coverages and is NOT a certificate of insurance. The actual provisions of each type of coverage are governed by a group master policy. Individual certificates for the optional term life and the optional universal life are issued to employees and spouses who enroll.

The information in this booklet is divided into three sections. The first section contains provisions that are common to both the optional term and optional universal life insurance. The second section explains the provisions of the optional term life and the third section explains provisions of the optional universal life.

Provident Life and Accident Insurance Company, an insuring subsidiary of Unum Group of Chattanooga, Tennessee, underwrites both plans. If you have any questions regarding the optional term or the optional universal life insurance after you have read this booklet, contact Unum at its toll free number, 1-866-298-7636 8 a.m. to 8 p.m., Eastern Time, Monday - Friday, or by writing:

Unum Client Services
Voluntary Benefits Division – 3 S
State of Tennessee Team
One Fountain Square
Chattanooga, TN 37402

GENERAL PROVISIONS OF OPTIONAL TERM AND OPTIONAL UNIVERSAL LIFE INSURANCE

Who Can Elect Coverage?

You are eligible to enroll in the optional term life or optional universal life insurance program if you are:

- A regular full-time employee of the State of Tennessee and scheduled to work at least thirty (30) hours per week, or
- A seasonal or part-time employee with 24 months of prior service and certified by an appointing authority to work at least 1,450 hours per fiscal year.

You do not have to be enrolled in the State sponsored health insurance to be eligible for optional term life or optional universal life insurance.

If you are an eligible employee married to another eligible employee, then you **CANNOT** be insured as a dependent spouse in either the optional term life or optional universal life insurance. You can only obtain coverage as an employee.

What About Dependents?

For detailed information on eligibility for dependents, please refer to the Insurance Handbook published by the Benefits Administration. You may obtain a copy of the handbook from your Agency Benefits Coordinator. If the dependent meets the State's eligibility criteria they are eligible from 24 hours old and may remain covered until the end of the month in which they turn 24 years old. Dependent verification is audited annually for dependents ages 19-24 years of age. Incapacitated children (mentally or physically incapable of earning a living) may continue to be insured beyond age 24 as long as the incapacity existed before their 24th birthday and they were already insured under the life insurance for dependent children. Dependent children will not be covered if married or in military service on a full-time basis.

If both parents are State employees and are eligible to elect optional life insurance, ONLY ONE parent may cover the eligible children under the children's term rider.

If an employee purchases coverage, the children's term rider must be attached to the employee certificate and not the spouse certificate.

What About New Employees?

New employees are eligible to enroll for the guaranteed issue (no health questions required) amount of up to three (3) times their annual base salary (excluding overtime and longevity) during the first full calendar month of employment. For simplified issue (health questionnaire required) amount, you may enroll up to five (5) times your annual base salary, with $300,000 maximum issue amount. If you choose not to enroll during the initial eligibility period, the only other time you can apply will be during the annual enrollment transfer period held in the fall each year. You will be required to complete a supplemental application when electing any amount of coverage. The application must be approved by Unum.

If you apply for an amount of coverage greater than the guaranteed issue amount, which is three (3) times your annual base salary, the additional coverage will not become effective until Unum has determined you are insurable.

When Does Coverage Take Effect?

New Employee

If you enroll in the optional universal life insurance or optional term life insurance as a newly eligible employee, your coverage will become effective the first day of the month after you have completed three (3) full calendar months of employment.

For example, if you were hired on January 15, your enrollment deadline would be February 28. Your coverage would become effective on May 1, which is three (3) months after date of hire.

If you apply for an amount of COMBINED coverage greater than the guaranteed issue amount, which is up to three (3) times your annual base salary, the additional coverage will not become effective until Unum has determined you are insurable.

Annual Enrollment Transfer Period

If insurance coverage is approved during an Annual Enrollment Transfer Period, the additional or new amounts of coverage will become effective on January 1, February 1 or March 1 of the next year. Unum will notify you if your application for coverage is denied. Additional medical information may be requested by Unum.

Active or Actively at Work Requirement/Positive Pay Status

For insurance coverage to be effective, you must be actively at work on the date your application for coverage is signed AND on the date your coverage is to become effective. Actively at Work/Positive Pay Status is defined as the 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. This requirement shall be waived for employees who are within their eligibility period and injured while performing job related duties and approved by Division of Claims Administration.

You will be considered actively at work/positive pay status on each day of paid vacation or scheduled day off on which you are not totally disabled, if you were actively at work/positive pay status on your last scheduled working day.

If you are not at work on the above mentioned dates, the coverage will not take effect until you return to work provided you return to active work within 180 days from the date that the insurance would have started. If you do not return to active employment within 180 days, you must wait until the next annual enrollment transfer period to re-apply for coverage.

The active or actively at work requirement/positive pay status also apply when your amount of coverage is increased or when you are adding coverage.

When Does Coverage Become Effective for Dependents?

If your dependents are enrolled at the same time you enroll, their insurance will be effective on the same date as yours.

If a new dependent is added within 31 days after becoming eligible, the effective date of coverage will be the latest of the following: the date Unum approves the application to insure the dependent; 24 hours after the birth of the child; or the date of the marriage.

If a dependent is enrolled during the annual enrollment transfer period, the dependent's coverage will become effective on January 1, February 1 or March 1 of the following year.

Actively at Work Requirement for Dependents

On the date your dependent's coverage should become effective, the coverage will not take effect if you are not actively at work or if the dependent is unable to engage in normal activities, because he/she is:

(1) Medically confined on the date the insurance would take effect;

(2) Regularly treated by a home health care agency under a plan of treatment established and approved by a doctor; or

(3) Receiving or entitled to receive disability or "sick pay" income from any source.

Coverage will start when your dependent resumes his/her normal activities, provided that normal activities are resumed within 180 days after the date that insurance coverage would have started. If normal activities are not resumed within 180 days, then the dependent must wait until the next annual enrollment transfer period to re-apply for coverage. Additional information is outlined in the employee certificate.

How Do I Enroll?

New Employee

As a new employee you may enroll in one or both optional life insurance plans with coverage up to three (3) times your annual base salary WITHOUT providing evidence of insurability. This opportunity is provided only to new employees and you must apply by the end of the first full calendar month of employment. If you do not enroll at this time, you cannot apply for coverage until the next annual enrollment transfer period. Evidence of insurability would be required from you and any dependents you want to cover.

Annual Enrollment Transfer Period

An annual enrollment transfer period for both optional life insurance plans will take place in the fall of each year.

To apply for coverage or for additional amounts of coverage during the annual enrollment transfer period, Employees, Spouses and Children MUST ANSWER HEALTH QUESTIONS. There is no guarantee that the application for coverage will be approved. Unum will determine if the applicants are insurable.

In instances where an employee has not elected an amount of coverage equal to the lesser of the salary based guarantee issue amount or $300,000, the employee will be provided an opportunity to add up to $5,000 in life insurance coverage without answering health questions.

How Much Coverage is Available?

Employee

The amount of coverage you may elect is determined by your annual base salary (not including overtime pay, longevity, etc.) as of the date you sign your enrollment application.

For the optional life insurance coverage there is a guaranteed issue amount, a maximum issue amount and a minimum issue amount. If you elect both insurances, then you can combine amounts of coverage.

(1) Guaranteed Issue is the amount of insurance coverage you may elect without having to complete a supplemental application. You may elect up to three (3) times your annual base salary, regardless of your medical history. This amount is available only to newly eligible employees.

(2) Maximum Issue is the largest amount of insurance coverage you can obtain. You may elect up to five (5) times your annual base salary, subject to an overall limit of $300,000. To obtain any amount of insurance which is more than your guaranteed issue amount, you MUST complete a Supplemental

Application for Optional Life Insurance (M-95202) to provide evidence of insurability and be approved for coverage by Unum.

(3) Minimum Issue is the least amount of coverage you can obtain. The minimum issue amount is $5,000 per plan.

(4) Combination of Coverage. If you elect both the optional universal life insurance and the optional term life insurance, your combined amount of coverage may not exceed three (3) times your annual base salary for guaranteed issue or five (5) times for maximum issue not to exceed the overall limit of $300,000.

The optional universal life insurance is available in $1,000 increments. The optional term life insurance is available in $5,000 increments.

Spouse

Spouse coverage is available in $5,000 increments of $5,000, $10,000 or $15,000. If your annual base salary is over $15,000 and your spouse is UNDER age 55, you are entitled to elect spouse coverage equal to one (1) times your annual base salary to a maximum of $30,000.

If your spouse has been hospitalized, advised to seek medical treatment, or received disability benefits during the last six months, you must complete a Supplemental Application for Optional Life Insurance (M-95202).

Children

Dependent children can be insured for $2,500 or $5,000 until the age of 24 and as long as they remain eligible. Dependent children can be covered only by ONE parent if both parents are State employees.

Coverage for dependent children is not a stand-alone certificate, but is part of either an employee or spouse certificate, not both. If an employee or spouse certificate containing a children's term rider is cancelled, coverage for the children is cancelled as well.

Calculating Guaranteed and Maximum Issue Amounts

You can calculate your guaranteed and maximum issue amounts by following these steps:

(1) Determine your annual base salary by multiplying your monthly salary by 12 (months) and round off to the nearest dollar.

(2) To calculate the GUARANTEED ISSUE AMOUNT, multiply your annual base salary from step 1 by 3, then round off that number to the next higher $5,000 increment.*

(3) To calculate your MAXIMUM ISSUE AMOUNT, multiply your annual base salary from step 1 by 5, then round off that number to the next higher $5,000 increment.*

For Example:

Monthly Salary	$1,833.34
(1) Multiply by 12	X 12
Annual Base Salary	$22,000.00
Rounded to Next Higher $5,000 multiple =	$25,000.00
(2) Multiply by 3	X 3
Guaranteed Issue Amount =	**$75,000.00**
Annual Base Salary Rounded to Next Higher $5,000 multiple	$25,000.00
(3) Multiply by 5	X5
Maximum Issue Amount	**$125,000.00**

This example shows that an employee whose monthly salary is $1,833.34 can elect the guaranteed issue amount of $75,000. The largest amount of coverage this employee can elect through maximum issue is $125,000 or 5 x base annual salary. If the employee elects any amount between $76,000 and $125,000, the employee must complete a Supplemental Application for Optional Life Insurance (M-95202) and receive approval from Unum. This form can be obtained from your Agency Benefits Coordinator.

*Numbers equally divided by 5 are not rounded off. (For example: $30,000, $45,000, etc.)

MISCELLANEOUS PROVISIONS

Payroll Deduction
Both plans of the optional life insurance program are being offered on a convenient payroll deduction basis.

Leave of Absence Without Pay
If you are not receiving a paycheck because you are on a leave of absence without pay, then your premium is not being paid through State payroll deduction. Notify your Agency Benefits Coordinator before going on a leave of absence without pay to make arrangements to pay your missed deductions.

Waiver of Premium
The optional life insurance includes a waiver of premium provision. If you or your spouse become totally disabled **before age 60** and remain disabled for nine

(9) consecutive months, you will no longer be required to pay the insurance premium to maintain the insurance coverage for the disabled insured. If the insured person is a spouse of an employee, a complete claim form is sent directly to the claimant for completion. Unum will contact the claimant's employer directly for employer information. The determination of whether you or your spouse qualifies for waiver of premium is made by Unum. You or your spouse may continue under the waiver of premium provision a) up to age 70 on the optional term life b) up to age 95 on the optional universal life and c) as long as you or your spouse remain totally disabled and annually provide satisfactory proof of disability. Waiver of premium applies only to coverage for you or your spouse and does NOT apply to coverage for any dependent child.

To be eligible for the waiver, the insured employee or spouse must meet ALL of requirements **A** through **C** then complete the claim form as outlined in **D** below:

A) Applicant must be **totally disabled;**

B) Disability must have occurred prior to applicant's 60th birthday;

C) Applicant must remain totally disabled for at least nine (9) consecutive months; and

D) Applicant must complete a Waiver of Premium claim form #1249-02 and submit to Unum **within one year of the date of disability.**

Unum will then review the application and medical records for a waiver of premium claim decision.

Advance Benefit Rider

The Advance Benefit Option Rider provides up to 50% of death benefit (subject to $100,000 maximum benefit) when a licensed physician diagnoses life expectancy of six months or less. Call Unum at the State of Tennessee's toll free number to obtain the Advance Benefit Option Rider Form #L-53863.

The Advance Benefit Rider is a no-cost provision of the optional universal life and optional term life insurance plans for both employee and spouse.

Beneficiaries

You may elect one or multiple beneficiaries. If you wish to change your beneficiary, you may do so by completing the Customer Service Request Form (L-52490) which can be obtained from your Agency Benefits Coordinator. All changes of beneficiaries must be sent directly to your Agency Benefits Coordinator, not Unum. At the time a claim is filed, Unum will process according to the beneficiary designation Unum has on file.

Please note that if a minor is named as a beneficiary, Unum holds the benefits at interest until that minor becomes of age or Unum receives court documents naming a guardian for the minor's estate. The interest accrues from the date the claim is approved until the minor reaches age of majority or until guardianship documentation is received.

Suicide Exclusion

If the insured person dies by suicide within two (2) years from the certificate issue date, the proceeds payable by Unum will be limited to the premiums paid. For any increases in coverage elected by the employee or dependent, the two-year suicide exclusion period will be measured from the effective date of the increase.

Address/Name Changes

It is important that Unum has your current address because of surrender values or premiums that may be refundable to you. This information is sent to Unum through weekly updates from the State's Insurance System. Please notify your agency's personnel office of any address or name changes. In the event of a name change, it will be necessary to complete and submit a Customer Service Request Form (L-52490). This form can be obtained from your Agency Benefits Coordinator.

Cancellation of Coverage

You may cancel your coverage at any time by completing the Customer Service Request Form (L-52490) available from your Agency Benefits Coordinator. This written notice must be submitted to Unum 30 days prior to the effective date of cancellation.

Grace Period

Optional Term Life: If the term life premiums are not paid when due, a grace period of 60 days will be allowed for payment of overdue premiums. The certificate will remain in force during that period. If by the end of this 60-day grace period you have not paid the required premium, either through payroll deduction or direct bill, the optional term life insurance will terminate at the end of the month in which the last premium was paid and have no further value. If the insured person dies during the grace period, benefits will be paid as set forth in Death Benefit section of the certificate. Any overdue premiums will be deducted from the amount payable.

Optional Universal Life: If the optional universal life premiums are not paid when due, coverage will continue as long as the cash value, less any debt, is sufficient to cover the monthly deduction. When such cash value will no longer cover the monthly deduction, a grace period of 60 days will be allowed for payment of a sufficient premium to cover the monthly deduction. The certificate will remain in force during that period. Notice of such premium due will be mailed to your last known address and any assignee at least 31 days before the end of the grace period. If by the end of this 60-day grace period you have not paid the required premium either through payroll deduction or direct bill, the optional universal life insurance will terminate immediately and have no further value. If the insured person dies during the grace period, benefits will be paid as set forth in the Death Benefit section of the certificate. Any overdue monthly deductions will be deducted from the amount payable.

Decrease of Coverage

During the annual enrollment transfer period you may decrease the amount of coverage by completing the Customer Service Request Form (L-52490). A minimum of $5,000 per plan must remain in effect. This Customer Service form must be obtained from your Agency Benefits Coordinator.

What Happens if my Employment Ends?

If you are no longer employed by the State, payroll deduction will not be available. At this time, Unum will contact you at your last known address to inform you of your options to continue life insurance coverage.

Termination of Insurance for Employees

Your insurance will terminate:

IF you stop paying the monthly term premium;
IF you stop paying the monthly universal life premium and there is insufficient cash value to continue paying the monthly premiums;
IF you cease to be an eligible employee; or
IF the optional life insurance plan is discontinued by the State of Tennessee or Unum.

IF you stop "active" work for any reason, Unum will contact you at your last known home address to offer continuance of life insurance coverage by direct billing.

Termination of Insurance for Dependent Spouses

The optional life insurance for Dependent Spouse will terminate:

IF the monthly term premium is not paid;
IF the monthly universal life premium is not paid and there is insufficient cash value to continue paying the monthly premiums;
IF the dependent spouse is no longer eligible; or
IF the optional life insurance plan is discontinued by the State of Tennessee or Unum.

IF the covered employee stops "active" work for any reason, Unum will mail to the employee's last known home address an offer to continue dependent spouse life insurance by direct bill.

Termination of Childrens Term Rider

Dependent children are covered under a term rider which cannot stand alone. Dependent coverage must "ride" on or attach to an employee or spouse certificate.

The dependent children's term rider WILL terminate:

IF the monthly children's term premium is not paid;
IF the employee ceases to be eligible;
IF the certificate to which the children's term rider attaches should terminate;
IF the optional life insurance plan is discontinued by the State of Tennessee or Unum; or
IF the dependent is no longer eligible.

You must notify your Agency Benefits Coordinator when a dependent is no longer eligible due to the plan's eligibility rules (i.e. marriage, divorce, reaching maximum age, etc.) Upon notification that your dependent is no longer eligible, Unum will send a letter to your last known home address advising of the dependent's options to convert term coverage to universal life. The dependent will have 31 days from the date on the Unum letter to convert to a universal life insurance policy.

Failure to notify your employer and Unum of your dependent's change in eligibility status will result in termination of coverage and a forfeiture of the conversion privilege. If the dependent child/children do not wish to convert, coverage will end on the last day of the month in which ineligibility begins.

OPTIONAL TERM LIFE FOR EMPLOYEES AND SPOUSE

The optional term life insurance provides a death benefit only, with NO cash accumulation features. Optional term life insurance provides coverage from month to month if the premium is paid. The premiums increase as the participant's age increases. Coverage for a dependent spouse may be elected even if the employee does not participate.

Death Benefit
The death benefit is the same as the amount of insurance coverage you elect. The death benefit will be paid to the named beneficiary if the covered individual dies provided that the insurance coverage was in force at the time of death.*

How Do I Enroll?

New Employee/Spouse
If you want to apply for the optional term life insurance, you must complete an Optional Term Life Enrollment Application (M-95201). The application must be submitted to your Agency Benefits Coordinator by the end of your first full calendar month of employment. If you do not apply during this

* Subject to the two-year suicide exclusion provision.

initial enrollment period, you cannot apply for coverage until the next annual enrollment transfer period.

Annual Enrollment Transfer Period

During an annual enrollment transfer period, you may apply for optional term life insurance coverage:

(1) If you did not elect coverage on yourself and/or your dependent(s) when first eligible;

(2) If you did not elect the maximum amount of coverage on yourself and/ or your dependent(s) when first eligible; or

(3) If you did not add a new dependent when the dependent was first eligible.

How Do I Enroll My Dependents?

If you have dependents that you want to insure with optional term life insurance, you are advised to enroll them when they are first eligible. Evidence of insurability will NOT be required for a dependent spouse** and/or children who are enrolled within 31 days after becoming eligible (as in the case of marriage, birth or adoption, for example). At a later date, if you wish to add or discontinue coverage on either the dependent spouse and/or children, you must contact your Agency Benefits Coordinator and complete the appropriate forms.

If you do not elect coverage on your dependent spouse and/or children within this 31-day period, you must wait until the next annual enrollment transfer period. At that time the dependents must provide evidence of insurability to Unum with a Supplemental Application for Optional Life Insurance (M-95202). This supplemental application form must be sent with the Optional Term Life Application (M-95201).

Continuation of Coverage

If you are enrolled in optional term life insurance and your employment terminates, Unum will contact you at your last known home address to inform you of your options to continue life insurance coverage. This letter will arrive within 45 days after your last premium payment. If your dependent spouse or child becomes ineligible to maintain coverage, submit a Customer Service Request Form (L-52490) to Unum, which is available from your Agency Benefits Coordinator.

** Spouses who have been hospitalized, advised to seek medical treatment, or received disability benefits in the six months prior to enrollment will be required to submit evidence of insurability by completing a Supplemental Application for Optional Life Insurance.

Spouse coverage is a stand-alone certificate and can be directly billed or converted to a individual direct-pay universal life insurance policy even if the employee coverage is cancelled.

Child term coverage attached to a spouse optional term life certificate will cancel automatically if the spouse's coverage is canceled. Child term coverage can be converted to an individual direct-pay policy when the child reaches age 24. You must submit a Customer Service Request Form (L-52490) to Unum, which is available from your Agency Benefits Coordinator.

Age 70 Certificate for Employee or Spouse

As a participant in optional term life insurance, you will have the following conversion options depending on your age when you terminate employment or your spouse becomes ineligible for coverage:

(1) If younger than 70, you:

  (a) May continue with the certificate by paying the premiums directly to Unum. If you elect this option, the coverage will automatically terminate the last day of the month in which age 70 is obtained. A request to convert to an individual universal life policy may be made before age 69; however, you WILL NOT be given the opportunity to convert to another policy at age 70.

  (b) May convert to a universal life insurance policy which terminates automatically on the last day of the month in which age 95 is obtained. The conversion rates will be provided upon the request of the terminating employee or ineligible spouse at the time the direct billing notice is received.

(2) If age 70 or older but younger than 85, you will be offered a one-time opportunity to convert to a universal life insurance policy which terminates automatically on the last day of the month in which age 95 is obtained. The conversion rates will be provided upon request of the terminating employee or the ineligible spouse at the time the direct billing notice is received.

(3) If you or the ineligible spouse is age 85 or older, you will not be offered any conversion options. The coverage provided by the certificate will terminate automatically on the date employment ends or ineligibility begins.

Premiums

Premiums for Employee or Spouse

Your premiums in the optional term life insurance are based upon your age. The premiums automatically increase as you enter a new 5-year age bracket as shown on the following page. The premium increase will occur on your December 31 paycheck and become effective on January 1 of the year following your change in age bracket. The premiums for optional term life coverage, listed in this booklet, will be effective beginning July 1, 2008 through June 30, 2010 as indicated. A 30-cent administrative charge will be added to the monthly premium.

New Employee/Spouse

As a new employee/spouse, you will pay a monthly premium based on your age as of January 1 of the year coverage is effective.

Annual Enrollment Transfer Period

If you apply for coverage during the annual enrollment/transfer period, your premium will be based on your age on January 1 of the year coverage is effective.

Premiums for Dependent Children

Premiums for your dependent children are a flat rate for all eligible children and do not increase with age. The cost per month is 25 cents for $2,500 in coverage or 50 cents for $5,000 in coverage. No administrative fee is charged for dependent children's coverage.

2008 Optional Term Life Insurance***

Monthly Premium Rates Per $1,000 of Face Amount, Effective July 1, 2008

Column A Age	Column B Monthly Rate
Under 20	$0.049
20 – 24	0.049
25 – 29	0.049
30-34	0.053
35-39	0.067
40-44	0.101
45-49	0.172
50-54	0.288
55-59	0.449
60-64	0.700
65-69	1.160
70-74	1.618
75-79	2.486
80 and over	4.493

2009 Optional Term Life Insurance***

Monthly Premium Rates Per $1,000 of Face Amount, Effective July 1, 2009

Column A Age	Column B Monthly Rate
Under 20	$0.049
20 – 24	0.049
25 – 29	0.049
30-34	0.052
35-39	0.066
40-44	0.100
45-49	0.170
50-54	0.285
55-59	0.445
60-64	0.693
65-69	1.148
70-74	1.602
75-79	2.461
80 and over	4.448

*** To determine the Total Monthly Premium, please add $0.30 per month administration charge after the number of thousands of coverage has been multiplied by the appropriate Rate Per Thousand from the tables.

Employee or Spouse Coverage

1. In Column A, find your age group. For premium purposes, your age is based on your age as of January 1 of the year coverage is effective.
2. Find the cost per thousand dollars of insurance in Column B, which corresponds with your age group in Column A.
3. Enter this figure in "Cost" below:
4. Enter the number of thousands of dollars of optional term life insurance that you have chosen in the "Amount" blank below.
5. Multiply the number in "Cost" by the number in "Amount" and add the 30-cent administrative charge. The total will be the amount deducted from your paycheck every month for your optional term life insurance.

$ _____	x	_____	+ 0.30 =	$ _____
Cost		Amount (in thousands)	Adm. Cost	Monthly Cost

Dependent Children Coverage

1. You can elect either $2,500 or $5,000 in coverage on your eligible dependent children.
2. The cost per month regardless of the number of dependent children covered is:

   $0.25 for $2,500 in coverage;

   $0.50 for $5,000 in coverage.

   (There is no administrative charge for dependent children's coverage.)
3. The amount in the "monthly cost" will be deducted from your paycheck every month to pay for your dependent children's coverage.

Total Costs

To find your total monthly premium deduction, enter the total "monthly cost" figures from the above calculations and add.

Employee Monthly Cost	$ __________
Spouse Monthly Cost	$ __________
Dependent Children Monthly Cost	$ __________
Total Monthly Premium (deducted from your paycheck)	$ __________

Optional Term Life Insurance

EXAMPLE

John is a 29-year-old new employee, who earns $22,000 per year (rounded up to the next highest $5,000, his annual base salary is considered to be $25,000). He wants $20,000 of life insurance coverage. Because he does not want more than three times his annual base salary or $75,000 he will not need to complete a medical history report. If John had wanted more than $75,000 of insurance, he would have been required to complete a Supplemental Application and wait for approval from Unum for the amount above $75,000. John's cost is as follows:

1. John finds his age in Column A. He is in the 25-29 age bracket.
2. In column B, John finds his cost is $0.049 per thousand. He writes this amount in the "Cost" blank.
3. He enters 20 for $20,000 of coverage in the "Amount" blank.
4. John multiplies the "Cost" by the "Amount" and adds the $0.30 administrative charge to find his monthly cost.

$ 0.049	x 20 =	0.98	+ 0.30 =	$1.28
Cost	Amount		Adm. Charge	Monthly Cost

If John elects $10,000 of coverage on his 29-year-old wife, the cost is as follows:

1. John finds his wife's age in Column A. She is in the 25 – 29 age bracket.
2. In Column B, John finds the cost is $0.049 per thousand. He enters $0.049 in the "Cost."
3. John enters 10 for $10,000 of coverage in "Amount."
4. John multiplies the "Cost" by the "Amount" and adds the $0.30 administrative charge to find his monthly cost.

$ 0.049	x 10 =	0.49 +	0.30 =	$0.79
Cost	Amount		Adm. Charge	Monthly Cost

If John elects coverage on his three (3) dependent children, the cost is as follows:

1. John decides to elect $5,000 coverage on his dependent children.
2. He knows the coverage will cost $0.50 per month, and there is no administrative fee to add to his monthly cost.

Total Costs

For John to determine his total monthly premium for coverage on himself, his wife and children, he would add the amounts for each of the three types of coverage he elected.

Employee Monthly Cost	$1.28
Spouse Monthly Cost	$0.79
Dependent Children Monthly Cost	$0.50
Total Monthly Premium	**$2.57**

OPTIONAL UNIVERSAL LIFE INSURANCE FOR EMPLOYEES AND SPOUSE

Optional universal life insurance offers a death benefit as well as cash accumulation, a loan provision and paid-up features. The premium rates are higher than the optional term life insurance. Your universal life premiums on previously purchased coverage WILL NOT increase during your participation in the plan due to increasing age. However, premiums on future increases are based on current age at the time of the increase. The optional universal life insurance is designed to have level premiums as the premiums do not increase on the original life amount as the insured's age increases.

Death Benefit

Upon your death, your beneficiary will receive the amount of optional universal life coverage you elect, less any outstanding debt, provided that the insurance coverage was in force at the time of death.****

How Do I Enroll?

New Employee

If you want to apply for optional universal life insurance, you must complete an Optional Universal Life Enrollment Application (M-95090). The application must be submitted to your Agency Benefits Coordinator by the end of your first full calendar month of employment. If you do not apply during this initial enrollment period, you cannot apply for coverage until the next annual enrollment transfer period.

Annual Enrollment Transfer Period

During an annual enrollment/transfer period you may apply for optional universal life insurance coverage:

(1) If you did not elect coverage on yourself and/or your dependent(s) when first eligible; or

**** Subject to the two-year suicide exclusion provision.

(2) If you did not elect the maximum amount of coverage on yourself and/ or your dependent(s) when first eligible; or

(3) If you did not add a new dependent when the dependent was first eligible.

How Do I Enroll My Dependents?

If you have dependents that you want to insure with optional life insurance, you are advised to enroll them when they are first eligible. Evidence of insurability will NOT be required for a dependent spouse***** and/or children who are enrolled within 31 days after becoming eligible (in the case of marriage, birth or adoption, for example).

If you do not elect coverage on your dependent spouse and/or children within this 31-day period, you must wait until the next annual enrollment transfer period. At that time the dependents must provide evidence of insurability to Unum with a Supplemental Application for Optional Life Insurance (M-95202). This supplemental application form must be sent with the Optional Universal Life Application (M-95090).

At a later date, if you wish to add or discontinue coverage on either the dependent spouse and/or children, you must contact your Agency Benefits Coordinator for the appropriate forms.

Cash Accumulation and Interest Credit Features

You will begin accumulating cash value during the first month after the effective date of coverage. For the period of July 1, 2008 through June 30, 2010, the interest crediting rate shall not be less than the greater of a) and b), where:

a) Is 5.00% annual effective interest, administered as 4.89% annual nominal interest; and
b) Is the published Six-Month United States Treasury Bill Discount Rate, established as a result of the auction coinciding with or immediately following the 15th day of the month preceding the Monthly Anniversary Date plus 0.50%.

Loan Feature

You may borrow a portion of the accumulated cash value as outlined in your certificate. If you die and have an outstanding loan balance, the amount of the loan balance and any accrued interest outstanding will be subtracted from the death benefit prior to payment to your beneficiary. You should remember that borrowing against the cash value may reduce future cash value growth. To use

***** Spouses who have been hospitalized, advised to seek medical treatment, or received disability benefits in the six months prior to enrollment will be required to submit evidence of insurability by completing a Supplemental Application for Optional Life Insurance.

the loan feature, you must submit a Customer Service Request Form (L-52490) obtained from your Agency Benefits Coordinator. Loan interest will accrue at 7.500% per annum and will become a part of the debt as and when it accrues.

Annual Statement

Participants in optional universal life insurance receive an annual statement. The annual statement lists premiums paid, expense charges, cost of insurance charges, interest credits, surrender charges (when applicable), loan balances (when applicable), cash surrender values and the present death benefit.

Surrender Charges

Surrender charges are subtracted from your cash value if you terminate your coverage during the first five (5) years that your optional universal life coverage is in force. These charges are calculated as a percentage of your annual premium and are as follows:

Certificate Year	Surrender Charge as Percent of Annual Premium
1	40%
2	40%
3	40%
4	40%
5	20%
6 and after	0%

For example, you may decide to terminate your coverage after the second year. You are paying an annual premium of $300 for optional universal life insurance and, with interest, you could have a cash value of $400. The surrender charge at the end of the second year would equal $120 (the annual premium of $300 times 40%). The $120 surrender charge would then be subtracted from the cash value of $400 to give you a cash surrender value of $280.

Universal Life Insurance Features

Universal Life Insurance is a flexible plan of life insurance that provides a guaranteed interest rate which will be credited to the cash value each month. Unum may credit additional interest at its discretion. This plan of life insurance is also designed to charge current cost of insurance rates against the cash value. These current rates will never be greater than the guaranteed cost of insurance rates.

Continuation of Insurance after Retirement

The optional universal life insurance coverage is designed so that you may be able to extend approximately 90% of your elected face amount after age 65 (or 75% after 10 years if you are older than age 55 when you first elect coverage) with no further premiums. This feature is not guaranteed but is a projection based upon a reasonable assumption for mortality charges, a 6% interest crediting rate, and upon the assumption that all billed premiums are paid when due. Under those circumstances, you could stop paying premiums at age 65, reduce your amount of coverage to approximately 90% of the amount you elected, and your policy would remain inforce under the Continuation of Insurance provision of the policy. If your coverage was issued after age 55, you could stop paying premiums after 10 years, reduce your amount of coverage to approximately 75% of the amount you elected, and your policy would remain inforce under the Continuation of Insurance provision of the policy.

As the interest crediting rate fluctuates the amount of reduction in elected face amount may change or the amount of premium required may need to be adjusted.

The above assumes no outstanding loan balance.

Level Premiums

The premiums for optional universal life insurance will remain the same during your participation in the plan and will not increase, unless you increase the amount of coverage or authorize an increase in the premiums.

Unscheduled Payments ("Pour-ins")

You may elect to deposit additional funds into your optional universal life insurance to "speed up" the growth of the plan's cash value. Additional details regarding this feature are included in the optional universal life insurance certificate and are subject to IRS Regulations.

Continuation of Coverage

If you are enrolled in the optional universal life insurance and your employment terminates, Unum will contact you directly at your last known home address to notify you of your options to continue coverage. If a dependent spouse or child becomes ineligible to maintain coverage, submit a Customer Service Request Form (L-52490) to Unum, which is available from your insurance preparer.

Spouse coverage is a stand-alone certificate and can be directly billed even if the employee coverage is cancelled.

The Children's term rider will cancel automatically if the employee or spouse coverage is canceled. Children's term coverage can be converted to an individual direct-pay policy when each child reaches age 24. You must submit a Customer Service Request Form (L-52490) to Unum which is available from your Agency's Benefits Coordinator.

If you terminate employment with the State, you have three options with the optional universal life insurance:

(1) To withdraw the cash value of the certificate;

(2) To continue the optional universal life insurance on a direct billing basis with Unum; or

(3) To use the cash value to support premium payments.

You may elect to continue your universal life coverage regardless of your age.

Premiums

Premiums for Employee or Spouse

Premiums for optional universal life insurance are based upon the age of the person being covered at the time coverage is purchased. You will pay the monthly premium which relates to your age on the day coverage becomes effective for you. The premium schedule in this booklet becomes effective July 1, 2008, and applies to new employees and spouses, current employees and spouses who enroll during the annual enrollment transfer period and any increase in coverage which becomes effective July 1, 2008, or later. Unum WILL NOT increase your premium during your participation in the plan due to increasing age on previously purchased coverages.

New Employee/Spouse

As a new employee/spouse, you will pay a monthly premium based on your age as of the date coverage is issued.

Annual Enrollment Transfer Period

If you apply for coverage during the annual enrollment transfer period, your premium will be based on the age as of the date coverage is issued.

Premiums for Dependent Children

Premiums for your dependent children under the children's term rider are a flat rate for all eligible children and do not increase with age. The cost per month is 25 cents for $2,500 in coverage or 50 cents for $5,000 in coverage. No administrative fee is charged for dependent children's coverage.

Optional Universal Life Insurance

*Monthly Premium Rates per $1,000 of Face Amount*******
Effective September 1, 2005

Age Last Birthday	Monthly Rate	Age Last Birthday	Monthly Rate
15	0.20	46	1.21
16	0.21	47	1.30
17	0.22	48	1.42
18	0.23	49	1.55
19	0.24	50	1.69
20	0.25	51	1.85
21	0.26	52	2.04
22	0.27	53	2.26
23	0.28	54	2.51
24	0.30	55	2.48
25	0.31	56	2.64
26	0.33	57	2.77
27	0.35	58	2.91
28	0.36	59	3.04
29	0.38	60	2.83
30	0.41	61	2.97
31	0.43	62	3.12
32	0.45	63	3.28
33	0.48	64	3.44
34	0.53	65	3.61
35	0.56	66	3.80
36	0.60	67	3.99
37	0.64	68	4.19
38	0.68	69	4.41
39	0.72	70	4.64
40	0.79	71	4.88
41	0.84	72	5.14
42	0.89	73	5.42
43	0.96	74	5.71
44	1.04	75	6.03
45	1.11		

******To determine the Total Monthly Premium, please add $1 per month administrative charge after the number of thousands of coverage has been multiplied by the appropriate Rate Per Thousand from the table.

Employee or Spouse Premium Calculation Worksheet for Optional Universal Life Insurance

1. Enter your age.
2. Enter the number of thousands of dollars of optional universal life insurance desired. (Example: For $35,000 use 35.)
3. Enter the monthly premium rate per 1,000 from the rate chart for your age.
4. Multiply item 2 X item 3.
5. Add $1 for the monthly optional universal life administrative charge.
6. This is the total monthly optional universal life premium.

Dependent Children Coverage

1. You can elect either $2,500 or $5,000 in coverage on your eligible dependent children.
2. The cost per month regardless of the number of dependent children covered is:

   $0.25 for $2,500 in coverage;

   $0.50 for $5,000 in coverage.

   (There is no administrative charge for dependent children's coverage.)
3. The amount in the "monthly cost" is the amount that will be deducted from your paycheck every month to pay for your dependent children's coverage.

Total Costs

To find your total monthly universal life premium deduction, enter the total "monthly cost" figures from the above calculations and add.

Employee Monthly Cost	$ ___________
Spouse Monthly Cost	$ ___________
Dependent Children Monthly Cost	$ ___________
Total Monthly Premium (deducted from your paycheck)	$ ___________

Optional Universal Life Insurance

Example

John Smith is a new employee and wants to apply for optional universal life insurance during his initial enrollment period (by the end of his first full calendar month of employment). To apply for coverage, John should follow the steps listed below:

1. John is 35 years old and began work for the State of Tennessee on the first day of the month. He will have until the last day of the same month to apply for optional life insurance coverage and receive up to the guaranteed issue amount of coverage without completing a supplemental application.
2. John makes an annual base salary of $22,000 which is then rounded up to the next higher $5,000 increment. Rounded up, John's annual base salary becomes $25,000. He would like to apply for the guaranteed issue amount of coverage which is 3 x his base annual salary. Therefore, John may apply for 3 x $25,000 or $75,000, Guaranteed Issue.
3. The maximum amount of coverage which John may apply for is five times his annual base salary, rounded up to the next higher $5,000. For example: $22,000 rounded to next higher $5,000 is $25,000 x 5 = $125,000. If John did choose to apply for the maximum issue amount, he would be approved automatically for the first $75,000, but would have to complete a supplemental application and wait for approval from Unum before the remaining $50,000 of coverage would be issued.
4. To determine the monthly premium per $1,000 of coverage, John must refer to the chart for the monthly premium rates per $1,000. In his case, for a 35-year-old, the rate per $1,000 is fifty-six cents ($.56).
5. John then multiplies the rate per $1,000 by the amount of coverage being applied for; ($75,000) or 75 x $0.56 (rate per thousand) = $42.00
6. To the $42.00, John must then add the $1 per month administrative fee.
7. The total monthly optional universal life insurance premium which will be deducted from John's paycheck is $43.

FORMS REQUIRED

M-95090 Optional Universal Life Application

If you want to apply for optional universal life, contact your Agency Benefits Coordinator for this form.

M-95201 Optional Term Life Application

Contact your Agency Benefits Coordinator for this form if you want to apply for optional term life insurance.

M-95202 Supplemental Application for Optional Life Insurance

Contact your Agency Benefits Coordinator for this form:

1. If you want to obtain insurance more than the guaranteed issue amount;
2. If your spouse has been hospitalized, advised to seek medical treatment, or received disability benefits during the last six months; or
3. If you did not elect coverage on you, your spouse and/or children within the 31-day initial enrollment period and later decide to apply for coverage.

L-52490 Customer Service Request Form

Contact your Agency Benefits Coordinator for this form:

1. If you or your spouse wish to change beneficiaries;
2. If you or your spouse wish to cancel coverage;
3. If you or your spouse or child becomes ineligible to maintain coverage; or
4. If you would like to use the loan feature.

L-53863 Advance Benefit Rider Form

If you or your spouse have a terminal illness and want an advance on your life insurance benefits, call Unum at the State of Tennessee's dedicated toll-free number 1-866-298-7636 (option 3). An Advance Benefit Rider Form and instructions for completion will be mailed to your home address.

1047-02 Life Claim Form

If there is a death of a covered family member, contact your Agency Benefits Coordinator or call Unum at the State of Tennessee's dedicated toll-free number 1-866-298-7636 (option 3). Once completed, the life claim form should be sent to Unum for review.

1249-02 Waiver of Premium Claim Form

If you or your spouse become totally and permanently disabled prior to age 60 you may be eligible for waiver of premium benefits. To obtain a Waiver of Premium claim form, call Unum at the State of Tennessee's dedicated toll-free number 1-866-298-7636 (option 2).

This information is not intended to be a complete description of the insurance coverage available and some coverage options may not be available in all states. For complete details of coverage, please refer to Optional Universal Life Insurance Policy Certificate Form M-95080 and Optional Term Life Insurance Policy Certificate Form M-95205.

The policy or its provisions may vary. The certificates have exclusions and limitations which may affect any benefits payable.

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