



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION

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To: Life Insurance vendors
From: Paul Hauser, RFP Coordinator, State of Tennessee
Date: February 18, 2005
Subject: **State of Tennessee release of RFP #317.86-029 (Optional Universal Life Insurance)**

The State invites proposals for delivery of an **Optional Universal Life Insurance** plan. Complete details regarding the requirements for submitting a proposal can be found in the RFP.

Organizations interested in responding should take note of the following significant dates:

1. **A Pre-Proposal Conference is scheduled for Wednesday, March 2 at 1-3 PM Central.**
2. Per RFP Section 2, the State invites Comments, Questions, and Requests for Clarification relative to the Cost Proposal and the RFP (Events 5 and 6, respectively). Please also review Section 1.6.5.
 - The **deadline for submission of Cost Proposal-specific questions is Friday, March 4.** Comments and Questions should be sent electronically to paul.c.hauser@state.tn.us.
 - The **deadline for submission of RFP-specific questions is Tuesday, March 8.** Comments and Questions should be sent electronically to paul.c.hauser@state.tn.us.
3. **Technical and Cost Proposals are due Monday, April 4, 2004 at 1 PM Central Time.**
4. This RFP is available for review at the following address:
www.state.tn.us/finance/rds/ocr/rfp.html.
5. Should you need to contact me, please first review Section 1.6, RFP Communications.

Thanks for your interest in doing business with the State of Tennessee.



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF INSURANCE ADMINISTRATION

REQUEST FOR PROPOSALS
FOR
Optional Universal Life Insurance

RFP NUMBER: 317.86-029

February 18, 2005

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7.6	Tennessee Insurance System (TIS) Packet	Attached MS Word document

1 INTRODUCTION

1.1 Statement of Purpose

The State of Tennessee, and the State Insurance Committee, hereinafter referred to as the State, through the Division of Insurance Administration have issued this Request for Proposals (RFP) to define the State's minimum service requirements; solicit proposals; detail proposal requirements; and outline the State's process for evaluating proposals and selecting a contractor.

Through this RFP, the State seeks to procure the best services at the most favorable, competitive prices and to give ALL qualified businesses, including those that are owned by minorities, women, persons with a disability, and small business enterprises, opportunity to do business with the state as contractors and sub-contractors.

The State intends to secure a contract for Optional Universal Life Insurance. The successful Proposer will provide and offer a Universal Life Insurance product to eligible State of Tennessee employees and dependents employed within Tennessee State government including higher education colleges and universities. Such product must meet the requirements as defined in this RFP.

1.2 General Background

Since 1987 the State has maintained Optional Term Life Insurance and Optional Universal Life Insurance. This coverage is offered on an employee pay all basis and provides employees an opportunity to purchase this coverage on a group basis through payroll deduction. The State's intention is to replicate the existing benefit structure with this procurement and preserve access to this coverage by the current participants.

A detailed description of the major benefit and administrative provisions is found in **Appendix 7.1, Universal Life Program Description**; Proposers should develop their responses in anticipation of offering the optional universal life plan provisions outlined there. Additionally, the Optional Term and Optional Universal coverages may be placed with two separate Contractors, based upon the evaluation criteria presented in this RFP and a separate procurement process outlined in RFP #317.86-028. The State maintains the ability to monitor the guarantee issue and maximum issue amounts in its eligibility system, the Tennessee Insurance System (TIS).

The coverage is to be offered on a combined underwriting basis with a guaranteed issue amount of up to three times salary, subject to an absolute cap of \$300,000. Employees may apply for additional coverage of up to five times salary and the maximum combined Term and Universal Life face amount is \$300,000. Both the face amount of Term Life Insurance and of the Universal Life Insurance are considered in determining the guarantee issue and maximum issue amounts. Specific amounts of term and universal coverage are available for spouses. A child term rider is also available. The spouse and dependent coverage do not count toward the guarantee or maximum issue amounts.

Employees pay the entire cost of the coverage, which is determined by both the face amount selected and the insured's age at the effective date of coverage.

The State will collect premiums for enrolled active employees, based on billing information received each month from the Contractor. The State of Tennessee Insurance System (TIS) will administer the collection of premiums from active employees via payroll deduction or direct payment to the State.

The Contractor will bill directly retirees and/or employees converted to individual policies. The Contractor will not interface directly with Higher Education institutions or active employees for the purpose of premium collections.

Coverage is completely portable and employees may continue participation after termination of employment through retirement or for any other reason.

This coverage provides employees an opportunity to supplement the State sponsored employee and dependent term life insurance and accidental death and dismemberment coverage. Employees participating in the health coverages offered by the State are automatically provided a scheduled amount

of basic term life insurance equal to approximately one and one half times salary up to \$50,000 in coverage and a salary scheduled amount of accidental death and dismemberment coverage of approximately three times salary up to a maximum of \$100,000. Additionally, employees may elect to participate in optional accidental death and dismemberment coverage which is a salary scheduled amount of up to \$60,000. For employees electing family coverage, each dependent is provided with \$3000 in term coverage and a scheduled amount of dependent accidental death and dismemberment based upon the employee's salary and family composition.

At the end of 2003, 11,513 employees had elected to participate in the Optional Universal Life coverage. The participants had elected over \$474 million in Optional Universal Life coverage. In addition, 1,917 spouses were covered under the Optional Universal Life contract maintaining about \$28.7 million in coverage. At the end of 2003 the cash values accumulated under the Optional Universal Life contract exceeded \$61.6 million.

Contracts for the Optional Term Life and the Optional Universal Life have been maintained with Provident Life and Accident since 1988 and 1986 through 1999, respectively. Through a competitive procurement process conducted in 1999 Unum/Provident became the insurance provider for these products. The contract between the State and Unum /Provident terminates on June 30, 2005. The purpose of this request for proposals is to seek information from qualified Proposers who are interested in providing the Optional Universal Life Insurance after the existing contracts expires. The incumbent carrier Unum/Provident has agreed to provide sufficient enrollment and coverage information to permit the new carrier(s) to effectively administer the program of term and universal life coverage for all individuals presently enrolled.

To aid organizations in providing as thorough a response as possible, the following additional information is available for review and reference:

- **Appendix 7.2, Optional Life Member Handbook**
- **Appendix 7.3, Group Master Policy – Universal Life**
- **Appendix 7.4, Universal Life Data and History**
- **Appendix 7.5, Current Contract**
- **Appendix 7.5, Tennessee Insurance System (TIS) Packet**

1.3 **Scope of Services, Contract Period, and Required Terms and Conditions**

The RFP **Attachment 6.1**, *Pro Forma* Contract details the State's required:

- Scope of Services (Section A);
- Contract Term (Section B);
- Payment Terms and Conditions (Section C);
- Standard Terms and Conditions (Section D);
- Special Terms and Conditions (Section E); and
- Performance Guarantees (Contract Attachment A)

The *pro forma* contract substantially represents the contract document that the Proposer selected by the State MUST agree to and sign. The *pro forma* contract details, in Section A, the scope of services and deliverables that the State expects the Contractor to provide. The *pro forma* contract also includes the terms and conditions required by the State. The *pro forma* contract should be considered the framework for the administrative relationship between the plan sponsor and the insurer.

A group master policy and certificates of insurance will govern the insurance coverage itself. The master policies and certificates will be subject to the review and approval of the Tennessee Department of Commerce and Insurance, which is participating in this procurement project. In addition, the *pro forma* contract substantially represents the contract document, which describes the business relationship between the State and the Contractor, and which the Proposer selected by the State MUST agree to and sign.

1.4 **Nondiscrimination**

No person shall be excluded from participation in, be denied benefits of, be discriminated against in the admission or access to, or be discriminated against in treatment or employment in the State's contracted programs or activities on the grounds of disability, age, race, color, religion, sex, national origin, or any

other classification protected by federal or Tennessee State Constitutional or statutory law; nor shall they be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of contracts with the State or in the employment practices of the State's contractors. Accordingly, all vendors entering into contracts with the State shall, upon request, be required to show proof of such nondiscrimination and to post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

The State has designated the following to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and applicable federal regulations.

Department of Finance and Administration
 Division of Resource Development and Support
 12th Floor, WRS Tennessee Tower
 312 Eighth Avenue North
 Nashville, TN 37243-1700
 ph) 615-741-6049

1.5 **Assistance to Proposers With a Disability**

A Proposer with a disability may receive accommodation regarding the means of communicating this RFP and participating in this RFP process. A Proposer with a disability should contact the RFP Coordinator to request reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

1.6 **RFP Communications**

1.6.1 Unauthorized contact regarding this RFP with employees or officials of the State of Tennessee other than the RFP Coordinator detailed below may result in disqualification from this procurement process.

1.6.1.1 All communications regarding this RFP should be in writing and must be directed to the following RFP Coordinator, the State of Tennessee's only point of contact for this RFP.

Paul Hauser
 Division of Insurance Administration
 13th Floor WRS Tennessee Tower
 312 Eighth Avenue North
 Nashville, TN 37243
 Phone) 615-741-9896 Fax) 615-741-8196 Email) paul.c.hauser@state.tn.us

NOTICE: Unauthorized contact regarding this RFP with other employees or officials of the State of Tennessee may result in disqualification from this procurement.

1.6.1.2 Notwithstanding the foregoing, interested parties may contact the staff of the Governor's Office of Diversity Business Enterprise for general, public information regarding this RFP, assistance available from the Governor's Office of Diversity Business Enterprise, or potential future state procurements.

1.6.2 The State has assigned the following RFP identification number that must be referenced in all communications regarding the RFP:

RFP #317.86-029

1.6.3 Any oral communications shall be considered unofficial and non-binding with regard to this RFP.

1.6.4 Each Proposer shall assume the risk of the method of dispatching any communication or proposal to the State. The State assumes no responsibility for delays or delivery failures resulting from the method of dispatch. Actual or electronic "postmarking" of a communication or proposal to the State by a deadline date shall not substitute for actual receipt of a communication or proposal by the State.

- 1.6.5 Proposer Comments, Questions, and Requests for Clarification: The RFP Coordinator must receive all written comments, including questions and requests for clarification, no later than the Written Comments Deadline detailed in the RFP Section 2, Schedule of Events.**
- 1.6.6 The State reserves the right to determine, at its sole discretion, the appropriate and adequate responses to written comments, questions, and requests for clarification. The State's official responses and other official communications pursuant to this RFP shall constitute an amendment of this RFP.
- 1.6.7 The State will convey all official responses and communications pursuant to this RFP to the potential proposers from whom the State has received a Notice of Intent to Propose.
- 1.6.8 Only the State's official, written responses and communications shall be considered binding with regard to this RFP.
- 1.6.9 The State reserves the right to determine, at its sole discretion, the method of conveying official responses and communications pursuant to this RFP (e.g., written, facsimile, electronic mail, or Internet posting).
- 1.6.10 Any data or factual information provided by the State, in this RFP or an official response or communication, shall be deemed for informational purposes only, and if a Proposer relies on such data or factual information, the Proposer should either: (1) independently verify the information; or, (2) obtain the State's written consent to rely thereon.

1.7 Notice of Intent to Propose

Each potential proposer should submit a Notice of Intent to Propose to the RFP Coordinator by the deadline detailed in the RFP Section 2, Schedule of Events. The notice should include:

- Proposer's name
- name and title of a contact person
- address, email address, telephone number, and facsimile number of the contact person

NOTICE: A Notice of Intent to Propose creates no obligation and is not a prerequisite for making a proposal, however, it is necessary to ensure receipt of RFP amendments and other communications regarding the RFP (refer to RFP Sections 1.6, *et seq.*, above).

1.8 Proposal Deadline

Proposals must be submitted no later than the Proposal Deadline time and date detailed in the RFP Section 2, Schedule of Events. A proposal must respond to the written RFP and any RFP exhibits, attachments, or amendments. A late proposal shall not be accepted, and a Proposer's failure to submit a proposal before the deadline shall cause the proposal to be disqualified.

1.9 Pre-Proposal Conference

A Pre-Proposal Conference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. The purpose of the conference is to discuss the RFP scope of services. While questions will be entertained, the response to any question at the Pre-Proposal Conference shall be considered tentative and non-binding with regard to this RFP. Questions concerning the RFP should be submitted in writing prior to the Written Comments Deadline date detailed in the RFP Section 2, Schedule of Events. To ensure accurate, consistent responses to all known potential Proposers, the official response to questions will be issued by the State as described in RFP Sections 1.6, *et seq.*, above and on the date detailed in the RFP Section 2, Schedule of Events.

- 1.9.1 Pre-Proposal Conference attendance is not mandatory, and each potential Proposer may be limited to a maximum number of attendees depending upon overall attendance and space limitations. The conference will be held at:

**Multimedia Room, 3rd Floor
William R. Snodgrass Tennessee Tower
312 Eighth Ave. No., Nashville, TN 37243**

Please enter the building on the Seventh Avenue side (adjacent to War Memorial Plaza). Check in at the guard desk (YOU MUST SHOW A PICTURE ID) and proceed to the low-rise elevators in the center core of the building.

2 RFP SCHEDULE OF EVENTS

The following Schedule of Events represents the State's best estimate of the schedule that will be followed. Unless otherwise specified, the time of day for the following events will be between 8:00 a.m. and 4:30 p.m., Central Time.

RFP SCHEDULE OF EVENTS		
NOTICE: The State reserves the right, at its sole discretion, to adjust this schedule as it deems necessary. The State will communicate any adjustment to the Schedule of Events to the potential proposers from whom the State has received a Notice of Intent to Propose.		
EVENT	TIME	DATE (<u>all</u> dates are state business days)
1. State Issues RFP		February 18, 2005
2. Disability Accommodation Request Deadline		February 25
3. Pre-proposal Conference	1 PM Central	March 2
4. Notice of Intent to Propose Deadline		March 4
5. Written Comments Deadline – Cost Proposal-specific		March 4
6. Written Comments Deadline – RFP-specific		March 8
7. State Responds to Written Comments (Cost Proposal)		March 11
8. State Responds to Written Comments (RFP)		March 14
9. Proposal Deadline – TECHNICAL and COST	1:00 p.m.	Monday, April 4
10. State Completes Technical Proposal Evaluations	11 a.m.	April 18
11. State Opens Cost Proposals and Calculates Scores	1:00 p.m.	April 18
12. State Issues Evaluation Notice <u>and</u> Opens RFP Files for Public Inspection		Day of Insurance Committees' Award of Contract
13. Contract Signing		8 BUSINESS DAYS LATER

14. Contract Signature Deadline		5 BUSINESS DAYS LATER
15. Contract Start Date		July 1, 2005

3 PROPOSAL REQUIREMENTS

Each Proposer must submit a proposal in response to this RFP with the most favorable terms that the Proposer can offer. There will be no best and final offer procedure.

3.1 Proposal Form and Delivery

3.1.1 Each response to this RFP must consist of a Technical Proposal and a Cost Proposal (as described below).

3.1.2 Each Proposer must submit One (1) original and Six (6) copies of the Technical Proposal to the State in a sealed package that is clearly marked:

“Technical Proposal in Response to RFP #317.86-029 – Do Not Open”

3.1.3 Each Proposer must submit One (1) Cost Proposal to the State in a separate, sealed package that is clearly marked:

“Cost Proposal in Response to RFP #317.86-029 – Do Not Open”

3.1.4 If a Proposer encloses the separately sealed proposals (as detailed above) in a larger package for mailing, the Proposer must clearly mark the outermost package:

“Contains Separately Sealed Technical and Cost Proposals for RFP #317.86-029”

3.1.5 The State must receive all proposals in response to this RFP, at the following address, no later than the Proposal Deadline time and date detailed in the RFP Section 2, Schedule of Events.

Paul Hauser
Division of Insurance Administration
13th Floor WRS Tennessee Tower
312 Eighth Avenue North
Nashville, TN 37243

3.1.6 A Proposer may not deliver a proposal orally or by any means of electronic transmission.

3.2 Technical Proposal

3.2.1 The RFP Attachment 6.3, Technical Proposal and Evaluation Guide details specific requirements for making a Technical Proposal in response to this RFP. This guide includes mandatory and general requirements as well as technical queries requiring a written response.

NOTICE: No pricing information shall be included in the Technical Proposal. Inclusion of Cost Proposal amounts in the Technical Proposal shall make the proposal non-responsive and the State shall reject it.

3.2.2 Each Proposer must use the Technical Proposal and Evaluation Guide to organize, reference, and draft the Technical Proposal. Each Proposer should duplicate the Technical Proposal and Evaluation Guide and use it as a table of contents covering the Technical Proposal (adding proposal page numbers as appropriate).

3.2.3 Each proposal should be economically prepared, with emphasis on completeness and clarity of content. A proposal, as well as any reference material presented, must be written in English and must be written on standard 8 1/2" x 11" paper (although foldouts containing charts, spreadsheets, and oversize exhibits are permissible). All proposal pages must be numbered.

3.2.4 All information included in a Technical Proposal should be relevant to a specific requirement detailed in the Technical Proposal and Evaluation Guide. All information must be incorporated into a response to a

specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will in no way contribute to the evaluation process.

3.2.5 The State may determine a proposal to be non-responsive and reject it if the Proposer fails to organize and properly reference the Technical Proposal as required by this RFP and the Technical Proposal and Evaluation Guide.

3.2.6 The State may determine a proposal to be non-responsive and reject it if the Technical Proposal document fails to appropriately address/meet all of the requirements detailed in the Technical Proposal and Evaluation Guide.

3.3 **Cost Proposal**

3.3.1 The Cost Proposal must be submitted to the State in a sealed package separate from the Technical proposal.

3.3.2 Each Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.4, Cost Proposal and Evaluation Guide.

3.3.3 Each Proposer shall ONLY record the proposed cost exactly as required by the Cost Proposal and Evaluation Guide and shall NOT record any other rates, amounts, or information.

3.3.4 The proposed cost shall incorporate all costs for services under the contract for the total contract period.

3.3.5 The Proposer must sign and date the Cost Proposal.

3.3.6 If a Proposer fails to submit a Cost Proposal as required, the State shall determine the proposal to be non-responsive and reject it.

4 GENERAL REQUIREMENTS & CONTRACTING INFORMATION

4.1 Proposer Required Review and Waiver of Objections

Each Proposer must carefully review this RFP and all attachments, including but not limited to the *pro forma* contract, for comments, questions, defects, objections, or any other matter requiring clarification or correction (collectively called “comments”). Comments concerning RFP objections must be made in writing and received by the State no later than the Written Comments Deadline detailed in the RFP Section 2, Schedule of Events. This will allow issuance of any necessary amendments and help prevent the opening of defective proposals upon which contract award could not be made.

Protests based on any objection shall be considered waived and invalid if these comments/objections have not been brought to the attention of the State, in writing, by the Written Comments Deadline.

4.2 RFP Amendment and Cancellation

The State reserves the unilateral right to amend this RFP in writing at any time. If an RFP amendment is issued, the State will convey such amendment to the potential proposers who submitted a Notice of Intent to Propose. Each proposal must respond to the final written RFP and any exhibits, attachments, and amendments.

The State of Tennessee reserves the right, at its sole discretion, to cancel and reissue this RFP or to cancel this RFP in its entirety in accordance with applicable laws and regulations.

4.3 Proposal Prohibitions and Right of Rejection

4.3.1 The State of Tennessee reserves the right, at its sole discretion, to reject any and all proposals in accordance with applicable laws and regulations.

4.3.2 Each proposal must comply with all of the terms of this RFP and all applicable State laws and regulations. The State may reject any proposal that does not comply with all of the terms, conditions, and performance requirements of this RFP. The State may consider any proposal that does not meet the requirements of this RFP to be non-responsive, and the State may reject such a proposal.

4.3.3 A proposal of alternate services (*i.e.*, a proposal that offers services different from those requested by this RFP) shall be considered non-responsive and rejected.

4.3.4 A Proposer may not restrict the rights of the State or otherwise qualify a proposal. The State may determine such a proposal to be a non-responsive counteroffer, and the proposal may be rejected.

4.3.5 A Proposer may not submit the Proposer's own contract terms and conditions in a response to this RFP. If a proposal contains such terms and conditions, the State may determine, at its sole discretion, the proposal to be a non-responsive counteroffer, and the proposal may be rejected.

4.3.6 A Proposer shall not submit more than one proposal. Submitting more than one proposal shall result in the disqualification of the Proposer.

4.3.7 A Proposer shall not submit multiple proposals in different forms. This prohibited action shall be defined as a Proposer submitting one proposal as a prime contractor and permitting a second Proposer to submit another proposal with the first Proposer offered as a subcontractor. This restriction does not prohibit different Proposers from offering the same subcontractor as a part of their proposals, provided that the subcontractor does not also submit a proposal as a prime contractor. Submitting multiple proposals in different forms may result in the disqualification of all Proposers knowingly involved.

4.3.8 The State shall reject a proposal if the Cost Proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Proposer. Regardless of the time of detection, the State shall consider any of the foregoing prohibited actions to be grounds for proposal rejection or contract termination.

- 4.3.9 The State shall not contract with or consider a proposal from:
- a. an individual who is, or within the past six months has been, an employee or official of the State of Tennessee;
 - b. a company, corporation, or any other contracting entity in which an ownership of two percent (2%) or more is held by an individual who is, or within the past six months has been, an employee or official of the State of Tennessee (this shall not apply either to financial interests that have been placed into a "blind trust" arrangement pursuant to which the employee does not have knowledge of the retention or disposition of such interests or to the ownership of publicly traded stocks or bonds where such ownership constitutes less than 2% of the total outstanding amount of the stocks or bonds of the issuing entity);
 - c. a company, corporation, or any other contracting entity which employs an individual who is, or within the past six months has been, an employee or official of the State of Tennessee in a position that would allow the direct or indirect use or disclosure of information, which was obtained through or in connection with his or her employment and not made available to the general public, for the purpose of furthering the private interest or personal profit of any person; or,
 - d. any individual, company, or other entity involved in assisting the State in the development, formulation, or drafting of this RFP or its scope of services shall be considered to have been given information that would afford an unfair advantage over other Proposers, and such individual, company, or other entity may not submit a proposal in response to this RFP.

4.3.9.1 For the purposes of applying the requirements of RFP subsection 4.3.9, *et. seq.*, an individual shall be deemed an employee or official of the State of Tennessee until such time as all compensation for salary, termination pay, and annual leave has been paid.

4.3.10 The State reserves the right, at its sole discretion, to waive a proposal's variances from full compliance with this RFP. If the State waives minor variances in a proposal, such waiver shall not modify the RFP requirements or excuse the Proposer from full compliance with such. Notwithstanding any minor variance, the State may hold any Proposer to strict compliance with this RFP.

4.4 **Incorrect Proposal Information**

If the State determines that a Proposer has provided, for consideration in this RFP process or subsequent contract negotiations, incorrect information that the Proposer knew or should have known was materially incorrect, that proposal shall be determined non-responsive and shall be rejected.

4.5 **Proposal of Additional Services**

If a proposal offers services in addition to those required by and described in this RFP, the additional services may be added to the contract before contract signing at the sole discretion of the State. Notwithstanding the foregoing, a Proposer shall not propose any additional cost amount(s) or rate(s) for additional services.

NOTICE: The Proposer's Cost Proposal shall record only the proposed cost as required in this RFP and shall not record any other rates, amounts, or information. If a Proposer fails to submit a Cost Proposal as required, the State shall determine the proposal to be non-responsive and shall reject the proposal.

4.6 **Assignment and Subcontracting**

- 4.6.1 The Proposer awarded a contract pursuant to this RFP may not subcontract, transfer, or assign any portion of the contract without the State's prior, written approval.
- 4.6.2 A subcontractor may only be substituted for a proposed subcontractor at the discretion of the State and with the State's prior, written approval.
- 4.6.3 At its sole discretion, the State reserves the right to refuse approval of any subcontract, transfer, or assignment.
- 4.6.4 Notwithstanding State approval of each subcontractor, the Proposer, if awarded a contract pursuant to this RFP, shall be the prime contractor and shall be responsible for all work performed.

4.7 Right to Refuse Personnel

At its sole discretion, the State reserves the right to refuse any personnel, of the prime contractor or a subcontractor, for use in the performance of a contract pursuant to this RFP.

4.8 Insurance

The State may require the apparent successful Proposer to provide proof of adequate worker's compensation and public liability insurance coverage before entering into a contract. Additionally, the State may require, at its sole discretion, the apparent successful Proposer to provide proof of adequate professional malpractice liability or other forms of insurance. Failure to provide evidence of such insurance coverage is a material breach and grounds for termination of the contract negotiations. Any insurance required by the State shall be in form and substance acceptable to the State.

4.9 Licensure

Before a contract pursuant to this RFP is signed, the apparent successful Proposer must hold all necessary, applicable business and professional licenses. The State may require any or all Proposers to submit evidence of proper licensure.

4.10 Service Location and Work Space

The service pursuant to this RFP is to be performed, completed, managed, and delivered as detailed in the RFP Attachment 6.1, *Pro Forma* Contract. Work space on the State's premises may be available for contractor use in accordance with the *pro forma* contract or at the State's discretion. Any work performed on the State's premises shall be completed during the State's standard business hours.

4.11 Proposal Withdrawal

A Proposer may withdraw a submitted proposal at any time up to the Proposal Deadline time and date detailed in the RFP Section 2, Schedule of Events. To do so, a Proposer must submit a written request, signed by a Proposer's authorized representative to withdraw a proposal. After withdrawing a previously submitted proposal, a Proposer may submit another proposal at any time up to the Proposal Deadline.

4.12 Proposal Errors and Amendments

Each Proposer is liable for all proposal errors or omissions. A Proposer will not be allowed to alter or amend proposal documents after the Proposal Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

4.13 Proposal Preparation Costs

The State will not pay any costs associated with the preparation, submittal, or presentation of any proposal.

4.14 Disclosure of Proposal Contents

Each proposal and all materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a proposal does not affect this right. All proposal information, including detailed price and cost information, shall be held in confidence during the evaluation process. Notwithstanding, a list of actual Proposers submitting timely proposals may be available to the public, upon request, directly after technical proposals are opened by the state.

Upon the completion of the evaluation of proposals, indicated by public release of an Evaluation Notice, the proposals and associated materials shall be open for review by the public in accordance with *Tennessee Code Annotated*, Section 10-7-504(a)(7). By submitting a proposal, the Proposer acknowledges and accepts that the full proposal contents and associated documents shall become open to public inspection.

4.15 Contractor Registration

All service contractors with state of Tennessee contracts must be registered through the Department of Finance and Administration's Service Provider Registry prior to contract approval. However, registration with the state is not required to make a proposal (any unregistered service provider must simply register as required prior to the final contract approval). Refer to the following Internet URL for more information about the Service Provider Registry and to register "on-line."

www.state.tn.us/finance/rds/ocr/sprs.html

4.16 Contract Approval

The RFP and the contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Proposer with the apparent best-evaluated proposal or any other Proposer. Contract award and State obligations pursuant thereto shall commence only after the contract is signed by the Contractor and the head of the procuring state agency and after the contract is approved and signed by all other State officials as required by State laws and regulations.

4.17 Contract Payments

All contract payments shall be made in accordance with the contract's Payment Terms and Conditions provisions (refer to RFP Attachment 6.1, *Pro Forma* Contract, Section C). No payment shall be made until the contract is approved as required by State laws and regulations. Under no conditions shall the State be liable for payment of any type associated with the contract or responsible for any work done by the Contractor, even work done in good faith and even if the Contractor is orally directed to proceed with the delivery of services, if it occurs before contract approval by State officials as required by applicable statutes and rules of the State of Tennessee or before the contract start date or after the contract end date specified by the contract.

4.18 Contractor Performance

The Contractor shall be responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and acceptance by the State. The State may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. At reasonable times, the State may inspect those areas of the Contractor's place of business that are related to the performance of the contract. If the State requires such an inspection, the Contractor shall provide reasonable access and assistance.

4.19 Contract Amendment

During the course of this contract, the State may request the Contractor to perform additional work for which the Contractor would be compensated. That work shall be within the general scope of this RFP. In such instances, the State shall provide the Contractor a written description of the additional work, and the Contractor shall submit a time schedule for accomplishing the additional work and a price for the additional work based on the rates included in the Contractor's proposal to this RFP. If the State and the Contractor reach an agreement regarding the work and associated compensation, such agreement shall be effected by means of a contract amendment. Any such amendment requiring additional work must be mutually agreed upon by the parties and signed by the Contractor and the head of the procuring state agency and must be approved by other State officials as required by State laws and regulations. The Contractor shall not commence additional work until the State has issued a written contract amendment and secured all required approvals.

4.20 Severability

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision shall not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Proposers shall be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

5 PROPOSAL EVALUATION & CONTRACT AWARD

5.1 Evaluation Categories and Maximum Points

The State will consider qualifications and experience, technical approach, and cost in the evaluation of proposals. The maximum points that shall be awarded for each of these categories are detailed below.

CATEGORY	MAXIMUM POINTS POSSIBLE
Qualifications and Experience	100
Technical Approach	200
Cost Proposal	700

5.2 Evaluation Process

The proposal evaluation process is designed to award the contract not necessarily to the Proposer of least cost, but rather to the Proposer with the best combination of attributes based upon the evaluation criteria.

- 5.2.1 The RFP Coordinator will use the RFP Attachment 6.3, Technical Proposal and Evaluation Guide to manage the Technical Proposal Evaluation and maintain evaluation records.
 - 5.2.1.1 The RFP Coordinator will review each Technical Proposal to determine compliance with mandatory requirements (refer to RFP Attachment 6.3, Technical Proposal and Evaluation Guide, Technical Proposal Section A). If the RFP Coordinator determines that a proposal may have failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the proposal and document its determination of whether: (1) the proposal meets requirements for further evaluation; (2) the State will request clarifications or corrections; or, (3) the State will determine the proposal non-responsive to the RFP and reject it.
 - 5.2.1.2 A Proposal Evaluation Team, made up of three or more State employees, will evaluate each Technical Proposal that appears responsive to the RFP.
 - 5.2.1.3 Each Proposal Evaluation Team member will independently, evaluate each proposal against the evaluation criteria in this RFP, rather than against other proposals, and will score each in accordance with the RFP Attachment 6.3, Technical Proposal and Evaluation Guide.
 - 5.2.1.4 The State reserves the right, at its sole discretion, to request Proposer clarification of a Technical Proposal or to conduct clarification discussions with any or all Proposers. Any such clarification or discussion shall be limited to specific sections of the proposal identified by the State. The subject Proposer shall put any resulting clarification in writing as may be required by the State.
 - 5.2.2 After Technical Proposal evaluations are completed, the RFP Coordinator will open the Cost Proposals and use the RFP Attachment 6.4, Cost Proposal and Evaluation Guide to calculate and document the Cost Proposal scores.
 - 5.2.3 For each responsive proposal, the RFP Coordinator will add the average Technical Proposal score to the Cost Proposal score (refer to RFP Attachment 6.5, Proposal Score Summary Matrix).
- 5.3 Contract Award Process**
- 5.3.1 The RFP Coordinator will forward the results of the proposal evaluation process to the head of the procuring agency who will consider the proposal evaluation process results and all pertinent information available to make a determination about the contract award. The State reserves the right to make an

award without further discussion of any proposal.

Notwithstanding the foregoing, to effect a contract award to a Proposer other than the one receiving the highest evaluation score, the head of the procuring agency must provide written justification for such an award and obtain the written approval of the Commissioner of Finance and Administration and the Comptroller of the Treasury.

- 5.3.2 After the agency head's determination, the State will issue an Evaluation Notice to identify the apparent best-evaluated proposal on the Evaluation Notice date detailed in the RFP Section 2, Schedule of Events.

NOTICE: The Evaluation Notice shall not create rights, interests, or claims of entitlement in either the Proposer with apparent best-evaluated proposal or any other Proposer.

- 5.3.3 The State will also make the RFP files available for public inspection on the Evaluation Notice date detailed in the RFP Section 2, Schedule of Events.

- 5.3.4 The Proposer with the apparent best-evaluated proposal must agree to and sign a contract with the State which shall be substantially the same as the RFP Attachment 6.1, *Pro Forma* Contract.

However, the State reserves the right, at its sole discretion, to add terms and conditions or to revise *pro forma* contract requirements in the State's best interests subsequent to this RFP process. No such terms and conditions or revision of contract requirements shall materially affect the basis of proposal evaluations or negatively impact the competitive nature of the RFP process.

- 5.3.5 The Proposer with the apparent best-evaluated proposal must sign and return the contract drawn by the State pursuant to this RFP no later than the Contract Signature Deadline date detailed in the RFP Section 2, Schedule of Events. If the Proposer fails to provide the signed contract by the deadline, the State may determine that the Proposer is non-responsive to the terms of this RFP and reject the proposal.

- 5.3.6 If the State determines that the apparent best-evaluated proposal is non-responsive and rejects the proposal after opening Cost Proposals, the RFP Coordinator will re-calculate scores for each responsive Cost Proposal to determine the new, apparent best-evaluated proposal.

ATTACHMENT 6.1
PRO FORMA CONTRACT

The *pro forma* contract detailed in this attachment contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from this RFP.

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE
AND
[CONTRACTOR NAME]

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the “State” and [CONTRACTOR LEGAL ENTITY NAME], hereinafter referred to as the “Contractor,” is for the provision of Optional Universal Life Insurance, as further defined in the “SCOPE OF SERVICES.”

The Contractor is [AN INDIVIDUAL / A FOR-PROFIT CORPORATION / A NONPROFIT CORPORATION / A SPECIAL PURPOSE CORPORATION OR ASSOCIATION / A FRATERNAL OR PATRIOTIC ORGANIZATION / A PARTNERSHIP / A JOINT VENTURE / A LIMITED LIABILITY COMPANY]. The Contractor’s address is:

[ADDRESS]

The Contractor’s place of incorporation or organization is [STATE OF ORGANIZATION].

A **SCOPE OF SERVICES:**

A.1 **SERVICES PROVIDED BY THE CONTRACTOR**

- A.1.1 Underwrite and administer the State Optional Universal Life Insurance Plan in accordance with this Contract, the Group Master Policy, Amendment 1 to RFP #317.86-029 (the State’s Response to Proposer Comments, Questions and Clarifications), RFP #317.86-029, and the Contractor’s Technical and Cost proposals submitted in response thereto.
- A.1.2 Provide customary home office services and functions including but not limited to actuarial services, policy and certificate issuance, administration and accounting. Assign an account representative to coordinate the administrative, coverage, and customer service activities.
- A.1.3 Provide a group master policy and individual certificates of insurance, and prepare amendments and riders as needed, which may, from time to time, be deemed appropriate by the State. Upon enrollment, mail the certificate of insurance to employee’s home address.
- A.1.4 Prepare, in consultation with and following approval by the State, and provide descriptive employee booklets, enrollment materials, and administrative forms and manuals.
- A.1.5 Provide advice and assistance with regard to questions concerning eligibility, effective dates, benefits and coverage, and cessation of coverage as raised by the State, state departments and agencies, individual employees and retirees and/or survivors.
- A.1.6 Process statements of health for delayed or revised enrollments.
- A.1.7 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.
- A.1.8 Provide for continuation of insurance through individual life policies, converted upon cessation of coverage under the State of Tennessee group policy. Premiums under this arrangement will be collected directly from retirees and employees converted to individual policies. Premium for continuation of individual certificates shall be the same as those for employees. Employees who terminate their

employment are to be notified by the Contractor of their options through written correspondence. Such notification shall be the responsibility of the Contractor.

- A.1.9 Make all required reports to the United States Internal Revenue Service.
 - A.1.10 Provide a toll-free telephone number for inquiries from state employees.
 - A.1.11 Provide all services associated with, and administer, the policy loan provision.
 - A.1.12 Calculate surrender values and make cash payments upon surrender of policy.
 - A.1.13 Provide an annual statement to participating employees at their home address which indicates, on a month to month basis, at a minimum:
 - amount of insurance
 - monthly premium
 - monthly interest credits
 - monthly cost of insurance
 - current cash value
 - policy loans outstanding
 - rates of interest credited during the year
 - A.1.14 Provide annual enrollment information to potential or current participants at their home address.
 - A.1.15 Provide a full range of actuarial services related to the insurance provided through this Contract in addition to the reports required in Section A.2. Such services shall be certified by a Fellow of the Society of Actuaries or a member of the American Academy of Actuaries.
 - A.1.16 In conjunction with the State of Tennessee, conduct orientations and training for personnel of State agencies concerning the provisions of and administration of the Plan.
 - A.1.17 Provide all necessary forms for submission and processing of claims.
 - A.1.18 Process all claims on a prompt, timely and accurate basis.
 - A.1.19 Furnish to each claimant information regarding the payment or rejection of claims.
 - A.1.20 Maintain a service office to process claims and assist with inquiries, correspondence, unusual claim situations or problems, employee orientation and related matters.
 - A.1.21 Confirm eligibility on each claim as submitted.
 - A.1.22 Assess applications for the advanced payment of life insurance benefits as provided in the Group Master Policy.
 - A.1.23 Attend quarterly administrative meetings to discuss operational issues, customer service concerns and the planning of annual transfer period activities. The scheduling of such meetings will be the prerogative of the State.
 - A.1.24 Provide an annual notification to plan participants which indicates the types of coverage available, premium amounts, policy terms and conditions. Such notification shall be provided to the subscribers home address.
- A.2 Data and Specific Reporting Requirements**
- A.2.1 The Contractor shall maintain, in its computer system, in-force enrollment records of all Universal Term Life Insurance plan insured members.

- A.2.2 Provide, within sixty (60) days of the end of each calendar quarter, Quarterly Management Reports (including year to date data), which shall include the following:
- Number of certificates in force by type of coverage and gender
 - Total amount of insurance in force by type of coverage
 - Premium earned by type of coverage
 - Cost of Insurance amounts earned by type of coverage
 - Gross and net claims paid by type of coverage
- A.2.2.1 Provide, within sixty (60) days of the end of each calendar year, a listing of the number of participant lives and volume of insurance coverage by issue and attained age. The listing will distinguish between premium payment method (payroll deduction and pay direct) and provide separate counts for employees and spouses. The data will reflect enrollment at December 31.
- A.2.2.2 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the distribution of premium (The Premium Disbursal Report).
- A.2.2.3 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the policies issued including face amount, annual premium, cash value, and tally of policies which were in effect as of the end of the calendar year (The Policy Master Report).
- A.2.3 The Contractor shall submit an Annual Financial Experience Report.
- A.2.4 The Contractor shall submit such ad hoc reports as are deemed by the State to be necessary, to analyze the Optional Universal Life Insurance plan. The exact cost, format, frequency and due dates for such reports shall be mutually agreed with the Contractor.
- A.3 Enrollment and Premium Administration System(s)**
- A.3.1 The Contractor shall support employee payroll deductions and direct payments made to the State. Employees will make premium payments for themselves and their dependent(s) through payroll deductions. The Contractor is responsible for collecting premiums for retirees and employees converted to individual policies.
- A.3.1.1 When refund of premiums to members is necessary, the Contractor shall be responsible for such return.
- A.3.2 The Contractor shall provide, on a date specified by the State, (typically the 10th calendar day of each month) monthly billing statements to the State, which details the premiums due for enrolled active employees. This detail shall be submitted via an electronic means in the Tennessee Insurance System (TIS) records format (**Appendix 7.6**). Electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means. Upon payment of the premium by the State, the Contractor shall reconcile the payment and monthly billing statement within 10 business days.
- A.3.2.1 **Batch Transaction Error Report:** For the purpose of maintaining accuracy in premium billing, the Contractor shall:
- monthly submit to the State premium billing data (format and medium to be mutually agreed);
 - reconcile to its Enrollment Data records the State's *Batch Transaction Error Report* (generated by the State, as required under Section A.4.5);
 - provide, with the next premium billing data, any corrections that should be made from the *Batch Transaction Error Report*.
- A.3.3 The Contractor shall provide, on a date specified by the State (typically the 10th calendar day of each month), monthly enrollment updates to the State, which details coverage information adds, changes, and terminations for each enrolled active employee and/or dependents. This detail shall be submitted via electronic means in the Tennessee Insurance System (TIS) records format (**Appendix 7.6**). Electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means.

- A.3.4 The Contractor shall maintain an electronic data processing (EDP) and electronic data interface (EDI) environment. The Contractor shall have a disaster recovery plan for restoring the application software and current master files and for hardware backup if the production systems are destroyed.
- A.3.5 The Contractor shall maintain an electronic data interface with the State's Tennessee Insurance System (TIS), for the purpose of accessing State member enrollment information. The Contractor is responsible for equipping itself with the hardware and software necessary for achieving and maintaining access via the Internet, using IBM's Host On Demand software provided by the State.
- A.3.6 The Contractor shall maintain, in its computer system, in-force enrollment records of all Optional Universal Life Insurance plan insured members.
- A.3.7 **Weekly Enrollment Update:** To ensure that the Optional UL Members' enrollment records remain accurate and complete, the Contractor commits to the following:
- To accept weekly enrollment data electronic transfer files, in the Tennessee Insurance System (TIS) records format, from the State, for Optional UL participants (files will include demographic changes, recent additions, changes, and terminations); electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means;
 - To process updates of all weekly file records within three (3) working days of receipt of the files from the State;
 - To resolve mismatches identified by the processing of weekly files within six (6) calendar days of receipt of the files from the State; and
 - To complete and submit to the State, within five (5) working days of receipt of the weekly files, a *Weekly Enrollment Update Report* (see **Appendix 7.6**).

For the purpose of this requirement, "mismatches" are defined as: Any difference of values between the State and Contractor's enrollment databases.

- A.3.8 **Quarterly Enrollment Data Reconciliation:** To ensure that Optional UL Members' enrollment records remain accurate and complete, the Contractor commits to the following:
- To accept quarterly enrollment data electronic transfer files, in the Tennessee Insurance System (TIS) records format, from the State, for Optional Term participants; electronic transfer shall be via a State Virtual Private Network (VPN), or other mutually agreed means;
 - To compare the State's full file of State enrollees quarterly with the Contractor's database of State members within five (5) working days of receipt of the file from the State;
 - To resolve all discrepancies identified by the reconciliation processing of the quarterly files within ten (10) calendar days of receipt of the enrollment files from the State; and
 - To complete and submit to the State, within eleven (11) calendar days of receipt of the quarterly files, the *Quarterly Enrollment Update Report* (see **Appendix 7.6**). For the purpose of this requirement, "mismatches" are defined as: Any difference of values between the State's and Contractor's enrollment databases.

A.4 **SERVICES PROVIDED BY THE STATE**

- A.4.1 Make payroll deduction of the premium, as elected by the participating employees, and remit those funds to the Contractor within forty five (45) days of the effective date of coverage.
- A.4.2 Provide such information to the Contractor as is necessary, in the opinion of the State, for the underwriting and administration of the Plan.
- A.4.3 Assist in the enrollment of state employees in the Plan.
- A.4.4 Provide, on a quarterly basis, the full population enrollment tape for reconciliation purposes.
- A.4.5 Generate and provide to the Contractor, as required under Contract Section A.3.2.1, a *Batch Transaction Error Report*.

B CONTRACT TERM:

B.1 Contract Term. This Contract shall be effective for the period commencing on July 1, 2005 and ending on June 30, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2 Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State’s maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C PAYMENT TERMS AND CONDITIONS:

C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed [WRITTEN DOLLAR AMOUNT] (\$[NUMBER AMOUNT]). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor’s obligations hereunder regardless of the difficulty, materials or equipment required. The Service 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 Service 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 Premium Rates, Cost of Insurance Rates, and Administrative Fees listed in Section C.3 and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.

C.3 Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the initial three year contract term (July 1, 2005 – June 30, 2008) and any extensions thereof:

C.3.1 **Monthly Premium Rates per \$1000 of Coverage: Life only charges (to be inserted from Cost Proposal, RFP Attach. 6.4, Part A.1)**

Issue Age	Premium Rate/\$1000 (Employees & Spouses)	Issue Age	Premium Rate/\$1000 (Employees & Spouses)	Issue Age	Premium Rate/\$1000 (Employees & Spouses)
15		36		56	
16		37		57	
17		38		58	
18		39		59	
19		40		60	
20		41		61	
21		42		62	
22		43		63	
23		44		64	
24		45		65	
25		46		66	
26		47		67	
27		48		68	

To be completed prior to contract signing.

28		49		69	
29		50		70	
30		51		71	
31		52		72	
32		53		73	
33		54		74	
34		55		75	
35					

C.3.1.1 Monthly Premium Rates per \$1000 of Coverage: Waiver of Premium only charges (to be inserted from Cost Proposal, RFP Attach. 6.4, Part A.2)

Issue Age	Waiver of Premium Rate/\$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/\$1000 (Employees & Spouses)	Issue Age	Waiver of Premium Rate/\$1000 (Employees & Spouses)
15		36		56	
16		37		57	
17		38		58	
18		39		59	
19		40		60	
20		41		61	
21		42		62	
22		43		63	
23		44		64	
24		45		65	
25		46		66	
26		47		67	
27		48		68	
28		49		69	
29		50		70	
30		51		71	
31		52		72	
32		53		73	
33		54		74	
34		55		75	
35					

To be completed prior to contract signing.

C.3.2 Monthly Cost of Insurance Rates/\$1000 of Coverage (to be inserted from Cost Proposal, RFP Attach. 6.4, Part B)

Attained Age	COI Rate/\$1000 (Employees & Spouses)	Attained Age	COI Rate/\$1000 (Employees & Spouses)	Attained Age	COI Rate/\$1000 (Employees & Spouses)
15		42		69	
16		43		70	
17		44		71	
18		45		72	
19		46		73	
20		47		74	
21		48		75	
22		49		76	
23		50		77	
24		51		78	
25		52		79	
26		53		80	
27		54		81	
28		55		82	
29		56		83	
30		57		84	

To be completed prior to contract signing.

31		58		85	
32		59		86	
33		60		87	
34		61		88	
35		62		89	
36		63		90	
37		64		91	
38		65		92	
39		66		93	
40		67		94	
41		68			

C.3.3 Administrative Fee

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

- \$ (to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.1) per month employee coverage
- \$ (to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.1) per month spouse coverage

C.3.4 Percent of Premium Loads

The Contractor shall maintain the following percent of Premium Loads throughout the term of the contract:

Year One		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.2)	Year Four		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.2)
Year Two			Year Five		
Year Three					

C.3.5 Asset Based Charges

The Contractor shall maintain the following Asset Based Charges, expressed as percent of Cash Values, throughout the term of the contract:

Year One		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.3)	Year Four		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part C.3)
Year Two			Year Five		
Year Three					

C.3.6 Surrender Charges

The Contractor's Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part D)	Year Four		(to be inserted from Cost Proposal, RFP Attach. 6.4, Part D)
Year Two			Year Five		
Year Three					

C.3.7 Interest Crediting Rates

The monthly interest crediting rate, beginning July 1, 2005 and ending June 30, 2008 shall be equal to one twelfth of the greater of:

- (fixed amount) percent (###%) for year one of the contract, (fixed amount) percent (###%) for year two of the contract, and (fixed amount) percent (###%) for year three of the contract (Absolute Minimum) (to be completed pursuant to the responses submitted at the Cost Proposal, RFP Attachment 6.4, Part E.1, Absolute Minimum); OR
- the published six month U. S. 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 ten or more basis points (Variable Rate) (exact wording of this requirement will be completed pursuant to the option selected at Cost Proposal, RFP Attachment 6.4, Part E.2, Variable Rate); OR
- a rate declared quarterly, in advance, by the Contractor; OR
- four and one half percent (4.5%).

C.3.8 Certificate Loan Interest Rate

The Contractor agrees to the following annual Loan Interest Rates, for each of the first three years of the contract – July 1, 2005 through June 30, 2008.

2005	_____ %	(percentages to be inserted from
2006	_____ %	Cost Proposal, RFP Attach. 6.4,
2007	_____ %	Part E.3)

If the contract is extended for 2008 and 2009, we agree that the annual Loan Interest Rate presented for 2007 will be the maximum interest rate for the period of the extension.

- C.4 The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Payments to the Contractor shall be based upon payroll deduction information provided by the Contractor and payment of premium by former employees who are paying premium directly to the Contractor. The payroll deduction information shall be provided in a form and medium acceptable to the State and, at a minimum, shall include employees' identification numbers, the type(s) and amount(s) of coverage, and the deduction amounts.
- The payroll deduction information and the individual statements to former employees continuing participation shall be considered invoices for services.
- C.5 The monthly premium rates multiplied by the volumes of insurance, plus the appropriate administrative fee(s) constitute the maximum payment from each of the participating employees.
- C.6 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.7 Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.8 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice 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 Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor 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). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D STANDARD TERMS AND CONDITIONS:

- D.1 Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2 Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3 Termination for Convenience. The Contract may be terminated by either party, with the following notification requirements: the Contractor shall give written notice to the State at least Two Hundred Seventy (270) days before the effective date of termination; the State shall give written notice to the

Contractor at least Ninety (90) days before the effective date of termination. The Contractor shall be entitled to receive 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 immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, 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, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). 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 Records. The Contractor shall maintain documentation for all charges against the State 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.9 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.10 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11 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.12 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.13 State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14 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, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16 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.17 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.18 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.19 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 The maximum issue amount of insurance under the Optional Life Insurance Program shall be five (5) times annual base salary, then rounded to the next highest \$5,000 increment up to a maximum of \$300,000. The guarantee issue amount of insurance under the Optional Life Insurance Program shall be sixty percent (60%) of the maximum issue amount rounded to the next highest \$5,000 increment. The minimum issue amount is \$5000 for each employee.
- The State reserves the right to negotiate with the Contractor to increase the maximum issue amounts and to adjust the unit rates based on the increase in coverage. Such changes would be effected through an amendment to the contract.
- E.3 The Contractor will allow for cash value transfer from existing Permaplan program (as provided through Contract No. FA 1051, State of Tennessee and Group Policy No. 6288, Provident), with such transfer used to increase cash value. Such transfers of Permaplan cash values will not be subject to any loading charges, including surrender charges. If the Universal Life is surrendered, the surrender charge will not serve to reduce the cash value beyond the transferred Permaplan cash value. Further, the provisions of the contract between the State and Provident relative to payment of Permaplan cash values in twelve equal monthly installments in the event of termination of the contract will not be invoked at this transfer.
- E.4 All current and former employees enrolled in the State-sponsored optional universal life coverage on June 30, 2005 shall be transferred to the coverage established in this contract.

- E.4.1 Employees employed on and after April 1, 2005 may enroll within a full calendar month of the first day of work on a guaranteed issue and maximum issue basis. Coverage shall become effective on the first day of the month following three full months of employment.
- E.4.2 During the State’s Annual Enrollment/Transfer Period (generally between October 15 and November 15 of each year), employees may qualify to participate in the Plan or to increase amounts of coverage by demonstrating insurability through the response to health questions. Coverage shall become effective the first of January, February or March of the following year. Employees may also elect to decrease the face amount.
- E.4.3 Each year, beginning January 1, current participants may increase the face amount of their coverage by up to \$5,000 if that action will not exceed the guarantee issue amount or the combined maximum coverage amount for the Optional Term and Optional Universal life insurance.
- E.5 Upon termination of this Contract, the Contractor shall provide an indication of the amount of insurance maintained by individual participants, the accumulated cash value and other pertinent data to the State or its designated agent. The information shall be furnished on an electronic data processing tape or such other data processing format as is compatible with the data processing system maintained by the State as described in the RFP. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To insure 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 delivered to it on or before the termination 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 Administrator’s responsibilities.
- E.6 Upon termination of this Contract, the Contractor agrees to transfer to the State, or a party designated by the State – in up to twelve (12) successive monthly installments, payable on the first day of the month – all sums accumulated by the Contractor on behalf of participants in accordance with the provisions of this Contract and the group policy. Such transfers will be designated transfers under Internal Revenue Code 1035. Cost basis in existing policies will be transferred to new policies.

The first installment of the transfer payments shall take place on the first day of the successor contract. During the period that cash values remain with the Contractor, at the end of each month, the accumulated cash values will be credited interest at the rate of four and one half percent (4.5%).
- E.6.1 Notwithstanding the above, if the successor Contractor is the incumbent Contractor, all cash values will remain with the Contractor, and the interest crediting provision of the successor contract shall apply at the effective date of the new contract.
- E.7 The contractor shall forego any surrender charges in the event of a transfer of the universal life insurance to another carrier or in the event of termination of the coverage.
- E.8 The Contractor and the State shall permit participants in the State sponsored Permaplan coverage to roll over into the universal life insurance coverage. In the event of a participant rollover, the Contractor shall credit (amount) years of participation toward the surrender charges.
- E.9 For the purpose of determining eligibility for coverage, upon each election, the Governor, Members of the General Assembly, State Judges, District Attorneys, Public Defenders, the State Treasurer, the Comptroller, and the Secretary of State shall be considered newly eligible employees.
- E.10 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 facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:	The Contractor:
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Paul Hauser, RFP Coordinator Tennessee Department of Finance & Administration Division of Insurance Administration 312 Eighth Ave. No., 13 th Floor WRS Tennessee Tower Nashville, TN 37243-0295 Phone: 615-741-9896 Fax: 615-741-8196 Email: paul.c.hauser@state.tn.us	[NAME AND TITLE OF CONTRACTOR CONTACT PERSON] [CONTRACTOR NAME] [ADDRESS] [TELEPHONE NUMBER] [FACSIMILE NUMBER]
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All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.11 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) 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. 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.

- (3) 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.

- 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.12 **Incorporation of Additional Documents**. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. The Group Master Policy
- c. All Clarifications and addenda made to the Contractor's Proposal
- d. Amendment 1 to Request for Proposals #317.86-029
- e. Request for Proposal #317.86-029
- f. Technical Specifications provided to the Contractor
- g. The Contractor's Proposal in Response to RFP #317.86-029

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.13 **Confidentiality of Records**. Strict standards of confidentiality of records shall be maintained in accordance with the 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 State law and ethical standards and 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 State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

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.

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

E.14 **Date/Time Hold Harmless**. As required by ***Tennessee Code Annotated***, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

E.15 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, provides that if a retired member returns to 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 may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

E.16 Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its 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 offence 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 for 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.

IN WITNESS WHEREOF:

[CONTRACTOR LEGAL ENTITY NAME]:

_____ **[NAME AND TITLE]** **Date**

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:**

_____ **M. D. Goetz, Jr., Chairman** **Date**

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

_____ **M. D. Goetz, Jr., Commissioner** **Date**

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date

**Contract Attachment A
Performance Guarantees**

1. Program implementation: Systems	
Guarantee	Preparation for On-line enrollment administration and claims processing, as well as Customer Service operations shall be completed by June 1, 2005.
Definition	The Contractor shall have in place no later than June 1, 2005 the systems configuration(s) and programming, hardware, software, and staff necessary for on-line enrollment administration, premium administration, claims processing and Customer Services operations (including toll-free telephone line staffing by trained customer service representatives).
Non-performance amount	\$ 5,000.00 for failure to have all of the above listed functions ready by June 1, 2005.
Measurement	Documentation of compliance will be submitted by the Contractor on or shortly after June 1, 2005 to the State. This guarantee shall be measured once at initial implementation.

2. Tennessee Insurance System Interface: Billing and Enrollment Interface	
Guarantee	For the billing and enrollment feed , the Contractor's interface to the Tennessee Insurance system (TIS) shall be fully operational no less than 30 calendar days prior to commencement of insurance coverage.
Definition	Fully operational with the TIS interface shall mean that electronic files received by the Contractor from the State of Tennessee via email, Internet web posting, compact disc, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production database. The production database will be the source of reference for the contractor's business processes, including but not limited to claims processing and customer service. This shall include electronic transmissions of enrollment and billing records to the State of Tennessee (first electronic feed being June 10, 2005).
Penalty	Should the TIS interface, for Billing and Enrollment, not be fully operational – as defined above – by June 1, 2005, the contractor shall pay to the State of Tennessee a penalty of \$500 per day, for every day past the stated deadline, until the corresponding interface is fully operational.
Measurement	The benchmark for determining compliance shall be measured and reported beginning June 1, 2005.

ATTACHMENT 6.2

PROPOSAL TRANSMITTAL AND STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Proposer must complete and sign this Technical Proposal Transmittal. It must be signed, in the space below, by an individual empowered to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the Proposer's chief executive, this document shall attach evidence showing the individual's authority to bind the proposing entity.

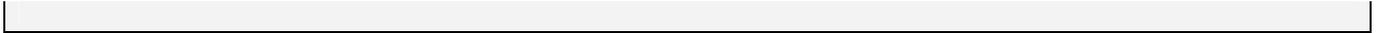
PROPOSER LEGAL ENTITY NAME: _____

PROPOSER FEDERAL EMPLOYER IDENTIFICATION NUMBER:
(or Social Security Number) _____

The Proposer does hereby affirm and expressly declare confirmation, certification, and assurance of the following:

- 1) This proposal constitutes a commitment to provide all services as defined in the RFP Attachment 6.1, *Pro Forma* Contract Scope of Services for the total contract period and confirmation that the Proposer shall comply with all of the provisions in this RFP and shall accept all terms and conditions set out in the RFP Attachment 6.1, *Pro Forma* Contract and administer the Optional Universal Life Plan according to Appendix 7.1, Universal Life Program Description.
- 2) The information detailed in the proposal submitted herewith in response to the subject RFP is accurate.
- 3) The proposal submitted herewith in response to the subject RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
- 4) The Proposers shall comply with:
 - a) the laws of the State of Tennessee;
 - b) Title VI of the federal Civil Rights Act of 1964;
 - c) Title IX of the federal Education Amendments Act of 1972;
 - d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
 - e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government;
 - f) the condition that the submitted proposal was independently arrived at, without collusion, under penalty of perjury; and,
 - g) the condition that no 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 Proposer in connection with the Procurement under this RFP.
- 5) The Proposer shall comply with all of the provisions in the subject RFP and shall accept all terms and conditions set out in the RFP Attachment 6.1, *Pro Forma* Contract.
- 6) **Statement of Systems capability:** The Proposer commits that it is capable of, and agrees to provide, the service components listed below and detailed in the referenced Appendices and pro forma contract sections.
 - a) On-Line inquiry interface to the Tennessee Insurance System (TIS), required by contract Section A.2.1.
 - b) Automatic processing via computer of the Weekly Enrollment Update records produced by TIS, as required by contract Section A.3.7. The TIS Interface Transaction Layouts are contained in RFP **Appendix 7.6**, for your reference.
 - c) Automatic processing via computer of the Quarterly Enrollment Data Reconciliation records produced by TIS, as required by contract Section A.3.8. The "Add Optional" (AO) Transaction Layout – used in the Quarterly Reconciliation – is in **Appendix 7.6**, for your reference.
 - d) Monthly billing and enrollment records sent electronically to the State in the TIS record formats, as required by contract Sections A.3.2 and A.3.3.

SIGNATURE & DATE: _____



ATTACHMENT 6.3

TECHNICAL PROPOSAL & EVALUATION GUIDE — SECTION A		
PROPOSER NAME:		
EVALUATOR NAME & DATE:	State use only.	
SECTION A — MANDATORY REQUIREMENTS		
<p>The Proposer must address ALL Mandatory Requirements section items and provide, in sequence, the information and documentation as required (referenced with the associated item references). The RFP Coordinator will review all general mandatory requirements, including but not limited to the following:</p> <ul style="list-style-type: none"> ▪ Proposal received on or before the Proposal Deadline. ▪ Technical Proposal copies and Cost Proposal packaged separately. ▪ Technical Proposal contains NO cost data. ▪ Proposer did NOT submit alternate proposals. ▪ Proposer did NOT submit multiple proposals in a different form. ▪ Technical Proposal does NOT contain any restrictions of the rights of the State or other qualification of the proposal. <p>The RFP Coordinator will also review the proposal to determine if the Mandatory Requirement Items (below) are met and mark each with pass or fail. For each requirement that is not met, the Proposal Evaluation Team must review the proposal and attach a written determination.</p> <p>NOTICE: In addition to these requirements, the State will also evaluate compliance with ALL RFP requirements.</p>		
Proposal Page # (completed by Proposer)	Mandatory Requirement Items	State Use ONLY
		Pass/Fail
	<p>A.1 Provide the Proposal Transmittal and Statement of Certifications and Assurances (detailed in RFP Attachment 6.2) completed and signed, in the space provided, by an individual empowered to bind the Proposer to the provisions of this RFP and any resulting contract.</p> <p><i>Each Proposer <u>must</u> sign the Proposal Transmittal and Statement of Certifications and Assurances without exception or qualification.</i></p>	
	<p>A.2 Provide the following as documentation of financial responsibility and stability.</p> <ul style="list-style-type: none"> ▪ a current written bank reference, in the form of a standard business letter, indicating that the Proposer’s business relationship with the financial institution is in positive standing ▪ two current written, positive credit references, in the form of standard business letters, from vendors with which the Proposer has done business or, documentation of a positive credit rating determined by a accredited credit bureau within the last 6 months ▪ a copy of a valid certificate of insurance indicating liability insurance in the amount of at least One Million Dollars (\$1,000,000) 	

Proposal Page # (completed by Proposer)	Mandatory Requirement Items	State Use ONLY
		Pass/Fail
	<p>A.3 Provide a statement indicating whether the Proposer or any individual who shall perform work under the contract has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict.</p> <p><i>Any decisions on questions of conflicts of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.</i></p>	
	<p>A.4 Attach a signed statement indicating that the Proposer has at least five (5) years of experience in developing, administering, and insuring group universal life insurance coverage.</p>	
	<p>A.5 Attach a signed statement indicating that the Proposer is presently providing voluntary universal or whole life insurance to three (3) employer sponsored or association groups, each of which has at least 1,500 employees/members and dependents participating. Provide the following:</p> <ul style="list-style-type: none"> • the name of the three employer sponsored or association groups, • the number of individuals enrolled and amount of coverage for each as of December 31, 2003, • the date each contractual relationship began, • the name, address, phone number and email address of a contact for each employer or association. 	
	<p>A.6 Attach a signed statement that indicating that for at least the last two years, Proposer has provided voluntary universal or whole life insurance to two employer sponsored groups, each of which has at least 500 employees participating. The method of premium collection must be through the provision of payroll deduction information by the insurance company to the employer. Provide the following:</p> <ul style="list-style-type: none"> • the name of the two employer sponsored groups, • the number of individuals enrolled and amount of coverage for each as of December 31, 2003, • the date each contractual relationship began, • the name, address and phone number of a contact for each employer. 	
	<p>A.7 Attach a signed statement the Proposer has at least \$2.5 billion in-group life insurance in force as of December 31, 2003. Indicate the amount of group life insurance in force based on your 2003 annual statement filed with the Tennessee Department of Commerce and Insurance (the figure should be that indicated on Line 4, Column 1, Page 28 of the Five Year Historical Data).</p>	
	<p>A.8 Demonstrate that Proposer has a current Certificate of Authority issued by the Tennessee Department of Commerce and Insurance. Provide a copy of your organization's current Certificate of Authority.</p>	
	<p>A.9 Provide documentation, demonstrating that Proposer has a 2003 A.M. Best rating of at least A-, Excellent.</p>	
	<p>A.10 Submit documentation from AM Best indicating the current rating.</p>	

TECHNICAL PROPOSAL & EVALUATION GUIDE — SECTION B	
PROPOSER NAME:	
EVALUATOR NAME & DATE:	State use only.
SECTION B — QUALIFICATIONS & EXPERIENCE	
<p>The Proposer must address ALL Qualifications and Experience section items and provide, in sequence, the information and documentation as required (referenced with the associated item references).</p> <p>A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the proposal’s “qualifications and experience” responses.</p>	
Proposal Page # (completed by Proposer)	Qualifications & Experience Items
	B.1 Describe the Proposer’s form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and detail the name, email address, physical address, and telephone number of the person the State should contact regarding the proposal.
	B.2 Provide a statement of whether there have been any mergers, acquisitions, or sales of the Proposer company within the last ten years, and if so, an explanation providing relevant details.
	B.3 Provide a statement of whether the Proposer or any of the Proposer’s employees, agents, independent contractors, or subcontractors have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony, and if so, an explanation providing relevant details.
	B.4 Provide a statement of whether there is any pending litigation against the Proposer; and if such litigation exists, an attached opinion of counsel as to whether the pending litigation will impair the Proposer’s performance in a contract under this RFP.
	B.5 Provide a statement of whether, in the last ten years, the Proposer has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors, and if so, an explanation providing relevant details.
	B.6 Provide a statement of whether there are any pending investigations, by either the Securities & Exchange Commission or any State Insurance regulatory bodies, involving the Proposer. If such are pending or in progress, include an explanation providing relevant details and an attached opinion of counsel as to whether the pending investigation(s) will impair the Proposer’s performance in a contract under this RFP.
	B.7 Provide a brief, descriptive statement indicating the Proposer’s credentials to deliver the services sought under this RFP.
	B.8 Briefly describe how long the Proposer has been performing the services required by this RFP and include the number of years in business.
	B.9 Describe the Proposer organization’s number of employees, client base, and location of offices.

Proposal Page # (completed by Proposer)	Qualifications & Experience Items
	<p>B.10 Provide a narrative description of the proposed project team, including the resume of the account representative, the actuary who will certify the financial and program results, communication specialist (if appropriate), and the lead customer service/operational contact. Provide an organizational chart indicating the location and reporting responsibilities of the key people to be assigned to this contract.</p>
	<p>B.11 Provide a statement of whether the Proposer intends to use subcontractors, and if so, the names and mailing addresses of the committed subcontractors and a description of the scope and portions of the work the subcontractors will perform.</p>
	<p>B.12 Detailed Documentation of Proposer’s Financial Resources. Submit the following documentation of sufficient financial strength and resources to provide the scope of services as required. Responses to each of the items below should be for the primary Proposer. If such items are not for the primary Proposer, a clear explanation should be submitted to detail the relationship between the Proposer and the entity for whom items are being submitted.</p> <ol style="list-style-type: none"> 1. The Proposer’s most recent independently audited financial statements, audited under United States generally accepted auditing standards, for a fiscal year ended within the last 12 months. <u>Compiled or reviewed financial statements will not be accepted.</u> The audited financial statements must include: <ol style="list-style-type: none"> a) the auditor’s opinion letter; b) financial statements; and c) the notes to the financial statements. 2. Documentation disclosing the amount of cash flows from operating activities for the Proposer’s most current operating period. Said documentation must indicate whether the cash flows are positive or negative, and, if the cash flows are negative for the most recent operating period, the documentation should include a detailed explanation of the factors contributing to the negative cash flows. 3. In lieu of #1 and #2 above, the most recent annual submittal of a statutory report to the Tennessee Department of Commerce and Insurance, if available, may be submitted. <p>The Department of Finance & Administration, in consultation with the Department of Commerce & Insurance, shall conduct analyses of each Proposer’s detailed documentation of financial resources. The analyses may include, but are not limited to, examination of the Current Ratio, Quick or Acid Test Ratio, Cash Ratio, Gross Working Capital to Total Assets Ratio, and Debt to Worth Ratio. The analysis shall result in a clear, written determination provided to the RFP Review Team regarding whether each Proposer’s detailed documentation of financial resources indicate apparent financial strength, stability, and resources to provide the subject scope of services as required.</p>

Proposal Page # (completed by Proposer)	Qualifications & Experience Items
	<p>B.13 Provide documentation of Proposer commitment to diversity as represented by its business strategy, business relationships, and workforce — this documentation should detail:</p> <ul style="list-style-type: none"> ▪ a description of the Proposer’s existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, persons with a disability and small business enterprises ▪ a listing of the Proposer’s current contracts with business enterprises owned by minorities, women, persons with a disability and small business enterprises, including the following information <ul style="list-style-type: none"> ○ contract description and total value ○ contractor name and ownership characteristics (<i>i.e.</i>, ethnicity, sex, disability) ○ contractor contact and telephone number ▪ an estimate of the level of participation by business enterprises owned by minorities, women, persons with a disability and small business enterprises in a contract awarded to the Proposer pursuant to this RFP, including the following information: <ul style="list-style-type: none"> ○ participation estimate (expressed as a percent of the total contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics) ○ descriptions of anticipated contracts ○ names and ownership characteristics (<i>i.e.</i>, ethnicity, sex, disability) of anticipated subcontractors ▪ the percent of the Proposer’s total current employees by ethnicity, sex, and disability <p><i>Proposers that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and sub-contractors. Proposal evaluations will recognize the positive qualifications and experience of a Proposer that does business with enterprises owned by minorities, women, persons with a disability and small business enterprises and that offers a diverse workforce to meet service needs.</i></p>
	<p>B.14 Provide a list, if any, of all current contracts with the State of Tennessee and all those completed within the previous five year period. The list of contracts with the State of Tennessee must include:</p> <ul style="list-style-type: none"> ▪ the contract number; ▪ the contract term; and ▪ the procuring state agency for each reference. <p>Current or prior contracts with the State are not a prerequisite, are not required for the maximum evaluation score, and the existence of such contracts with the State will not automatically result in the addition or deduction of evaluation points.</p>
	<p>B.15 Please submit the most recent ratings for your organization by the following major rating organizations:</p> <ul style="list-style-type: none"> • Standard & Poor’s • A.M. Best • Moody’s
<p>(Maximum Section B Score = 100)</p>	
<p>SCORE (for <u>all</u> Section B items above, B.1 through B.15):</p>	

TECHNICAL PROPOSAL & EVALUATION GUIDE — SECTION C

PROPOSER NAME:

EVALUATOR NAME & DATE: State use only.

SECTION C — TECHNICAL APPROACH

The Proposer must address ALL Technical Approach section items and provide, in sequence, the information and documentation as required (referenced with the associated item references). A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the proposal’s response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The RFP Coordinator will multiply each item score by the assigned weight with the product being the item’s raw weighted score for purposes of calculating the section score as detailed at the end of this table.

Proposal Page # (completed by Proposer)	Technical Approach Items	State Use ONLY		
		Score	Item Weight	Raw Weighted Score
	C.1 Provide a brief narrative that illustrates the Proposer’s understanding of the State’s requirements and project schedule for the provision of Optional Universal Life Insurance benefits.		5	
	C.2 Provide an explanatory narrative that illustrates how the Proposer will develop and implement the required scope of services, accomplish required objectives, and meet the State’s schedule for the provision of Optional Universal Life Insurance benefits.		10	
	C.3 Provide a descriptive narrative that illustrates how the Proposer will manage the Optional Universal Life Insurance benefits, ensure the continued operations of the scope of services required, and accomplish the required objectives within the State’s project schedule.		15	
	C.4 Submit a list of active customer references for three group optional universal life insurance accounts with over 400 enrollees serviced by the Proposer with which the monthly premium was collected through payroll deduction. For each reference, include: <ul style="list-style-type: none"> • Company name and business address; • Name, title, and telephone number and email address of the company contact; • Detailed description of the services provided, and number of years term life coverage provided; and • Total number of lives covered. 		20	
	C.5 Describe the capability to develop, produce and distribute enrollment, communication and marketing materials directly to employee home addresses. Provide a representative sample.		5	
	C.6 Describe the communication plan you would propose in conjunction with the award of this contract? Be specific in terms of types of material and method of distribution.		10	

Proposal Page # (completed by Proposer)	Technical Approach Items	State Use ONLY		
		Score	Item Weight	Raw Weighted Score
	C.7 What communications activities would you propose in conjunction with the award of this contract? Please be specific as to types of materials and method of distribution.		5	
	C.8 In the event of policy termination, what provisions would you make for waiver of premium?		5	
	C.9 Do you anticipate establishing additional reserves? What is the basis for establishing each reserve?		10	
	C.10 Do you accept assignment and absolute assignment of this coverage? Will you accept and honor existing assignments or will new assignments be required?		5	
	C.11 Provide a sample copy of the annual report you would propose to provide to plan participants each year. This report should provide a monthly breakdown of the premium paid, cost of insurance charges, other expense charges, interest credits, partial surrenders, cash values, surrender values, loan balance and the death benefit.		5	
	C.12 Describe the capability you maintain to prepare calculations of death benefits and cash values.		10	
	C.13 Does your proposed coverage include the ability of plan participants to make planned periodic premium payments? Are there any minimum or maximum amounts of planned periodic payments anticipated?		10	
	C.14 Will you permit decreases in the face amount of coverage each January based upon elections during the prior annual transfer period or upon termination of employment?		5	
	C.15 Will you permit increases, without medical qualification, in the face amount of coverage of up to \$5,000 each January subject to the guarantee issue amount limitations? The increases would be based upon elections made during the prior annual enrollment and transfer period.		5	
	C.16 What have been the effective annual interest crediting rates your insurance company paid during 2003, 2002, 2001, 2000, and 1999 for similar Universal Life products?		15	
	C.17 Would you agree to include the following clause in the interest crediting section of the Optional Universal Life contract?: <i>“Should the Contractor, during any contract month, credit a higher interest rate for cash values for any other group payroll deduction Universal Life insurance contract(s) it insures, the monthly interest crediting rate applied to the State of Tennessee contract shall be equal to that higher amount.”</i>		10	
	C.18 What are the effective annual interest charge and interest crediting rates for policy loans? Is the interest point spread between these two rates guaranteed?		5	
	C.19 Do you provide for the continuation of the Optional Universal Life coverage in the event that the monthly premium is not paid?		5	

Proposal Page # (completed by Proposer)	Technical Approach Items	State Use ONLY		
		Score	Item Weight	Raw Weighted Score
	C.20 Are surrender charges applicable? If "Yes", please submit, in the appropriate location of the Cost Proposal (Attachment 6.4, Part D) a list of surrender charges expressed as a percentage of annual premium, which would be applicable during an employee's initial five years of participation. The rates should be provided for each year of the five years. DO NOT INCLUDE COST DATA OR PERCENTAGES WITH YOUR RESPONSE TO THIS QUESTION.		5	
	C.21 Do you anticipate permitting partial surrenders? Are there any limitations on partial surrenders?		5	
	C.22 Submit a flowchart describing how your enrollment system is updated as applications proceed through the review and approval process. What are your standard timeframes for processing an application for coverage assuming Guaranteed Issuance and Full Underwriting?		5	
	C.23 Describe the capability of your enrollment system to handle current and retroactive changes and corrections on an ongoing basis.		5	
	C.24 Describe your premium administration system. Describe your ability to accept premium payments via payroll deduction. Describe how your system accurately accounts for premiums collected, including those premiums collected from an Employee via payroll deductions.		5	
	C.25 Describe the security measures that will be in place to protect the confidentiality of the Applicant/Insured data, which is maintained in hard copy and on computerized systems.		5	
	C.26 Describe the system(s) that will be used as backup for the primary enrollment and premium administration system(s) in the event the primary system(s) fails or is unavailable.		5	
Total Raw Weighted Score: <i>(sum of Raw Weighted Scores above)</i>				
Total Raw Weighted Score <hr/> maximum possible raw weighted score <i>(i.e., 5 x the sum of item weights above)</i>		X 200 <i>(maximum section score)</i>	= SCORE:	

ATTACHMENT 6.4

COST PROPOSAL & SCORING GUIDE

NOTICE TO PROPOSER: This Cost Proposal MUST be completed EXACTLY as required.

PROPOSER NAME:

SIGNATURE & DATE:

NOTE: The signatory must be an individual or a company officer empowered to contractually bind the Proposer. If the Signatory is not the Proposer company president, this Statement of Certifications and Assurances SHALL attach evidence showing the Signatory's authority to bind the Proposer.

COST PROPOSAL SCHEDULE

The proposed cost, detailed on the following pages, shall indicate the proposed price for providing the entire scope of service including all services as defined in the RFP Attachment 6.1, *Pro Forma Contract Scope of Services* for the total contract period. The proposed cost and the submitted technical proposal associated with this cost shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the State. All monetary amounts are United States currency.

NOTE: Proposers are to complete only the NON-shaded areas of each of the following tables.

Cost Proposal Components
 The Cost Proposal consists of each of the components listed below, which are contained in the following pages. Each component is followed by its Contract and/or Group Master Policy reference. For the purpose of evaluation, the relative value of each component is indicated:

Cost Proposal Component	Pro forma Contract references
o Part A – Guaranteed Monthly Premium Rates per \$1000 of Insurance Coverage (260 points)	o C.3.1, C.3.1.1
o Part B – Monthly Cost of Insurance per \$1000 of Coverage (75 points)	o C.3.2
o Part C – Fees/Loads/Charges (90 points)	o C.3.3, C.3.4, C.3.5
o Part D – Surrender Charges (35 points)	o C.3.6
o Part E – Interest Crediting Rates and Certificate Loan Interest Rate (90 points)	o C.3.7, C.3.8
o Part F – Internal Rate of Return on Surrender (50 points)	n/a
o Part G – Internal Rate of Return on Death (50 points)	n/a
o Part H – Net Present Value (50 points)	n/a
Total Cost Proposal Score (700 points maximum)	

NOTE: It is the State's intention to include each of the Cost Proposal components in the Group Master Policy, as appropriate.

ATTACHMENT 6.4 (continued)

Part A.1 – Guaranteed Monthly Premium Rates per \$1000 of Insurance Coverage:
LIFE COVERAGE ONLY – 240 POINTS

Proposing Organization Name:

Issue Age	Guaranteed 3 year monthly Premium/ \$1000	Estimated Volume by Issue Age	Est'd monthly total Premium (Employee & Spouse)	Issue Age	Guaranteed 3 year monthly Premium/ \$1000	Estimated Volume by Issue Age	Est'd monthly total Premium (Employee & Spouse)
15		\$0		46		\$12,393,500	
16		\$0		47		\$13,283,569	
17		\$15,000		48		\$12,163,237	
18		\$975,000		49		\$10,470,863	
19		\$2,465,000		50		\$9,031,401	
20		\$3,202,000		51		\$7,672,536	
21		\$4,191,000		52		\$6,415,895	
22		\$6,770,000		53		\$5,913,426	
23		\$8,335,493		54		\$4,718,164	
24		\$11,700,000		55		\$4,355,986	
25		\$11,090,552		56		\$3,107,310	
26		\$15,264,772		57		\$2,260,995	
27		\$14,993,000		58		\$3,277,584	
28		\$15,773,618		59		\$2,114,493	
29		\$16,476,947		60		\$2,264,771	
30		\$18,290,293		61		\$1,816,836	
31		\$17,315,092		62		\$890,780	
32		\$17,888,200		63		\$1,540,816	
33		\$21,673,193		64		\$563,553	
34		\$18,214,132		65		\$533,644	
35		\$19,330,630		66		\$151,879	
36		\$20,715,201		67		\$222,179	
37		\$20,698,859		68		\$162,014	
38		\$21,385,260		69		\$113,244	
39		\$20,507,711		70		\$65,000	
40		\$19,052,608		71		\$20,000	
41		\$16,681,039		72		\$0	
42		\$16,297,785		73		\$10,000	
43		\$15,548,065		74		\$0	
44		\$17,084,947		75		\$0	
45		\$12,558,274					

The RFP Coordinator shall use the evaluation cost amount derived from the proposed cost amounts above and the following formula to calculate the MONTHLY PREMIUM PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.

Lowest LIFE ONLY Premium Cost Amount from all Proposals <hr/> Premium LIFE ONLY Cost Amount Being Evaluated	X 240 <i>(maximum available pts)</i>	= SCORE	
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ATTACHMENT 6.4 (continued)

Part A.2 – Guaranteed Monthly Premium Rates per \$1000 of Insurance Coverage:
WAIVER OF PREMIUM ONLY – 20 POINTS

Proposing Organization Name:

Issue Age	Guaranteed 3 year monthly Waiver of Premium/ \$1000	Estimated Volume by Issue Age	Est'd monthly total Waiver of Premium (Employee & Spouse)	Issue Age	Guaranteed 3 year monthly Waiver of Premium/ \$1000	Estimated Volume by Issue Age	Est'd monthly total Waiver of Premium (Employee & Spouse)
15		\$0		46		\$12,393,500	
16		\$0		47		\$13,283,569	
17		\$15,000		48		\$12,163,237	
18		\$975,000		49		\$10,470,863	
19		\$2,465,000		50		\$9,031,401	
20		\$3,202,000		51		\$7,672,536	
21		\$4,191,000		52		\$6,415,895	
22		\$6,770,000		53		\$5,913,426	
23		\$8,335,493		54		\$4,718,164	
24		\$11,700,000		55		\$4,355,986	
25		\$11,090,552		56		\$3,107,310	
26		\$15,264,772		57		\$2,260,995	
27		\$14,993,000		58		\$3,277,584	
28		\$15,773,618		59		\$2,114,493	
29		\$16,476,947		60		\$2,264,771	
30		\$18,290,293		61		\$1,816,836	
31		\$17,315,092		62		\$890,780	
32		\$17,888,200		63		\$1,540,816	
33		\$21,673,193		64		\$563,553	
34		\$18,214,132		65		\$533,644	
35		\$19,330,630		66		\$151,879	
36		\$20,715,201		67		\$222,179	
37		\$20,698,859		68		\$162,014	
38		\$21,385,260		69		\$113,244	
39		\$20,507,711		70		\$65,000	
40		\$19,052,608		71		\$20,000	
41		\$16,681,039		72		\$0	
42		\$16,297,785		73		\$10,000	
43		\$15,548,065		74		\$0	
44		\$17,084,947		75		\$0	
45		\$12,558,274					

The RFP Coordinator shall use the evaluation cost amount derived from the proposed cost amounts above and the following formula to calculate the MONTHLY WAIVER OF PREMIUM PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.

Total Monthly Waiver of Premium Cost Amount: (sum of all weighted premium cost amounts above)

Lowest Waiver of Premium Cost Amount from all Proposals Waiver of Premium Cost Amount Being Evaluated	X 20 (maximum available pts)	=	SCORE
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ATTACHMENT 6.4 (continued)

Part B – Monthly Cost of Insurance per \$1000 of Coverage								
Proposing Organization Name:								
Attained Age	COI Rate/ \$1000	Estimated Volume by Attained Age	Est'd total Monthly Cost of Insurance (Employees & Spouses)	Attained Age	COI Rate/ \$1000	Estimated Volume by Attained Age	Est'd total Monthly Cost of Insurance (Employees & Spouses)	
15		0		55		\$16,041,803		
16		0		56		\$16,996,491		
17		0		57		\$12,639,471		
18		\$60,000		58		\$10,104,611		
19		\$320,000		59		\$11,032,097		
20		\$730,000		60		\$10,169,785		
21		\$995,000		61		\$11,052,510		
22		\$1,390,000		62		\$7,627,501		
23		\$1,771,000		63		\$6,942,570		
24		\$2,960,000		64		\$6,677,848		
25		\$3,500,000		65		\$8,075,756		
26		\$4,953,000		66		\$6,782,755		
27		\$4,568,000		67		\$6,191,273		
28		\$6,266,000		68		\$4,433,405		
29		\$6,815,756		69		\$4,199,611		
30		\$6,805,000		70		\$3,680,015		
31		\$7,229,000		71		\$2,951,276		
32		\$6,890,000		72		\$3,242,064		
33		\$10,758,000		73		\$2,210,728		
34		\$9,340,000		74		\$1,644,982		
35		\$10,723,000		75		\$2,065,190		
36		\$9,055,000		76		\$1,752,573		
37		\$10,339,000		77		\$1,504,614		
38		\$11,625,000		78		\$1,072,853		
39		\$12,327,571		79		\$728,644		
40		\$10,979,493		80		\$726,019		
41		\$11,863,000		81		\$308,553		
42		\$13,437,801		82		\$348,644		
43		\$15,599,276		83		\$61,879		
44		\$13,443,756		84		\$107,179		
45		\$16,176,655		85		\$12,014		
46		\$12,527,235		86		\$48,244		
47		\$13,828,622		87		\$10,000		
48		\$13,992,448		88		0		
49		\$14,479,687		89		0		
50		\$16,917,125		90		0		
51		\$14,882,146		91		0		
52		\$14,001,195		92		0		
53		\$14,316,142		93		0		
54		\$14,678,706		94		0		
<p><i>The RFP Coordinator shall use the evaluation cost amount derived from the proposed cost amount above and the following formula to calculate the MONTHLY COST OF INSURANCE PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i></p>				<p>Total Monthly Cost of Insurance Amount: (sum of all weighted cost amounts above)</p>				
<p>Lowest Cost of Insurance Amount from all Proposals</p>				<p>X 75</p>				
<p>Cost of Insurance Amount Being Evaluated</p>				<p>(maximum available pts)</p>				<p>= SCORE</p>

ATTACHMENT 6.4 (continued)

Part C – Fees/Loads/Charges		
Part C.1 – Administrative Fees		
Proposing Organization Name:		
Proposer's per month administrative fee for the administration of the Optional Universal Life Insurance is: _____ per month for employee coverage _____ per month for spouse coverage NOTE: The Proposer understands that, as required by pro forma contract Section C.3.1, these rates shall be in effect for the initial three year contract term (July 1, 2005 – June 30, 2008) and any extensions thereof.		
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formulas to calculate the ADMINISTRATIVE FEE PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i>		
(Proposed monthly Administrative Fee for Employee coverage) X 11,513 (estimated enrollment) + (Proposed monthly Administrative Fee for Spouse coverage) X 1,917 (estimated enrollment) = _____ (total estimated monthly Administrative Fee).		
$\frac{\text{Lowest total estimated monthly Administrative Fee Amount from all Proposals}}{\text{Total estimated monthly Administrative Fee Amount Being Evaluated}}$	X 30 <i>(maximum available pts)</i>	= SCORE

Part C.2 – Percent of Premium Loads		
Proposing Organization Name:		
Proposer's Percent of Premium Loads for the Optional Universal Life Insurance are: Year One _____ % Year Two _____ % Year Three _____ % Year Four _____ % Year Five _____ %		
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formulas to calculate the PERCENT OF PREMIUM LOADS PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i>		
Proposed Percent of Premium Loads will be compared for each of the first five years, with each year assigned the following <u>maximum</u> points: year one – 10 points; year two – 5 points; year three – 5 points; year four – 5 points; year five – 5 points. <u>Up to</u> 30 points will be awarded. The Proposer with the lowest proposed Percent of Premium Load in each annual period will receive the maximum points allotted to that particular annual period; other Proposers will receive a proportion of that maximum. The formula by which proportions will be calculated is shown below.		
$\frac{\text{Lowest Percent of Premium Load for a particular year from all Proposals}}{\text{Percent of Premium Load for the same year, for the Proposal Being Evaluated}}$	X <i>available points by year</i>	= score for this particular year
Sum of scores for each year 1, 2, 3, 4, and 5 = _____ (Total Percent of Premium Load Score).		

ATTACHMENT 6.4 (continued)

Part C.3 – Asset Based Charges	
Proposing Organization Name:	
Proposer’s Asset Based Charges, as a percent of accumulated cash value, for the Optional Universal Life Insurance are:	
Year One	_____ %
Year Two	_____ %
Year Three	_____ %
Year Four	_____ %
Year Five	_____ %
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formulas to calculate the ASSET BASED CHARGES PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i>	
Proposed Asset Based Charge rates will be compared for the years shown above, with each year assigned the following <u>maximum</u> points: year one – 5 points; year two – 5 points; year three – 5 points; year four – 7 points; year five – 8 points. <u>Up to</u> 30 points will be awarded. The Proposer with the lowest proposed Asset Based Charge in each annual period will receive the maximum points allotted to that particular annual period; other Proposers will receive a proportion of that maximum. The formula by which proportions will be calculated is shown below.	
$\frac{\text{Lowest Asset Based Charge for a particular year from all Proposals}}{\text{Asset Based Charge for the same year, for the Proposal Being Evaluated}}$	\times <i>available points by year</i>
= score for this particular year	
Sum of scores for each year 1, 2, 3, 4, and 5 = _____ (Total Asset Based Charge Score).	

Part D – Surrender Charges	
Proposing Organization Name:	
Proposer’s Surrender Charges, as a percent of accumulated cash value, for individuals canceling participation in the Optional Universal Life Insurance are:	
Year One	_____ %
Year Two	_____ %
Year Three	_____ %
Year Four	_____ %
Year Five	_____ %
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formulas to calculate the SURRENDER CHARGES PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</i>	
Proposed Surrender Charge rates will be compared for each of the first five years, with each year assigned the following <u>maximum</u> points: year one – 4 points; year two – 5 points; year three – 8 points; year four – 9 points; year five – 9 points. <u>Up to</u> 35 points will be awarded. The Proposer with the lowest proposed Surrender Charge in each annual period will receive the maximum points allotted to that particular annual period; other Proposers will receive a proportion of that maximum. The formula by which proportions will be calculated is shown below.	
$\frac{\text{Lowest Surrender Charge for a particular year from all Proposals}}{\text{Surrender Charge for the same year, for the Proposal Being Evaluated}}$	\times <i>available points by year</i>
= score for this particular year	
Sum of scores for each year 1, 2, 3, 4, and 5 = _____ (Total Surrender Charge Score).	

ATTACHMENT 6.4 (continued)

Part E – Interest Crediting and Certificate Loan Interest Rates
Proposing Organization Name:
Pro forma Contract Section C.3.7 (Section 8 of this RFP) details the Contractor's obligations relative to Interest Crediting. Bullet #4 of C.3.7 obligates the Contractor to credit interest at the rate of 4.5% annually. However, Proposers may present greater interest crediting rates for 2005, 2006, and 2007, as absolute amounts (Part E.1 below) and/or variable rates (Part E.2 below) for the duration of the contract. Proposers presenting either or both will earn additional Cost Proposal evaluation points.

Part E.1 – Absolute Minimum
Proposer agrees to the following minimum effective interest crediting rates, to be applied on a monthly basis, for each of the first three years of the contract – July 1, 2005 through June 30, 2008 (minimum amount 5%). 2005 _____ % 2006 _____ % 2007 _____ % If the contract is extended for 2008 and 2009, we agree that the rate presented for 2007 will be the minimum effective interest rate for the period of the extension.
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formula to calculate the Absolute Minimum Crediting Rate proposal score. Calculations shall result in numbers rounded to two decimal places.</i>
Twelve (12) points will be awarded for each year 2005, 2006, and 2007, for a total of 36 points for the Absolute Minimum component. The Proposer offering the highest Interest Crediting Rate for each year will receive 12 points; other Proposers will be awarded a proportional amount of the 12 points, as calculated by the formula below. If a Proposer elects, for any year, to offer an absolute minimum rate of return of less than 5%, that Proposer will receive zero (0) points in the evaluation process, for such year(s).
$\frac{\text{Proposed Minimum Interest Crediting Rate for Year 2005 (2006, 2007)}}{\text{Highest Proposed Minimum Interest Crediting Rate for Year 2005 (2006, 2007)}} \times (12 \text{ points, each year}) = \text{score for this particular year}$
Absolute Minimum Interest Crediting Rate: Sum of scores for each year 2005, 2006, and 2007 = _____

Part E.2 – Variable Rate
To commit to a Variable Rate, Proposer must check ONE of the following two options:
Option 1 – Proposer agrees to credit interest, for the duration of the contract, on a monthly basis, at a rate equal to the discount rate on the six month US Treasury Bill, plus 10 basis points. _____ If Option 1, must be initialed by an individual authorized to bind the company to this commitment.
OR
Option 2 – Proposer agrees to credit interest, for the duration of the contract, on a monthly basis, at a rate equal to the discount rate on the six month US Treasury Bill, and to increase the 10 added basis points to _____ basis points. _____ If Option 2, must be initialed by an individual authorized to bind the company to this commitment.
<i>The RFP Coordinator shall use the evaluation cost amounts above and the following formula to calculate the Variable interest crediting rates proposal score. Calculations shall result in numbers rounded to two decimal places.</i>
Thirty-nine (39) points will be awarded to the Proposer offering the highest Interest Crediting rate greater than or equal to .1% more than the discount rate for the six month U.S. Treasury Bill. Other Proposers agreeing to offer a fixed interest crediting rate at other than the highest amount added to the discount rate will earn a proportional amount of 39 points, as calculated by the formula below. If a Proposer elects not to offer an interest crediting rate determined by the discount rate, that Proposer will receive zero points for this component.
$\frac{\text{Proposed Variable Interest Crediting Rate (Option 1 or 2)}}{\text{Highest Proposed Variable Interest Crediting Rate (Option 1 or 2)}} \times (39 \text{ points (maximum available points)}) = \text{Score}$

Part E.3 – Certificate Loan Interest Rate

Proposer agrees to the following annual Loan Interest Rates, for each of the first three years of the contract – July 1, 2005 through June 30, 2008.

2005 _____ %
 2006 _____ %
 2007 _____ %

NOTE: If the contract is extended for 2008 and 2009, we agree that the annual Loan Interest Rate presented for 2007 will be the maximum interest rate for the period of the extension.

The RFP Coordinator shall use the evaluation cost amounts above and the following formula to calculate the Certificate Loan Interest Rate. Calculations shall result in numbers rounded to two decimal places.

Fifteen (15) points will be awarded for the Certificate Loan Interest Rate component. The Proposer offering the lowest Certificate Loan Interest Rate for each year will receive five (5) points; other Proposers will be awarded a proportional amount of the 5 points for each year, as calculated by the formula below.

$$\frac{\text{Lowest Interest Loan Rate for Year 2005 (2006, 2007) from all Proposers}}{\text{Interest Loan Rate for Year 2005 (2006, 2007) for Proposer being evaluated}} \times \text{(5 points, each year)} = \text{Score for this particular year}$$

Certificate Loan Interest Rate: Sum of scores for each year 2005, 2006, and 2007 = _____

TOTAL SCORE, PART E: Absolute Minimum Score + Variable Rate Score + Certificate Loan Interest Rate Score = _____

ATTACHMENT 6.4 (continued)

Part F –Internal Rate of Return on Surrender**Part G –Internal Rate of Return on Death****Part H – Net Present Value**

Each Universal Life Proposer will prepare illustrations of future premiums, cash surrender values and death benefits at future dates. The illustrations will reflect the current cost of insurance charges, administrative expenses, interest crediting rates and other policy provisions submitted by the Proposer. Individual illustrations should assume no deaths; composite illustrations should assume death at age 80. **These illustrations are to be provided both in printed and electronically stored medium, on either a diskette or CD (Excel file preferred; if other file format is requested, please inform the RFP Coordinator).**

This diskette or CD must be submitted in the same sealed package as your Cost Proposal; DO NOT submit it with your Technical Proposal. See Section 3.1.3, page 8.

A census table of issue ages and face amounts for each of the ten illustrations to be prepared by every Proposer is provided. The census also contains a count of current membership, which will be used to determine the relative weights of each illustration in determining the combined results.

The illustrations must conform to the January 1996 version of the Life Insurance Illustrations Model Regulation promulgated by the National Association of Insurance Commissioners.

For the purpose of determining premium and cost of insurance amounts, Proposers are not permitted to utilize rates which differentiate by gender or by smoker and non-smoker categories.

The illustrations should be prepared utilizing a guaranteed effective annual interest rate of 4.5% (see pro forma Contract Section E.7 – Section 8 of this RFP). Proposers may also prepare projections utilizing absolute minimum interest crediting rates for 2005, 2006, and 2007 if they included them in their proposal. Additionally, if a Proposer agreed to offer a variable interest crediting rate predicated upon the discount rate on the six month U.S. Treasury Bill, that rate of effective annual interest should be utilized in the projected portion of the illustration. For the purpose of calculating the variable rate of interest to apply in preparation of a projection, the Proposer will utilize the rate of 4.72% as the discount rate on the six month U.S. Treasury Bill. If the absolute minimum amounts for 2005, 2006, and 2007 exceed the calculated variable amounts for any or all of the first three years, please use the higher amounts in the projected calculations.

Illustrations will be evaluated assuming death at age 80. Proposing carriers should not reflect this mortality assumption in the individual illustrations submitted as a component of the cost proposal.

The illustrations should be constructed so as to have sufficient cost value at the target retirement age to continue coverage (without additional premium payments by the employee) to age 95. In the case of new participants age 60 and 65, the target retirement age is 70 and 75 respectively. Monthly premiums for individuals with an issue age of 55 or greater should be constructed to be paid up within 10 years.

The targeted paid up amount for issue ages up to 55 is ninety percent (90%) of the face amount at age 65. For an issue age of 55 or older the target paid up amount is seventy-five percent (75%) of the face amount after 10 years of participation.

For the purpose of determining target cash values, a crediting rate of six percent (6%) should be assumed for all years after the target retirement age of 65 (or 10 years after issue for issue ages of 55 or greater).

Illustrated values should be shown for a minimum of 40 years for issue ages 55 and younger, and through age 95 for issue ages greater than 55.

The State will utilize a mathematical model to calculate the financial performance of the cash value life insurance. The inputs into the model are the illustrations described above. The model assumes death at age 80 and a census of coverage amounts, transferred cash values and attained age based participation rates.

ATTACHMENT 6.4 (continued)

Participant Census: Universal Life Illustration

This inventory of enrollment at issue age and volumes will be utilized to prepare the standard illustration for each age (see Parts F, G and H [preceding page]), and may be used in Part B as well, if COI rates vary by issue age.

Issue Age	Count	Sample Age to be Illustrated	Average Volume (rounded to nearest dollar)
18-22	493	20	\$35,706
23-27	1,511	25	\$40,625
28-32	1,988	30	\$43,111
33-37	2,319	35	\$43,395
38-42	2,381	40	\$39,474
43-47	2,011	45	\$35,240
48-52	1,505	50	\$30,401
53-57	799	55	\$25,477
58-62	444	60	\$23,343
63-67	147	65	\$20,490
68-72	26	70	\$13,856
73-77	4	75	\$10,000

ATTACHMENT 6.4 (continued)

Part F –Internal Rate of Return (IRR) on Surrender

IRR ON SURRENDER PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.

The (IRR) on Surrender calculations will assume no deaths and will reflect the values over the first twenty years of the projection. Proposers must use the procedures detailed in the current edition of the Life Insurance Illustration Model Regulations promulgated by the National Association of Insurance Commissioners.

The IRR on Surrender values have a maximum total point value of 50 points, distributed as follows:

- IRR Assuming Surrender in Year 5 (maximum point value of 15 points)
- IRR Assuming Surrender in Year 10 (maximum point value of 15 points)
- IRR Assuming Surrender in Year 20 (maximum point value of 20 points)

The Proposer with the highest IRR in each of the years shown above will receive the maximum points and Proposers with lower rates of return will receive a proportion of that maximum. The points for each year will be summed to obtain the Total IRR On Surrender Score. The formula by which proportions will be calculated for each period is shown below.

$\frac{\text{Proposer's IRR on Surrender for a particular year}}{\text{Highest Proposed IRR on Surrender for the same year from All Proposals}}$	X <i>Applicable available points</i>	= Score for this particular year
Sum of scores for each year (5, 10 and 20) = _____ (Total IRR on Surrender Score).		

Part G – Internal Rate of Return (IRR) on Death

IRR ON DEATH PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.

The IRR on Death calculations will assume death at age 80 and will reflect the values over the first thirty years of the projection. Proposers must use the procedures detailed in the current edition of the Life Insurance Illustration Model Regulations promulgated by the National Association of Insurance Commissioners.

The IRR on Death values have a maximum total point value of 50 points, distributed as follows:

- IRR in Year 10 (maximum point value of 15 points)
- IRR in Year 20 (maximum point value of 15 points)
- IRR in Year 30 (maximum point value of 20 points)

The Proposer with the highest IRR in each of the years shown above will receive the maximum points and Proposers with lower rates of return will receive a proportion of that maximum. The points for each year will be summed to obtain the Total IRR On Death Score. The formula by which proportions will be calculated for each period is shown below.

$\frac{\text{Proposer's IRR on Death for a particular year}}{\text{Highest Proposed IRR on Death for the same year from All Proposals}}$	X <i>Applicable available points</i>	= Score for this particular year
Sum of scores for each year (10, 20 and 30) = _____ (Total IRR on Death Score).		

ATTACHMENT 6.4 (continued)

Part H – Net Present Value (NPV)

NET PRESENT VALUE PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.

The NPV calculations will assume death at age 80 and will reflect the values over the first thirty years of the projection. Proposers must use the procedures detailed in the current edition of the Life Insurance Illustration Model Regulations promulgated by the National Association of Insurance Commissioners.

The NPV values have a maximum total point value of 50 points, distributed as follows:

- NPV in Year 10 (maximum point value of 15 points)
- NPV in Year 20 (maximum point value of 15 points)
- NPV in Year 30 (maximum point value of 20 points)

The Proposer with the highest NPV in each of the years shown above will receive the maximum points and Proposers with lower rates of return will receive a proportion of that maximum. The points for each year will be summed to obtain the Total NPV Score. The formula by which proportions will be calculated for each period is shown below.

$\frac{\text{Proposer's NPV on Surrender for a particular year}}{\text{Highest Proposed NPV on Surrender for the same year from All Proposals}}$	<p>X <i>Applicable available points</i></p>	<p>= Score for this particular year</p>
<p>Sum of scores for each year (10, 20 and 30) = _____ (Total NPV Score).</p>		

Total Cost Proposal Score

The RFP Coordinator will total each of the component scores A-H, as demonstrated below, to determine the total Optional Universal Life Cost Proposal score earned.

Proposer	Score Earned
Part A – Guarantee Monthly Premium Rates per \$1000 of Insurance Coverage (260 points)	
Part B – Monthly Cost of Insurance per \$1000 of Coverage (75 points)	
Part C – Fees/Loads/Charges (90 points)	
Part D – Surrender Charges (35 points)	
Part E – Interest Crediting Rates and Certificate Loan Interest Rate (90 points)	
Part F – Internal Rate of Return on Surrender (50 points)	
Part G – Internal Rate of Return on Death (50 points)	
Part H – Net Present Value (50 points)	
Total Cost Proposal Score (700 points maximum)	

ATTACHMENT 6.5

PROPOSAL SCORE SUMMARY MATRIX

RFP Coordinator		Date					
QUALIFICATIONS & EXPERIENCE Maximum Points: 100	PROPOSER NAME		PROPOSER NAME		PROPOSER NAME		
EVALUATOR NAME							
EVALUATOR NAME							
EVALUATOR NAME							
EVALUATOR NAME							
REPEAT AS NECESSARY							
	AVERAGE SCORE:		AVERAGE SCORE:		AVERAGE SCORE:		
TECHNICAL APPROACH Maximum Points: 200	PROPOSER NAME		PROPOSER NAME		PROPOSER NAME		
EVALUATOR NAME							
EVALUATOR NAME							
EVALUATOR NAME							
EVALUATOR NAME							
REPEAT AS NECESSARY							
	AVERAGE SCORE:		AVERAGE SCORE:		AVERAGE SCORE:		
COST PROPOSAL Maximum Points: 700	SCORE:		SCORE:		SCORE:		
PROPOSAL SCORE Maximum Points: 1000	TOTAL SCORE:		TOTAL SCORE:		TOTAL SCORE:		

Program Description
RFS #317.86-029

Following is a description of the program services for which the State intends to contract through this procurement:

Eligibility

- All full time employees (approximately 76,000 individuals in April 2004) scheduled to work 30 hours a week are eligible to enroll.
- Certain seasonal employees are eligible to enroll by virtue of the provisions of TCA 8-27-201(h) (work 1450 hours per fiscal year, and have 24 months of service).
- Employees may elect spouse term, child term and spouse universal coverage.
- Spouse must be legally married; Tennessee does not recognize common law marriage or partnership agreements.
- Dependent children of employees must meet one of the following eligibility requirements:
 - Natural or adopted children (regardless of where they live)
 - Stepchildren, if employee or spouse has legal or joint custody or shared parenting
 - Children living in the employee's home for whom the employee is the legal guardian
 - Any dependent child living in the employee's home for 12 months a year who is dependent on the employee for support and maintenance as evidenced by being claimed as a dependent on the employee's federal income taxes
 - Adopted children, in connection with any placement for adoption of a child with any person, means the assumption of a legal obligation of total or partial support of a child in anticipation of adoption – the obligation may be determined by court records, federal income tax records or other appropriate documentation as determined by the Insurance committee or its representative.
 - Unmarried dependent children are eligible for coverage through the last day of the month of their 24th birthday. Dependent children between the ages of 19 and 24 must be claimed on the employee's income tax or be a full-time student. Proof of a dependent's eligibility may be required.
- May enroll within the first full month of employment, no health questions asked.
- May apply for coverage after initial eligibility by submitting qualifying medical information (only during the annual transfer period, which is conducted each Fall).
- Coverage takes effect on the first of the month after completing three full calendar months of employment if enrolling when first eligible; otherwise if enrolling during the transfer period, it could be January 1, February 1 or March 1, of the next calendar year.

Underwriting

- Employees are offered a guarantee issue amount of up to three times base annual salary (excluding overtime and longevity) when initially eligible.
- Employees may apply for issue amounts of up to five times base salary through medical underwriting
- Employee Maximum coverage amount \$300,000, whether guaranteed issue or with medical underwriting.
- Guarantee issue amounts and maximum coverage amounts are for the combined employee face amounts of Optional Term and Optional Universal Life.
- Minimum coverage \$5,000 for both Term and Universal Life.
- Optional term \$5,000 increments.
- Optional Universal \$1,000 increments for employees.
- Participating employees may increase face amount by up to \$5,000 each January subject to guarantee issue amounts and coverage maximum.
- Spouse guarantee issue amounts are \$5,000, \$10,000 or \$15,000 for any age; however, spouse under age 55 may elect up to one times employee annual base salary subject to combined maximum of \$30,000.
- Child term rider amounts \$2,500 or \$5,000 (may be attached to either term or universal policy).

Term Life

- Coverage to the later of (1) age 70 or (2) when employment with the State of TN terminates.
- Minimum employee coverage \$5,000.
- Available in \$5,000 increments.
- Participating employees may increase face amount by up to \$5,000 each January subject to guarantee issue amounts and coverage maximum.
- Spouse guarantee issue amounts are \$5,000, \$10,000 or \$15,000 for any age; however, a spouse under age 55 may elect up to one times employee salary subject to combined maximum of \$30,000.
- Child term rider amounts \$2,500 or \$5,000 (may be attached to either term or universal policy).
- Premium based upon attained age; age determination subject to adjustment each January.
- Death benefit is face amount
- Waiver of premium
- Can pay on direct billing status prior to age 70 whether still employed by the State of Tennessee or not;
- Conversion privilege prior to age 85 while still employed by the State of Tennessee.

Universal Life

- Flexible Premium Coverage to age 95.
- Minimum employee coverage \$5,000.
- Available in \$1,000 increments to employees.
- Participating employees may increase face amount by up to \$5,000 each January subject to guarantee issue amounts and coverage maximum.
- Spouse guarantee issue amounts are \$5,000, \$10,000 or \$15,000 for any age; however, a spouse under age 55 may elect up to one times employee salary subject to combined maximum of \$30,000.
- Premium rate is based upon issue age; cost of insurance rate is based upon attained age. Attained age increases each policy anniversary.
- Policy loans are available after policy has been in effect for one year; maximum loan amount is determined by comparing debt and interest to cash value. Loans are subject to both secured cash value interest crediting (6.0% nominal annual) and loan balance interest charges (7.5% nominal annual). Debt deducted from proceeds or surrender value.
- Death benefit is face amount (Option A) less any outstanding debt.
- Can pay on direct billing status.
- Child term rider amounts \$2,500 or \$5,000.
- Waiver of premium

Waiver of Premium

- Only covers an employee or spouse's policy. Does not cover child dependent coverage.
- Applies to disabilities occurring prior to age 60, 9 Month elimination period.
- Applies to both term and universal life coverage.
- Total Disability is defined as the complete incapacity of the Insured, as a result of bodily injury, disease, or both, to engage in any occupation for remuneration or profit. "Occupation" means any occupation for which the Insured is, or may be, reasonably fitted by education, training or experience.
- (Loss of sight in both eyes or use of both hands, both feet or one hand and one foot is a subset of possible disabilities.)
- Excluded if intentionally self-inflicted, result of act of war or result of hostile action by a foreign power.

Exclusions

- In the event of suicide within two years of the effective date of the individual's coverage, no benefit is paid and premiums are refunded. Exclusion applies to increased amounts based upon effective date of increase.

Advanced Benefit Rider

- Applies when licensed physician diagnosis life expectancy of six months or less. The Advanced Benefit Proceeds equal the excess of the requested amount over the some of (1) and (2), where:
 - Is the amount that reflects the actuarial loss of interest on the Advance Benefit. This amount will be based on (a) an annual interest rate of 7.5%: and (b) company assumption of reduced life expectancy (no greater than 6 months); and
 - Any premium due or unpaid at the time request approved.
- Covered individual can request up to 50% of face amount up to maximum of \$100,000.



STATE OF TENNESSEE
Group Insurance Program

Optional Term Life
Optional Universal Life



SEPTEMBER 2003

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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 options.

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 certificate. 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, a subsidiary of UnumProvident Corporation of Chattanooga, Tennessee, underwrites both options. If you have any questions regarding the optional term or the optional universal life insurance after you have read this booklet, contact UnumProvident at its toll free number, 1-800-635-5597 - 8:00 A.M. to 8:00 P.M. eastern time, Monday - Friday, or by writing:

UnumProvident Corporation
Client Services
Voluntary Benefits Division
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 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 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 insurance. You can only obtain coverage as an employee.

What About Dependents?

For detailed information on eligibility for dependents, please refer to the Insurance Employee Handbook published by the Division of Insurance Administration. You may obtain a copy of the handbook from your agency's insurance preparer. 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 child term rider.

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 enroll will be during the annual enrollment/transfer period held in the fall each year and you will be required to complete a supplemental application when enrolling for any amount of coverage.

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 UnumProvident 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 two months after March 1.

If you apply for an amount of coverage greater than the guaranteed issue amount, which is up to three times your annual base salary, the additional coverage will not become effective until UnumProvident 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. UnumProvident will notify you AND your agencies insurance preparer if your application for coverage is denied. Additional medical information may be requested by UnumProvident.

Actively at Work Requirement

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 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 places(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.

A person will be considered Actively at Work on each day of paid vacation or scheduled day off on which he/she is not totally disabled, if he/she was Actively at Work on his/her 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 Actively at Work Requirements also apply when your amount of coverage is being 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 UnumProvident 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 (the employee) is 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 insurances with coverage up to three (3) times your annual base salary WITHOUT providing evidence of insurability. This opportunity is given only to new employees, and the employee must apply by his/her 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 types of optional life insurance will begin 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 you will be approved for coverage. UnumProvident will determine if you are insurable.

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 (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 UnumProvident.

- (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

Coverage for your spouse can be \$5,000, \$10,000 or \$15,000. If your annual base salary is over \$15,000 and your spouse is UNDER age 55, you can 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).

Child

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 cannot be a stand-alone certificate, but is part of either an employee or spouse certificate, but not both. If an employee purchases coverage, children's term rider must be attached to the employee certificate and not the spouse certificate. 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	1,112.66	
(1) Multiply by 12	X 12	
Annual Base Salary	\$13,351.92	
Round Off to Next Dollar	\$13,352.00	
(2) Multiply by 3	X 3	
	\$40,056.00	
Round Off to Next Higher \$5,000	\$45,000.00	Guaranteed Issue Amount
Annual Base Salary	\$13,352.00	
(3) Multiply by 5	X 5	
	\$66,760.00	
Round Off to Next Higher \$5,000	\$70,000.00	Maximum Issue Amount

This example shows that an employee whose monthly salary is \$1,112.66 can elect the guaranteed issue amount of \$45,000. The largest amount of coverage the employee can elect through maximum issue is \$70,000. If the employee elects any amount between \$45,000 and \$70,000, the employee must complete a Supplemental Application for Optional Life Insurance (M-95202) and receive approval from UnumProvident

*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 insurance preparer 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 and permanently 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. The approval of whether you or your spouse qualify for waiver of premium is made by UnumProvident. You or your spouse may continue under the waiver of premium provision 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, you must apply to UnumProvident within one year of the date of the disability.

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.

The Advance Benefit Rider is available with universal life insurance and term life insurance for both employee and spouse at no additional cost.

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's insurance preparer. All changes of beneficiaries must be sent directly to your agency's insurance preparer, not UnumProvident.

Suicide Exclusion

If the insured person dies by suicide within two (2) years from the certificate issue date, the proceeds payable by UnumProvident 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 UnumProvident has your current address because of cash values or premiums that may be refundable to you. This information is sent to UnumProvident through our weekly updates from the Tennessee Insurance System. Please notify your agency's personnel office of any address or name changes.

Cancellation of Coverage

You may cancel your coverage at any time by completing the Customer Service Request Form (L-52490) available from your agency's insurance preparer. This written notice must be submitted to UnumProvident 30 days prior to the effective date of cancellation.

60 Days Notice

If a premium has not been paid in 60 days, either through payroll deduction or if you are on direct bill, the coverage under the optional term life insurance will terminate. Coverage under the optional universal life insurance will continue as long as the accumulated cash value will cover the monthly cost of insurance. When the cash value will no longer cover the monthly cost of insurance, the optional universal life insurance will terminate.

Decrease of Coverage

During the annual enrollment/transfer period you also may decrease your amount of coverage.

What Happens if my Employment Ends?

If you are no longer employed by the State, payroll deduction will not be available. At this time, you will be given the opportunity to continue all or part of your optional life insurance on a direct billing basis or to convert to an individual policy with UnumProvident.

Termination of Insurance

Your insurance will terminate:

IF you stop paying the monthly premium;

IF you cease to be an eligible employee/dependent; or

IF the optional life insurance plan is discontinued by the State of Tennessee or UnumProvident.

If you stop “active” work for any reason, UnumProvident will contact you directly at your last known address to offer continuance of your coverage by direct billing.

Termination of Insurance for Dependents

The dependent optional life insurance WILL terminate:

IF you stop paying the monthly premium;

IF you cease to be an eligible employee;

IF your (the employee’s) optional life insurance terminates;

IF you are approved for extension of optional life insurance due to total disability;

IF the optional life insurance plan is discontinued by the State of Tennessee or UnumProvident; or

IF the dependent is no longer eligible.

If your dependent child/children become ineligible for coverage because of the plan’s eligibility rules (i.e. marriage, divorce, reaching maximum age, etc.), the dependent will have 31 days to convert to a universal life insurance policy. In this case, you must notify your agency’s insurance preparer when a dependent is no longer eligible. Failure to notify UnumProvident 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 of ineligibility.

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 Insurance Application (M-95201). The application must be submitted to your agency's insurance preparer 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 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.

* Subject to the two-year suicide exclusion provision.

How Do I Enroll My Dependents?

If you have dependents that you want to insure with optional term life insurance, you should 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's insurance preparer 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 UnumProvident 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, UnumProvident will contact you directly if you terminate employment to inform you of your options. You will receive a letter at your last known home address approximately 30 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 UnumProvident, which is available from your insurance preparer.

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 UnumProvident, which is available from your insurance preparer.

* 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.

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.

- (1) If you are younger than age 70, you may:
 - (a) continue with this insurance by paying the premiums directly to UnumProvident. If you elect this option your coverage will automatically terminate the last day of the month of your 70th birthday. You WILL NOT be given the opportunity to convert to another policy at age 70.
 - (b) convert to a universal life insurance policy which terminates automatically at age 95.
- (2) If you are age 70 or older but younger than 85, you may convert to a universal life insurance policy.
- (3) If you are age 85 or older, you will not be offered any conversion options.

Premiums***Premiums for Employee or Spouse***

Your premiums in the optional term life insurance are based upon your age. The premiums automatically will increase as your age increases. 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 are listed in this booklet that will be effective beginning January 1, 2000. 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 50 cents for \$2,500 in coverage or \$1 for \$5,000 in coverage. No administrative fee is charged for dependent children's coverage.

Optional Term Life Insurance

*Monthly Premium Rates Per \$1,000 of Face Amount,
Effective January 1, 2000*

Column A Age	Column B Monthly Rate
Under 20	\$0.074
20 – 24	0.074
25 – 29	0.074
30-34	0.079
35-39	0.101
40-44	0.152
45-49	0.259
50-54	0.434
55-59	0.676
60-64	1.053
65-69	1.747
70-74	2.435
75-79	3.742
80 and over	6.763

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.

$$\begin{array}{ccccccc}
 \$ & \underline{\hspace{2cm}} & \times & \underline{\hspace{2cm}} & + 0.30 = & \$ & \underline{\hspace{2cm}} \\
 \text{Cost} & & & \text{Amount} & \text{Adm.} & \text{Monthly} & \\
 & & & \text{(in thousands)} & \text{Cost} & \text{Cost} &
 \end{array}$$

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:
 \$.50 for \$2,500 in coverage;
 \$1.00 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 40-year-old new employee, who earns \$11,000 per year. He wants \$20,000 of life insurance coverage. (Because he does not want more than three times his annual base salary, he will not need to complete a medical history report. If John had wanted more than \$35,000 of insurance, he would have been required to complete a Supplemental Application and wait for approval from UnumProvident for the amount above \$35,000.) John’s cost is as follows:

1. John finds his age in Column A. He is in the 40-44 age bracket.

- In column B, John finds his cost is \$0.152 per thousand. He writes this amount in the “Cost” blank.
- He enters 20 for \$20,000 of coverage in the “Amount” blank.
- John multiplies the “Cost” by the “Amount” and adds the \$0.30 administrative charge to find his monthly cost.

$$\begin{array}{rcccccc}
 \$ 0.152 & \times & 20 & = & 3.04 & + & 0.30 & = & \$3.34 \\
 \text{Cost} & & \text{Amount} & & & \text{Adm.} & & & \text{Monthly} \\
 & & & & & \text{Charge} & & & \text{Cost}
 \end{array}$$

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

- John finds his wife’s age in Column A. She is in the 25 – 29 age bracket.
- In Column B, John finds the cost is \$0.074 per thousand. He enters \$0.074 in the “Cost.”
- John enters 10 for \$10,000 of coverage in “Amount.”
- John multiplies the “Cost” by the “Amount” and adds the \$0.30 administrative charge to find his monthly cost.

$$\begin{array}{rcccccc}
 \$ 0.074 & \times & 10 & = & 0.74 & + & 0.30 & = & \$1.04 \\
 \text{Cost} & & \text{Amount} & & & \text{Adm.} & & & \text{Monthly} \\
 & & & & & \text{Charge} & & & \text{Cost}
 \end{array}$$

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

- John decides to elect \$5,000 coverage on his dependent children.
- He knows the coverage will cost \$1 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	\$3.34
Spouse Monthly Cost	\$1.04
Dependent Children Monthly Cost	\$1.00
Total Monthly Premium	\$5.38

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. The optional universal life insurance has level premiums the premiums do not increase 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/Spouse

If you want to apply for optional universal life, you must complete an Optional Universal Life Application (M-95090). The application must be submitted to your agency's insurance preparer 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
- (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 Spouse?

If you have dependents that you may want to insure in optional life insurance, you are advised to do this when they first become eligible to enroll.

At a later date, if you wish to add or discontinue coverage for either your

* Subject to the two-year suicide exclusion provision.

spouse and/or children, you must contact your agency's insurance preparer for the appropriate forms.

Evidence of insurability will NOT be required for spouse* and/or children who are enrolled within 31 days after becoming eligible (in the case of marriage, birth or adoption, for example).

Cash Accumulation and Interest Credit Features

You will begin accumulating cash value during the first month after the effective date of coverage. The interest will be credited at an effective date equal to the greater of:

- a) calendar years 2000 to 2002 - 6.31%
calendar year 2003 - 5.80%
calendar year 2004 - as stated in the amendment to your certificate; or
- b) an interest rate equal to the discount rate for a six-month Treasury Bill plus 0.95%; or
- c) a higher rate determined by the insurance company.

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 the loan feature, obtain a Customer Service Request Form (L-52490) from your agency's insurance preparer. Loan interest will accrue at 7.500% per annum and will become a part of the debt as and when it accrues. A maximum of \$5,000 can be requested by calling UnumProvident at 1-800-635-5597 - 8:00 A.M. to 8:00 P.M. eastern time.

Annual Statement

Participants in 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.

* 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.

Paid up Feature

The optional universal life insurance coverage is designed to provide that the amount of insurance you elect will be approximately 90% paid up at age 65 (or 75% paid up 10 years after the effective date if you are older than age 55 when you elect coverage). This paid up target is based on an interest rate of approximately 6% per annum for the duration of an individual participation. Under those circumstances, you could stop paying premiums at age 65 and have paid up coverage equal to approximately 90% of the face amount of the optional universal life insurance you originally elected. If your coverage was issued after age 55, you could stop paying premiums after 10 years and have paid up coverage equal to approximately 75% of the face amount of the optional universal life coverage you originally elected if 6 percent interest has been earned throughout the life of the plan.

If interest crediting rates are above 6%, the portion of the insurance that is paid up may be greater than 90%, or the coverage may be 90% paid up sooner than age 65. However, if interest crediting rates are below 6%, the portion of the insurance elected that is paid up may be less than 90% at age 65. The above assumes no outstanding loan balance.

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%

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 that a guaranteed interest rate will be credited to the cash value each year. UnumProvident 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.

Premiums for the State of Tennessee optional universal life insurance were determined using the interest rate and cost of insurance charges in effect beginning on January 1, 2000. For most issue ages, these level premiums are designed to produce insurance which is 90% paid up at attained age 65 using these interest and cost of insurance assumptions. If either the current credited interest rate or current cost of insurance charges are changed in the future, the premium to be paid may need to be adjusted in order to achieve the paid up insurance target at age 65. The actions you take, such as making a policy loan or a partial surrender, may require adjustments in the premium to be paid to achieve the same level of paid up insurance at age 65.

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 subject to IRS Regulations.

Continuation of Coverage

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

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

Child term coverage attached to a spouse optional universal 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 UnumProvident which is available from your insurance preparer.

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 with the optional universal life insurance on a direct billing basis with UnumProvident; or
- (3) to use the cash value to support premium payments.

You may elect to continue your universal life coverage regardless of your age. UnumProvident will contact you at your last known address.

Premiums

Premiums for Employee or Spouse

Premiums for optional universal life insurance are based upon the age of the person being covered and UnumProvident WILL NOT increase your premium during your participation in the plan. 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 applies to new employees and spouses as well as employees and spouses who enroll during the annual enrollment period. These premiums will be effective January 1, 2000. However, you may need to adjust your monthly premium in the future to achieve the desired level of paid up insurance.

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 are a flat rate for all eligible children and do not increase with age. The cost per month is 50 cents for \$2,500 in coverage or \$1 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 January 1, 2000*

Age Last Birthday	Monthly Rate	Age Last Birthday	Monthly Rate
15	0.21	46	1.22
16	0.22	47	1.32
17	0.23	48	1.44
18	0.24	49	1.55
19	0.25	50	1.66
20	0.26	51	1.86
21	0.27	52	2.08
22	0.29	53	2.29
23	0.30	54	2.51
24	0.32	55	2.72
25	0.33	56	2.82
26	0.35	57	2.91
27	0.37	58	3.01
28	0.38	59	3.10
29	0.40	60	2.86
30	0.42	61	3.02
31	0.45	62	3.18
32	0.48	63	3.34
33	0.50	64	3.50
34	0.54	65	3.66
35	0.57	66	3.87
36	0.61	67	4.07
37	0.65	68	4.28
38	0.70	69	4.48
39	0.74	70	4.69
40	0.79	71	4.97
41	0.85	72	5.25
42	0.91	73	5.53
43	0.98	74	5.81
44	1.05	75	6.09
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. by item 3.
5. Add \$1.00 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:
 - \$.50 for \$2,500 in coverage;
 - \$1.00 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 to receive up to the guaranteed issue amount of coverage without completing a supplemental application.
2. John makes an annual base salary of \$13,462. John would like to apply for the guaranteed issue amount of coverage. The guaranteed issue amount is \$45,000. ($\$13,462 \times 3 = \$40,386$ —rounded off to the next higher \$5,000 increment—\$45,000)
3. The maximum amount of coverage which John may apply for is five times his annual base salary, rounded off to the next higher \$5,000. For example: \$13,462 multiplied by five equals \$67,310; rounded off to the next higher \$5,000 equals \$70,000 maximum coverage. (If John did choose to apply for the maximum issue amount, he would be approved automatically for the first \$45,000, but would have to complete a supplemental application and wait for approval from UnumProvident before the remaining \$25,000 of coverage would be issued.)
4. To determine the monthly premium per \$1,000 of coverage, John must refer to the rates for the monthly premium rates per \$1,000. In his case, for a 35-year-old, the rate per \$1,000 is fifty-seven cents (\$.57).
5. John then multiplies the rate per \$1,000 by the amount of coverage being applied for.

$$\begin{array}{r}
 \$45,000 \\
 \times \underline{\$0.57} \text{ (rate per thousand)} \\
 \hline
 \$ 25.65
 \end{array}$$

6. To the \$25.65, 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 \$26.65.

FORMS REQUIRED**M-95090 Optional Universal Life Application**

1. If you want to apply for optional universal life.

M-95201 Optional Term Life Application

1. If you want to apply for optional term life.

M-95202 Supplemental Application for Optional Life Insurance

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.
3. If you do not elect coverage on your spouse and/or children within the 31-day initial enrollment period.

L-52490 Customer Service Request Form

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



*Products underwritten by the following subsidiary
of UnumProvident Corporation.*

Provident Life and Accident Insurance Company
1 Fountain Square, Chattanooga, TN 37402

www.unumprovident.com

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PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY
1 Fountain Square; Chattanooga, Tennessee 37402

PLAN NAME: State Employee Group Insurance Program
- Optional Universal Life Insurance

POLICYHOLDER: State of Tennessee

POLICY NUMBER: 76645

POLICY EFFECTIVE DATE: January 1, 2000

BENEFITS DESCRIPTION: Optional Universal Life Insurance Coverage for eligible
Employees and eligible Spouses, with Advance
Benefit Option and Waiver of Premium Provision

Life Insurance Coverage for Dependent Children Option

Provident Life and Accident Insurance Company (herein called "we" or "us") will pay the benefits described in this Group Policy and the Certificates issued under it.

This Group Policy is issued in consideration of the application of the Policyholder and is based on the payment of premiums as provided herein. This Group Policy will become effective on the Policy Effective Date shown above.

This Group Policy is subject to the laws of the State of Tennessee, where it is delivered.


J. Harold Chandler
President


Susan N. Roth
Secretary

M-95079 (Rev. 12-99)

FILED
STATE OF TENNESSEE
MAY 2 2000
Dept. of Commerce & Insurance
COMMISSIONER OF INSURANCE

GENERAL PROVISIONS

CERTIFICATES OF INSURANCE. We will provide Certificates to applicable Employees and Spouses evidencing the coverage(s) in effect. The Certificates will describe the benefits of the coverage(s), to whom the benefits will be paid and the limitations and conditions which apply.

CLERICAL ERROR. Clerical error will not void insurance otherwise validly in force, nor will it keep in force insurance which otherwise would cease.

ENTIRE CONTRACT. The entire contract consists of the following: (1) This Group Policy, and the application of the Policyholder; (2) The Certificates issued under this Group Policy, and the applications therefore; and (3) Any amendments or forms effecting a change to this Group Policy, as described herein.

In addition to the items listed above, we have executed a contract with the Policyholder which governs the administrative aspects of the relationship between the two parties.

Statements made by the Policyholder or by an Insured will not be deemed warranties. No such statements will be used by us in defense of a claim unless: (1) It appears in one of the forms, duly signed, which make up the entire contract; and (2) A copy of the statement has been furnished to the person who signed the forms.

No change in the entire contract will be valid unless approved by one of our executive officers on a form endorsed on or attached to this Group Policy. No agent has the right to change or to waive any terms of this Group Policy.

EXAMINATION OF RECORDS. We have the right to examine all records of the Policyholder which pertain to the insurance while this Group Policy is in force and for 3 years after it terminates.

MONEY PAYABLE. All sums payable by us or to us will be paid in the lawful currency of the United States.

NON-PARTICIPATING. This Group Policy is not entitled to share in our surplus earnings. No dividends are payable.

POLICY CHANGES. Subject to the laws of the State of Tennessee where this Group Policy is delivered, the terms of this Group Policy may be changed at anytime if the Policyholder and we agree.

GENERAL PROVISIONS (CONTINUED)

POLICY TERMINATION. This Group Policy will terminate upon the earliest of the following:

- (1) The Policyholder fails to pay the premiums due before the end of the Grace Period;
- (2) At the end of the third Policy Year or any subsequent Policy Year if we are unable to reach agreement with the Policyholder to extend the contract for an additional 12 months at least 270 days prior to the administrative contract expiration date; or
- (3) The date there are no longer any persons insured under this Group Policy.

POLICY YEAR. The first Policy Year ends on the Policy Anniversary Date after the Policy Effective Date. Later Policy Years begin and end on succeeding anniversary dates.

REQUIRED DATA. The Policyholder will maintain such records as are reasonably required by us and will furnish to us all names and relevant data with respect to persons insured under this Group Policy. This data will allow us to determine for each insured person: (1) The date on which insurance takes effect; (2) Age and sex; (3) Amount of insurance coverage and any change in such amount; (4) Name and address of any person designated to receive benefits; and (5) The date on which insurance ceases.

RIGHT TO CONTEST. After this Group Policy has been in force for 2 years, we have no right to contest its validity except for non-payment of premiums.

WORKERS' COMPENSATION NOT COVERED. This Group Policy is not in lieu of workers' compensation coverage and does not relieve the Employer of the need to provide such coverage.

PREMIUMS AND CHARGES

PREMIUM PAYMENT. The premiums for insurance benefits provided under this Group Policy are due and payable by the Owner of each Certificate.

The monthly premium rates used to determine the premium due on each due date shall be determined from the rates set forth in the Premium Rate Table. The Policyholder will have the opportunity to verify our records pertaining to each premium due; adjustments will be made as required.

PREMIUM ADJUSTMENTS. Any premium adjustment due to the correction of a clerical error or the insurance status of any insured person will be made on the next Monthly Anniversary Date after the facts are made known to us. Any return of unearned premium which may result is limited to the period of 12 months proceeding the date of adjustment.

GRACE PERIOD. After the initial premium payment, a Grace Period of 60 days from each due date will be allowed in which to pay the premium then due.

ADMINISTRATIVE CHARGE. The Administrative Charge for each Certificate is shown on the Premium Rate Table.

RATE CHANGES. We reserve the right to change the premium rates on any of the following dates:

- (1) Any date after this Group Policy has been in force for 3 years;
- (2) The date any Group Policy terms are changed; or
- (3) The effective date of any law or regulation which affects our liability under this Group Policy.

We will notify the Policyholder in writing at least 31 days before the date of any rate change.

**PREMIUM RATE TABLE
FOR OPTIONAL UNIVERSAL LIFE INSURANCE**

MONTHLY PREMIUM RATES FOR THE INSURED:

Age Last Birthday	Premium Rate Per \$1,000	Age Last Birthday	Premium Rate Per \$1,000
15	\$ 0.21	46	\$ 1.22
16	\$ 0.22	47	\$ 1.32
17	\$ 0.23	48	\$ 1.44
18	\$ 0.24	49	\$ 1.55
19	\$ 0.25	50	\$ 1.66
20	\$ 0.26	51	\$ 1.86
21	\$ 0.27	52	\$ 2.08
22	\$ 0.29	53	\$ 2.29
23	\$ 0.30	54	\$ 2.51
24	\$ 0.32	55	\$ 2.72
25	\$ 0.33	56	\$ 2.82
26	\$ 0.35	57	\$ 2.91
27	\$ 0.37	58	\$ 3.01
28	\$ 0.38	59	\$ 3.10
29	\$ 0.40	60	\$ 2.86
30	\$ 0.42	61	\$ 3.02
31	\$ 0.45	62	\$ 3.18
32	\$ 0.48	63	\$ 3.34
33	\$ 0.50	64	\$ 3.50
34	\$ 0.54	65	\$ 3.66
35	\$ 0.57	66	\$ 3.87
36	\$ 0.61	67	\$ 4.07
37	\$ 0.65	68	\$ 4.28
38	\$ 0.70	69	\$ 4.48
39	\$ 0.74	70	\$ 4.69
40	\$ 0.79	71	\$ 4.97
41	\$ 0.85	72	\$ 5.25
42	\$ 0.91	73	\$ 5.53
43	\$ 0.98	74	\$ 5.81
44	\$ 1.05	75	\$ 6.09
45	\$ 1.11		

CURRENT ADMINISTRATIVE CHARGES:

\$ 1.00 per Certificate per month if premium paid annually or by payroll deduction

\$ 1.00 per Certificate per premium collection, if paid by any other method

MONTHLY PREMIUM RATES FOR DEPENDENT CHILDREN:

\$ 0.50 for \$2,500 in coverage
\$1.00 for \$5,000 in coverage

The Monthly Premium Rates and Current Administrative Charges are guaranteed for 3 years (January 1, 2000 - December 31, 2002), and any extensions thereof.

CERTIFICATE PROVISIONS MADE A PART OF THIS GROUP POLICY

The remainder of this Group Policy consists of the provisions which appear in the Certificate, issued to insureds under this Group Policy. A copy of the Certificate of Optional Universal Life Insurance, Form M-95280 (Rev. 12-99), which is issued to insured Employees and Dependent Spouses, is added to and made a part of this Group Policy.

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**AMENDMENT TO
OPTIONAL UNIVERSAL LIFE CERTIFICATE M-95080 (Rev. 12-99)
EFFECTIVE JANUARY 1, 2004 through DECEMBER 31, 2004**

The following provisions included in the Certificate are amended to include the following:

INTEREST CREDITS on Page 8:

For the period of January 1, 2004 through December 31, 2004, the interest crediting rate shall not be less than the greater of (a) and (b), where:

- (a) is 5.13%; 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 0.95%.

COST OF INSURANCE RATES on Page 10:

For the period of January 1, 2004 through December 31, 2004, the Monthly Cost of Insurance Rate will be the Cost of Insurance Rate shown below:

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TABLE OF MONTHLY COST OF INSURANCE RATES:

OCT 23 2003

Attained Age As of Last Birthday	Monthly Rate Per \$1,000	Attained Age As of Last Birthday	Monthly Rate Per \$1,000
15	\$ 0.04356	55	\$ 0.44838
16	\$ 0.05313	56	\$ 0.49194
17	\$ 0.05808	57	\$ 0.53975
18	\$ 0.06198	58	\$ 0.59288
19	\$ 0.06517	59	\$ 0.65167
20	\$ 0.06765	60	\$ 0.71613
21	\$ 0.06871	61	\$ 0.78660
22	\$ 0.06871	62	\$ 0.86240
23	\$ 0.06800	63	\$ 0.94421
24	\$ 0.06694	64	\$ 1.03346
25	\$ 0.06552	65	\$ 1.13121
26	\$ 0.06375	66	\$ 1.23887
27	\$ 0.06198	67	\$ 1.35752
28	\$ 0.06127	68	\$ 1.48785
29	\$ 0.06056	69	\$ 1.63165
30	\$ 0.06021	70	\$ 1.79031
31	\$ 0.06092	71	\$ 1.96456
32	\$ 0.06198	72	\$ 2.15723
33	\$ 0.06410	73	\$ 2.37221
34	\$ 0.06729	74	\$ 2.61410

Attained Age As of Last Birthday	Monthly Rate Per \$1,000	Attained Age As of Last Birthday	Monthly Rate Per \$1,000
35	\$ 0.07119	75	\$ 2.88681
36	\$ 0.07579	76	\$ 3.19281
37	\$ 0.08146	77	\$ 3.53529
38	\$ 0.08854	78	\$ 3.91567
39	\$ 0.09669	79	\$ 4.33288
40	\$ 0.10625	80	\$ 4.78798
41	\$ 0.11794	81	\$ 5.27850
42	\$ 0.13033	82	\$ 5.80479
43	\$ 0.14415	83	\$ 6.37287
44	\$ 0.15938	84	\$ 6.99054
45	\$ 0.17638	85	\$ 7.65708
46	\$ 0.19479	86	\$ 8.37321
47	\$ 0.21427	87	\$ 9.13821
48	\$ 0.23552	88	\$ 9.94960
49	\$ 0.25819	89	\$10.79890
50	\$ 0.28298	90	\$11.68290
51	\$ 0.30990	91	\$12.60090
52	\$ 0.34000	92	\$13.55360
53	\$ 0.37294	93	\$14.54031
54	\$ 0.40871	94	\$15.56173



SUSAN N. ROTH
Secretary

Provident Life and Accident Insurance Company
1 Fountain Square; Chattanooga, TN 37402

CERTIFICATE OF OPTIONAL UNIVERSAL LIFE INSURANCE

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NOTICE: This Certificate may, at any time within 20 days after you receive it, be returned by delivering it or mailing it to us. Immediately upon delivery or mailing, this Certificate will be deemed void from the beginning, and any premium paid on it will be refunded.

This Certificate replaces any and all prior Optional Universal Life Insurance certificates which may have been issued previously under this Plan.

DEFINITIONS

Active or Actively at Work is the active fulltime 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 will be waived for Employees who are within their eligibility period and injured while performing job related duties approved by the Division of Claims Administration. You will be considered Actively at Work on each day of paid vacation or scheduled day off on which you are not totally disabled, if you were Actively at Work on your last scheduled working day.

Annual Base Salary means the regular pay which you, as the Employee, receive per year, as of the date of your application. It does not include overtime pay, longevity, etc.

Attained Age is the Insured's age as of his/her last birthday.

Beneficiary is the person(s) designated to receive the benefits provided by this Certificate in the event of the Insured's death.

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DEFINITIONS (CONTINUED)

Certificate is an individual Certificate for each Insured, setting forth a summary of the coverage provided under the Group Policy. This Certificate is not a contract; the Group Policy is the contract.

Certificate Issue Date is the date on which coverage begins under this Certificate, unless it is being deferred as described under WHEN INSURANCE STARTS. It is the date from which certificate years, months and anniversaries will be determined.

Debt is the principal of any outstanding loans under this Certificate, plus any loan interest due or accrued.

Dependent Spouse means the Employee's legal spouse who is not legally divorced from the Employee at the time of application and who is eligible for coverage.

Employee means either (1) or (2) below, who is eligible for coverage:

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

If you are an eligible Employee married to another eligible Employee, then you cannot be insured as a Dependent Spouse under this Certificate. You can only obtain coverage as an Employee.

Employer means the State of Tennessee, as shown on the Certificate Schedule.

Guaranteed Issue is the coverage which is issued without having to complete a supplemental application which includes health questions.

Home Office means our office at 1 Fountain Square; Chattanooga, Tennessee 37402.

Insured means the Employee or Dependent Spouse covered for insurance under this Certificate and shown on the Certificate Schedule.

Monthly Anniversary Date is the same day of each calendar month as the day of the Certificate Issue Date.

Owner means the person who may exercise all rights under this Certificate. On the Certificate Issue Date, the owner of all coverages applied for by the Employee is the Employee. During the lifetime of the Insured, the owner may be changed, subject to any restrictions imposed by law.

Policy Anniversary Date means the annual anniversary of the Group Policy Effective Date shown on the Certificate Schedule.

Proceeds means the amount payable on: (1) The Maturity Date; (2) The Surrender of this Certificate; or (3) The Insured's death. Any Debt will be deducted from the proceeds payable.

DEFINITIONS (CONTINUED)

Time Effective, when used in referring to any date, will generally be 12:01 A.M. at the Employer's address; however, it will be at the Insured's address when in connection with a specific Insured's insurance.

You, Your refers to the Employee.

We, Us, Our means Provident Life and Accident Insurance Company. We are the insurer and the administrator of the coverage provided in this Certificate.

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PLAN SUMMARY

EMPLOYEE FACE AMOUNT:

You may select up to 5 times your Annual Base Salary, in increments of \$1,000. For the purpose of determining the maximum amount of life insurance available, your Annual Base Salary will be rounded to the next higher multiple of \$5,000, if not already an even multiple of \$5,000.

If you select both Optional Term Life Insurance and Optional Universal Life Insurance, your combined amount of coverage may not exceed 3 times your Annual Base Salary for Guaranteed Issue or 5 times your Annual Base Salary for a maximum issue amount.

In no event will any coverage or combination of coverage exceed the overall limit of \$300,000.

EMPLOYEE GUARANTEED ISSUE LIMIT:

You may elect up to 3 times your Annual Base Salary, to a plan maximum of \$300,000, if applying for coverage when first eligible.

To be eligible for Guaranteed Issue coverage, you must be newly eligible and must be Actively at Work.

To apply for any amount of life insurance in excess of this Guaranteed Issue Limit, you must: (1) Be eligible for the additional insurance; and (2) Complete a supplemental application which includes health questions.

DEPENDENT SPOUSE FACE AMOUNT:

You may select Dependent Spouse coverage in the following amounts, subject to the Guaranteed Issue Limit below. For the purpose of determining the maximum amount of life insurance available, the Employee's Annual Base Salary will be rounded to the next higher multiple of \$5,000, if not already an even multiple of \$5,000.

Dependent Spouse less than Age 55 - \$5,000; \$10,000; \$15,000 or 1 times Employee's Annual Base Salary, to a maximum of \$30,000
 Dependent Spouse Age 55 or older - \$5,000; \$10,000; or \$15,000

DEPENDENT SPOUSE GUARANTEED ISSUE LIMIT:

You may select Dependent Spouse coverage up to the following limits:

Dependent Spouse less than Age 55 - Greater of \$15,000 or 1 times Employee's Annual Base Salary, to a maximum of \$30,000
 Dependent Spouse Age 55 or older - \$15,000

To be eligible for Guaranteed Issue coverage, the Dependent Spouse must not have been hospitalized, advised to seek medical treatment, or received disability benefits during the last 6 months from the date of enrollment.

If the Dependent Spouse is not eligible for Guaranteed Issue coverage, application for insurance may be made by completing a supplemental application which includes health questions.

PREMIUMS

PREMIUM AMOUNT. The premiums for this Certificate are based upon the Insured's age as of his/her last birthday as of the Certificate Issue Date. The premiums are level and do not increase as age increases. Premiums will increase if you increase the amount of your coverage or authorize an increase in premiums.

The amount of the current Annual Premium, Planned Period Premium and the premium payment frequency are shown on the Certificate Schedule. We reserve the right to return any premium which we deem to cause the Death Benefit to be included in the gross income of the beneficiary.

PREMIUM PAYMENT. The initial premium for this Certificate is due on the Certificate Issue Date. Premiums are payable in advance through payroll deduction. If payment of premiums by payroll deduction ceases due to termination of employment or for any other reason, premiums for this Certificate may be sent directly to us at our Home Office.

UNSCHEDULED PAYMENTS. Unscheduled payments may be made at any time prior to the Maturity Date. We reserve the right to limit any additional premium payment to a minimum of \$50.00.

GRACE PERIOD. If the Cash Value, less any Debt, on a Monthly Anniversary Date (before making the Monthly Deduction) is less than the Monthly Deduction, a Grace Period of 60 days will be allowed for payment of a premium sufficient to cover the Monthly Deduction. This Certificate will remain in force during that period. Notice of such premium will be mailed to your last known address and any assignee of record at least 31 days before the end of the Grace Period.

If by the end of the Grace Period, the required premium has not been paid, this Certificate will immediately terminate and have no further value. If the Insured dies during the Grace Period, benefits will be paid as set forth in the Death Benefit section. Any overdue Monthly Deductions will be deducted from the amount payable.

REINSTATEMENT. If the Grace Period ends without sufficient premium being paid and this Certificate terminates, it can be reinstated. This Certificate may be reinstated anytime within 3 years after the end of the Grace Period and before the Maturity Date. You may apply for reinstatement as long as:

- (1) The Group Policy has not terminated;
- (2) We receive acceptable evidence of insurability, at your cost; and
- (3) A premium is paid which is sufficient to cover the Monthly Deductions required to keep this Certificate in force for 3 months after the reinstatement.

Evidence of insurability will be waived in the event of reinstatement of employment as directed through the conclusion of a grievance procedure.

The Cash Value on reinstatement will be the amount provided by the premium paid at reinstatement. The effective date of a reinstated certificate will be the day we approve the application for reinstatement. This date will be shown on the revised Certificate Schedule. The Incontestability provision will apply from the effective date of reinstatement. If this Certificate has been in force for 2 years during the Insured's lifetime before reinstatement, the reinstated certificate will be contestable only with regard to statements made in the application for reinstatement.

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INSURANCE COVERAGE

DEATH BENEFIT. Upon receipt of due proof of the Insured's death while this Certificate is in force prior to the Maturity Date, we will pay the Death Benefit to the Beneficiary. The Death Benefit at any time under this Certificate will be equal to the greater of:

- (1) The Face Amount on the date of death, less any Debt; or
- (2) The applicable percentage of the Cash Value on the date of death, less any Debt. The applicable percentage is 250% if the Insured's attained age is 40 or less at the beginning of the certificate year. If the Insured's age is greater than 40 at the beginning of the certificate year, the applicable percentage will be shown below:

Attained Age at Beginning of Certificate Year	Applicable Percentage of Cash Value	Attained Age at Beginning of Certificate Year	Applicable Percentage of Cash Value	Attained Age at Beginning of Certificate Year	Applicable Percentage of Cash Value
41	243	52	171	63	124
42	236	53	164	64	122
43	229	54	157	65	120
44	222	55	150	66	119
45	215	56	146	67	118
46	209	57	142	68	117
47	203	58	138	69	116
48	197	59	134	70	115
49	191	60	130	71	113
50	185	61	128	72	111
51	178	62	126	73-94	110

CHANGES IN FACE AMOUNT. During the first year that the Insured's coverage is in force, the Face Amount will be that shown on the Certificate Schedule. On any Policy Anniversary Date after such first year, a request to change the Face Amount may be submitted in writing at least 45 days prior to the Policy Anniversary Date. All approved changes in Face Amount will take effect on January 1 after the annual enrollment/transfer period. These changes are subject to the following:

- INCREASES:**
- (1) Each year the current Face Amount may be increased by \$5,000, if such increase will not cause the increased Face Amount to exceed the applicable Guaranteed Issue Limit and the plan maximum of \$300,000.
 - (2) If any increase is requested which causes the increased Face Amount to exceed the Guaranteed Issue Limit, but is still within the plan maximum of \$300,000, the Insured must provide us with evidence of good health at their cost. All increases are subject to the maximum Face Amount applicable to the insurance class of the Insured.

DECREASES: Decreases cannot reduce the Face Amount to less than the minimum of \$5,000.

We reserve the right to decline to make any change that we determine would cause the coverage to fail to qualify as life insurance under applicable tax law, as we interpret it.

BENEFIT AT MATURITY. We will pay the Cash Value, less any Debt, on the Maturity Date if the Insured is living on that date.

WHEN INSURANCE STARTS (CERTIFICATE ISSUE DATE)

The effective date of coverage under this Certificate will be as follows, in accordance with the Actively At Work Requirements:

EMPLOYEE: For coverage within the Guaranteed Issue Limit, the effective date will be the Certificate Issue Date, provided you are Actively at Work on the date your application for coverage is signed AND on the date your coverage is to become effective. If you are not Actively at Work on the above mentioned dates, coverage will not take effect until the first day of the month following your return to active work, provided it is within 180 days of when coverage would have become effective. If you do not return to active employment within 180 days, you must wait until the next annual enrollment/transfer period to reapply for coverage.

Coverage applied for in excess of the Guaranteed Issue Limit will not become effective until we have determined that you are insurable and the supplemental application is approved by us.

The Actively at Work requirements also apply when your amount of coverage is being increased or when you are adding coverage. For any increase or addition to coverage, the effective date will be shown on a revised or additional Certificate Schedule.

DEPENDENT SPOUSE: For coverage within the Guaranteed Issue Limit, the effective date will be the Certificate Issue Date, unless:

- (1) The Employee is not Actively at Work on such date; or
- (2) The Dependent Spouse is unable to engage in normal activities, because he/she is:
 - (a) medically confined on the date the insurance would take effect;
 - (b) regularly treated by a home health care agency under a plan of treatment established and approved by a Physician, or
 - (c) receiving or entitled to receive disability or "sick pay" income from any source.

If coverage does not become effective on the Certificate Issue Date, coverage will be effective on the date when both: (1) The Employee is Actively at Work; and (2) The Dependent Spouse resumes his/her normal activities; provided both requirements are met within 180 days after the date that insurance coverage would have started. If not met within such 180 days, the Dependent Spouse must wait until the next annual enrollment/transfer period to re-apply for coverage.

These two Actively at Work requirements also apply when the amount of coverage is being increased or when coverage is added. For any increase or addition to coverage, the effective date will be shown on a revised or additional Certificate Schedule.

CERTIFICATE LOANS

LOANS. A loan may be made after the first Certificate Anniversary, upon the assignment of this Certificate to us as security. A loan will be given as of any Monthly Anniversary Date, if enough Cash Value is available. The assignment of this Certificate to us must be in writing and satisfactory to us. We may defer providing the loan for a period of not more than 6 months from the time of request. **FILED STATE OF TENNESSEE**

LOAN VALUE. The amount of the loan must be such that the resulting total debt plus interest, will not be greater than the Cash Value as of the date the loan is approved, less the applicable Surrender Charge. **MAY 2 2000**
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CERTIFICATE LOANS (CONTINUED)

LOAN INTEREST. Loan interest will accrue daily at the loan interest rate of .02055 in arrears, which is 7.5% per year. Interest will become part of the Debt as it accrues. Such interest will be payable on each Certificate Anniversary and on the date the loan is repaid. If the interest is not paid when due, it will then be added to the loan and will bear interest at the same rate.

LOAN REPAYMENT. Repayment of any Debt may be made in full or in part at any time before this Certificate terminates. All funds received by us will be credited to this Certificate as premiums, unless clearly marked for loan repayment. Loan repayments will be applied to the Cash Value which is securing a loan.

Any Debt will be deducted from the amount payable at the Insured's death, at the Maturity Date or at the surrender of this Certificate. If at any time while this Certificate is in force the Debt equals or exceeds the Cash Value, the Grace Period provision will apply.

NONFORFEITURE PROVISIONS

CASH VALUE. The Cash Value on the Certificate Issue Date will be the Cash Value provided by the initial premium, less the Current Administration Charge.

On each Monthly Anniversary Date while this Certificate is in force, the Cash Value will be calculated as follows:

- (1) The Cash Value on the preceding Monthly Anniversary Date; plus
- (2) The interest credit on (1) above as described in the Interest Credits provision; plus
- (3) The premium received since the preceding Monthly Anniversary Date.

Minus: (1) The Current Administration Charge; and
 (2) The sum of:
 (a) any Partial Surrender made on the Monthly Anniversary Date; and
 (b) any Partial Surrender Charge on the Monthly Anniversary Date; and
 (c) the Monthly Deduction for the month following the Monthly Anniversary Date.

On any day other than the Monthly Anniversary Date, the Cash Value will be calculated as:

- (1) The Cash Value on the preceding Monthly Anniversary Date; plus
- (2) The premium received since the preceding Monthly Anniversary Date; minus
- (3) The Current Administration Charge.

INTEREST CREDITS. On each Monthly Anniversary Date, an interest crediting rate will be set which will be used to credit interest on all Cash Value not securing any Debt. The interest crediting rate will be equal to 1/12th of the greatest of (1), (2) and (3), where:

- (1) Is a rate which we declare quarterly in advance;
- (2) 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 1/2 of 1 percent; and
- (3) Is the Guaranteed Interest Rate of 4.5%.

NONFORFEITURE PROVISIONS (CONTINUED)

If the scheduled auction program is discontinued, we reserve the right to substitute an index which in our sole opinion is a comparable index.

The amount of the interest credit to be added to the Cash Value will be determined each Monthly Anniversary Date by applying the applicable interest crediting rate to all Cash Value not securing any Debt. The monthly interest rate applicable to that portion of Cash Value securing any Debt will be 0.5% (6.0% per annum).

MONTHLY DEDUCTION. The Monthly Deduction for a certificate month will be calculated as the Cost of Insurance for this Certificate plus the charges for any additional benefits attached to this Certificate.

COST OF INSURANCE. The Cost of Insurance charge for the Insured is determined on a monthly basis. This charge is calculated as (1) multiplied by (2), minus (3), where:

- (1) Is the Cost of Insurance Rate;
- (2) Is the Death Benefit at the beginning of the certificate month, divided by the sum of one plus the monthly minimum guaranteed interest rate; and
- (3) Is the Cash Value at the beginning of the certificate month.

COST OF INSURANCE RATES. The monthly Cost of Insurance Rate is based on the Insured's attained age for the initial Face Amount and any increases in Face Amount. If there have been any increases in Face Amount, the Cash Value will first be considered to be a part of the Initial Face Amount. If the Cash Value exceeds the initial Face Amount, it will be considered a part of any increase in the order of such increases.

The Cost of Insurance Rates can change on any of the following dates:

- (1) Any date after the Group Policy has been in effect for 3 years;
- (2) The date any Group Policy terms are changed; or
- (3) The effective date of any new law or regulation which affects our liability under the Group Policy.

Any change will be made on a uniform basis for all Insureds of the same class. The Cost of Insurance Rates cannot be more than the TABLE OF GUARANTEED COST OF INSURANCE RATES shown in this Certificate.

BASIS OF COMPUTATION. The interest rate used in the computation of minimum certificate values is shown on the Certificate Schedule. The Cost of Insurance Rates, as described above, are used in the computation of these values. The guaranteed values are not less than the minimum values required by Tennessee law.

CONTINUATION OF INSURANCE. If the Planned Periodic Premium payments are not continued, insurance coverage provided under this Certificate will be continued until the Cash Value, less any Debt, is not enough to cover the Monthly Deduction, as provided in the Grace period provision. However, no continuation of insurance will cause this Certificate to continue beyond the Maturity Date or any termination date for any benefit provided by this Certificate or any additional benefits attached.

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TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES

Attained Age As of Last Birthday	Monthly Rate Per \$1,000	Attained Age As of Last Birthday	Monthly Rate Per \$1,000	Attained Age As of Last Birthday	Monthly Rate Per \$1,000
15	0.10923	42	0.29799	69	2.88535
16	0.12175	43	0.32224	70	3.15501
17	0.13093	44	0.34900	71	3.46702
18	0.13844	45	0.37745	72	3.82964
19	0.14261	46	0.40758	73	4.24436
20	0.14512	47	0.43939	74	4.70310
21	0.14512	48	0.47373	75	5.19771
22	0.14345	49	0.51144	76	5.72078
23	0.14179	50	0.55419	77	6.26743
24	0.13927	51	0.60199	78	6.84166
25	0.13677	52	0.65569	79	7.46481
26	0.13510	53	0.71699	80	8.15975
27	0.13427	54	0.78421	81	8.95020
28	0.13510	55	0.85568	82	9.85537
29	0.13677	56	0.93142	83	10.87400
30	0.14011	57	1.00976	84	11.98990
31	0.14428	58	1.09406	85	13.18347
32	0.14929	59	1.18520	86	14.44494
33	0.15597	60	1.28741	87	15.77107
34	0.16432	61	1.40413	88	17.16553
35	0.17350	62	1.53794	89	18.64562
36	0.18519	63	1.68893	90	20.23621
37	0.19855	64	1.85634	91	21.98546
38	0.21442	65	2.03683	92	23.97963
39	0.23280	66	2.22879	93	26.42036
40	0.25285	67	2.43142	94	29.76061
41	0.27458	68	2.64652		

Based on the 1980-CSO-B Mortality Table

WHEN INSURANCE STOPS

EMPLOYEE: Insurance coverage provided by this Certificate, and any additional benefits attached, will cease at the end of the month during which the first of the following occurs:

- (1) You fail to pay, when due, any premium required for insurance provided by this Certificate, subject to the Grace Period;
- (2) The Maturity Date of this Certificate;
- (3) You request in writing to us, at least 30 days in advance, to cancel or surrender this Certificate;
- (4) The Group Policy providing this coverage terminates.

DEPENDENT SPOUSE: Insurance coverage provided by this Certificate, and any additional benefits attached, will cease at the end of the month during which the first of the following occurs:

- (1) You fail to pay, when due any premium required for insurance provided by this Certificate, subject to the Grace Period;
- (2) The Maturity Date of this Certificate;
- (3) You request in writing to us, at least 30 days in advance to cancel or surrender this Certificate;
- (4) The Group Policy providing the coverage terminates.

SURRENDER PROVISIONS

SURRENDER OF THE CERTIFICATE. Upon written request to us at our Home Office, you may surrender this Certificate on any Monthly Anniversary Date while this Certificate is in force. At the time of surrender, all insurance in force under this Certificate, and any additional benefits attached, will terminate.

SURRENDER VALUE. The Surrender Value payable on surrender of this Certificate will be:

- (1) The Cash Value on the date of surrender, as described in the Cash Value section (without deducting the Cost of Insurance charge); minus
- (2) The Surrender Charge as shown in the Table of Surrender Charges; minus
- (3) The amount of any Debt.

This Surrender Value will be paid in cash or under an elected optional mode of settlement. We reserve the right to defer payment for the period permitted by law, except to pay premiums, but not more than 6 months from the receipt of the written request for surrender. Surrender Charges will not reduce the Surrender Value transferred from a converted certificate.

SURRENDER CHARGE. A Surrender Charge will be deducted from the Cash Value if this Certificate is surrendered within the first 5 years from the Certificate Issue Date. The amount of the Surrender Charge will increase if the Face Amount of this Certificate is increased. The total Surrender Charge will then equal the sum of the charge for the Initial Face Amount plus the applicable Surrender Charge increase. The Surrender Charge will only apply to Annual Premiums for non-converted Face Amounts.

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SURRENDER PROVISIONS (CONTINUED)**Table of Surrender Charges**

Certificate Year	Surrender Charge as Percentage of Annual Premium
1 through 4	40%
5	20%
6 and after	0%

PARTIAL SURRENDERS. A partial surrender may be requested in writing on any Monthly Anniversary Date. A Partial Surrender Charge, shown on the Certificate Schedule, will apply to each partial surrender. There may be a maximum of 2 partial surrenders per certificate year. We reserve the right to defer payment for the period permitted by law, except to pay premiums, but not more than 6 months from the receipt of the written request for partial surrender.

The Cash Value, as of the Monthly Anniversary Date on which a Partial Surrender is made, will be reduced by the sum of the amount of the Partial Surrender and the Partial Surrender Charge. The Face Amount will be reduced, as of the Monthly Anniversary Date, by the amount surrendered. Each partial surrender will reduce the Face Amount in the following order:

- (1) Each increase in Face Amount, in order of such increases, beginning with the most recent increase.
- (2) The Face Amount when the certificate was originally issued.

No partial surrender may reduce the Face Amount of this Certificate below the Minimum Face Amount Allowed as shown on the Certificate Schedule.

TERMINATION OF EMPLOYMENT OR ELIGIBILITY

If you terminate your employment or the Dependent Spouse becomes ineligible for coverage because of the Employer's eligibility rules, the following options will apply:

- (1) Withdraw the Cash Value of this Certificate;
- (2) Continue this Certificate on a direct billing basis with us; or
- (3) Use the Cash Value to support premium payments.

Failure to notify us of a change in eligibility status of the Dependent Spouse will result in termination of all coverage provided by this Certificate and a forfeiture of the above options.

TERMINATION OF POLICY OR CLASS

If the life insurance provided by the Group Policy has been in effect for at least 5 years and the plan ends or the plan ceases to include your class of employees, coverage may be converted to an individual universal life policy, subject to the same conversion restrictions included in the Termination of Employment or Eligibility above, except as provided below. The converted policy will be limited to the lesser of:

TERMINATION OF POLICY OR CLASS (CONTINUED)

- (1) The amount of life insurance the Insured had under the plan, less any amount of life insurance the Insured becomes eligible for under another group policy within 31 days after the coverage under this plan ends; or
- (2) \$2,000.

The converted policy will become effective at the end of the 31 day period allowed for conversion. If the Insured dies during that period, the amount of life insurance he/she could have converted will be paid to the beneficiary. The converted policy will be limited to face amounts up to the amounts in force at the time of conversion with no evidence or insurability required.

GENERAL PROVISIONS

ANNUAL STATEMENT. Each year a statement will be sent to you which shows the current status of this Certificate and activity since the last report. Included will be the current Death Benefit, Cash Surrender Value, premiums paid, expense charges, Cost of Insurance charges, interest credits, Partial Surrender Charges and loan balances, as applicable.

APPLICABLE TAX LAW. For this Certificate to receive the tax treatment accorded to the life insurance under federal law, the coverage must qualify as life insurance under the Internal Revenue Code. We reserve the right to make changes in the Group Policy and/or this Certificate in order for this coverage to continue to qualify as life insurance. Any such changes will apply uniformly to all Certificates under the Group Policy.

ASSIGNMENT. You may assign all rights and interests under this Certificate. After the Insured's death, the beneficiary may assign the benefits which are payable to him/her. We will not be responsible for any assignment being valid or sufficient. No assignment will be binding on us until it has been filed and approved at our Home Office. Any assignment will be subject to any payments made or action taken by us before it was filed.

BENEFICIARY. The beneficiary will be as named in the application. You or your estate will be the beneficiary if:

- (1) No beneficiary designation is in effect at the Insured's death; or
 (2) There is no designated beneficiary living at the Insured's death.

At any time prior to the Insured's death, you may change a revocable beneficiary. Any such change must be in writing. If a beneficiary has been named irrevocably, a change can be made only with the written consent of such beneficiary. To be binding on us the change must be signed by you and any irrevocable beneficiary and must be filed and approved by the Employer. Any such change will take effect as of the date it was signed, subject to any payment made or other action taken before the change was filed.

INCONTESTABILITY. We will not contest this Certificate after it has been in force, during the Insured's lifetime for 2 years from the Certificate Issue Date, except for nonpayment of premiums. Any increase in coverage effective after the Certificate Issue Date will be incontestable only after such increase has been in force during the Insured's lifetime for 2 years from the effective date of such increase.

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GENERAL PROVISIONS (CONTINUED)

MISSTATEMENT OF AGE. If the Insured's age has been misstated, benefits payable under this Certificate will be the amount of insurance which the Monthly Deductions would have provided at the correct age.

NON-PARTICIPATING. This Certificate does not participate in our profits or surplus. No dividends are payable.

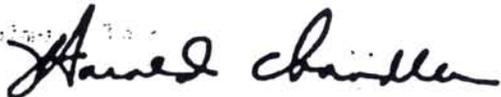
OPTIONAL SETTLEMENT. Upon request, all or part of the amount payable upon death will be paid in equal monthly installments. Such request must be made in writing. After the Insured's death, a beneficiary, other than the estate of the Insured, must make the written request concerning settlement. The terms of the settlement must agree with our practice at the time of the request.

OWNER. The Owner is the person who may exercise all rights under this Certificate, subject to the rights of any irrevocable beneficiary or assignee. On the Certificate Issue Date, the owner of all coverages applied for is the Employee. During the lifetime of the Insured, the Owner may be changed. A change of Owner must be made in writing. The change will be effective as of the date the request was signed, whether or not the Insured, the new owner or you are living when the request for change is received. Our liability will be discharged to the extent of any payment made or action taken prior to such receipt.

PROJECTION OF BENEFITS AND VALUES. We will provide a projection of Death Benefits and Cash Values once a year upon your written request. Additional requests during the year will be subject to payment of the fee in effect for this service. The projections will be made for a period of at least 20 years. All values will be based on the actual Cash Value, Face Amount and Planned Periodic Premiums at the date of the report. One projection of Cash Values and Death Benefits will be based on the minimum interest crediting rate and the maximum cost of insurance charge. An alternate projection of values will be based on assumptions as to future interest crediting rates and future cost of insurance charges that we deem reasonable.

SUICIDE EXCLUSION. If the Insured dies by suicide within 2 years from the Certificate Issue Date, the amount payable, in place of all other benefits, will be limited to the premiums paid, less any Debt and any Partial Surrenders. For any increase in Face Amount, the 2 year exclusion period will be measured from the effective date of any such increase. The Death Benefit proceeds with respect to such increase will be limited to the Cost of Insurance charges deducted for such increase during the applicable 2 year exclusion period.

UPDATES TO CERTIFICATE SCHEDULE. A revised Certificate Schedule will be provided for substitution if: (1) The Face Amount decreases; or (2) A supplementary benefit is added or changed. An additional Certificate Schedule will be issued if the Face Amount is increased, which shows the additional costs for the increase.


J. Harold Chandler
President


Susan N. Roth
Secretary

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY
1 Fountain Square; Chattanooga, Tennessee 37402

**WAIVER OF PREMIUM PROVISION
 FOR OPTIONAL UNIVERSAL LIFE NSURANCE**

Waiver of Premium Benefit. During your Total Disability, we will credit the Monthly Deduction as a monthly premium for each premium becoming due under the Certificate for your insurance coverage which begins before attainment of age 60. Should premium payments not be made during the period of Total Disability before we approved the claim, coverage will continue as described in the Continuation of Insurance provision in the Certificate. No amounts will be credited for more than 1 year prior to the date on which due proof of claim is received at our Home Office. In this provision, references to "you" or "your" mean the person shown as the Insured on the Certificate Schedule.

Date Waiver Begins. We must receive due proof that the Total Disability has continued without interruption for at least 9 months. We will credit such Monthly Deduction on each Monthly Anniversary Day, beginning with the first one occurring on or after the date that such Total Disability has continued for 9 months. Due proof must be provided while the Certificate is in force and within 12 months of the date that Total Disability began. However, if it was not reasonably possible to provide Proof of Claim within the time described above, premiums will be credited if proof is received as soon as reasonably possible.

Definition of Total Disability. Total Disability means your complete incapacity, as a result of Illness as defined herein, to:

- (1) In the case of a spouse, engage in your regular and usual activities, including any occupation for remuneration or profit; or
- (2) In the case of an employee, engage in any occupation for remuneration or profit, which you are, or may be, reasonably fitted by education, training or experience.

In addition, the irrecoverable loss of the following will be deemed Total Disability:

- (1) The entire sight of both eyes; or
- (2) The entire use of: both hands; both feet; or 1 hand and 1 foot.

Illness. Illness means:

- (1) Bodily injury or disease; or
- (2) Pregnancy, childbirth, or a condition which arises from either.

Amount of Insurance During Waiver Period. The amount of your life insurance coverage during the period that premiums are waived will be that amount which was in force just before the waiver began.

Proof of Total Disability. You must furnish proof of Total Disability whenever we require; however, not more often than once each year.

Date Waiver Ends. The waiver of premium will end on the earliest of the following:

- (1) The date you cease to be Totally Disabled;
- (2) The date proof of Total Disability is requested, but not provided;
- (3) The date you attain age 60. This will not cause benefits to cease for Total Disability which began before that date; or
- (4) The date the Certificate terminates.

If premium payments are resumed within 31 days after the waiver of premium ends, you will be insured for the amount of insurance which was in force just before the waiver began.

Certificate Provisions. All provisions and conditions of the Certificate apply to this Waiver of Premium Provision, except as explained above.

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Dept. Of Commerce & Insurance
 COMMISSIONER OF INSURANCE
 Life & Health Actuarial Section



SUSAN N. ROTH
 Secretary

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY
1 Fountain Square; Chattanooga, Tennessee 37402

ADVANCE BENEFIT OPTION RIDER
FOR OPTIONAL UNIVERSAL LIFE INSURANCE

You may request an advance on the Death Benefit proceeds defined in the Certificate when a Physician diagnoses the Insured as having a life expectancy of 6 months or less.

DEFINITIONS

Physician means a United States licensed practitioner, practicing within the scope of his/her license. A Physician must be someone other than the Insured or his/her family members.

Requested Amount of the Advance Benefit is elected at the time you exercise this Option. You may elect an amount up to a maximum of 50% of the Certificate's Face Amount in force.

BENEFIT PAYMENT PROVISIONS

Advance Benefit Proceeds. The Advance Benefit proceeds equal the excess of the Requested Amount over the sum of (1) and (2) and (3), where:

- (1) Is an amount which reflects the actuarial loss of interest on the Advance Benefit. This amount will be based on: (a) an annual interest rate of 7.5%; and (b) our assumptions of reduced life expectancy (no greater than 6 months); and
- (2) Is any premium and Monthly Deduction due and unpaid at the time we approve your request; and
- (3) Is a reduction to repay a portion of any Debt. The amount of the reduction will be determined as (a) multiplied by (b), where:
 - (a) is any Debt; and
 - (b) is the Requested Amount divided by the Face Amount at the time we approve your request.

However, in no event will the amount of such reduction be greater than 50% of any Debt.

The amount of Advance Benefit Proceeds, regardless of the number of policies and/or certificates in force for the Insured with an Advance Benefit Option, is subject to a maximum of \$100,000. A reduction will be made from this maximum for the amount required to repay a portion of any Debt, as described herein.

When this Option has been exercised, we will send you a statement specifying the effect on: (1) The Face Amount of the Certificate; (2) Death Benefit; (3) Cash Values; (4) Any Debt; and (5) Any future charges, premiums or costs defined in the Certificate.

The Advance Benefit Proceeds will be paid in a lump sum to you. Upon the death of the Insured, the Death Benefit Proceeds, reduced by the Requested Amount, will be payable to the beneficiary. The percentage designation for any beneficiary for the Death Benefit will apply to such reduced Death Benefit Proceeds.

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The benefit paid under this rider may be taxable. If so, you or your beneficiary may incur a tax obligation. As with all tax matters, you should consult your personal tax advisor to assess the impact of the benefit.

Conditions. This Option will be subject to all of the following:

- (1) A satisfactorily completed Claimant's Statement must be received by us to exercise this Option.
- (2) A completed Attending Physician's Statement must be received by us during the Insured's lifetime, which:
 - (a) gives the diagnosis of the Insured's medical condition; and
 - (b) certifies that the Insured has a life expectancy of 6 months or less.
- (3) The diagnosis of the medical condition must be made after the Certificate Issue Date. Also, the Certificate and this rider must be in force at the time of such diagnosis.
- (4) We reserve the right to require a second opinion and examination of the Insured. This will be at our expense, by a Physician designated by us and will be considered the final opinion.
- (5) We must receive consent of any irrevocable beneficiary and/or assignee that this Option may be exercised. We reserve the right to require written consent from the Insured, a spouse, other beneficiaries, or any other person if, in our discretion, such person's consent is necessary to protect our interests.
- (6) The amount payable on surrender or maturity of the Certificate and the amount available for future loans will be reduced by an amount equal to a prorata portion of the Cash Value of the Certificate. Such prorata portion will be in the same proportion to the Cash Value as the Requested Amount is to the Face Amount of the Certificate at the time we approve your request. In no case will the Requested Amount reduce the amount payable on surrender or maturity to less than zero.
- (7) This Option may be exercised only once under the Certificate. If requests under more than one policy and/or certificate are pending with us at the same time, we will process the requests in the order we received them.
- (8) If the death of the Insured occurs before we approve your request, no benefit will be payable under this rider. Our liability will be discharged to the extent of any payment made or action taken prior to the receipt of proof of the death of the Insured.
- (9) The exercise of this Option will not affect future premiums becoming due or Monthly Deductions required by the Certificate, except as provided in the Extended Benefits section.

FURTHER PROVISIONS

Extended Benefits. We will credit the Monthly Deduction as a monthly premium to the Certificate on each Monthly Anniversary Date. The date of the first such credit will be the Monthly Anniversary Date first occurring on or after the date we approve your request to exercise this Option. Amounts credited will cease after 12 months following the date we approved your request.

Effect on Total Disability Benefits. To avoid duplication of benefits, no Extended Benefits will be applicable during any period of Total Disability of the Insured, as defined in any Waiver of Premium Provision included in the Certificate.

Reinstatement. If the Certificate lapses and is reinstated later, this rider may also be reinstated if this Option has not been exercised prior to the reinstatement. If this Option has been exercised:

- (1) This rider cannot be reinstated;
- (2) The Death Benefit proceeds under the reinstated certificate will be reduced by the Requested Amount; and
- (3) Any amounts payable on surrender or maturity under the reinstated certificate will be reduced by a prorata portion of the Cash Value of the certificate. Such prorata portion will be in the same proportion to the Cash Value as the Requested Amount is to the Face Amount of the Certificate at the time we approve your request for reinstatement.

Termination. This rider will terminate on the earliest of the following: (1) The date we receive written request for termination from you; (2) Termination of the Certificate; (3) Maturity Date of the Certificate; or (4) Death of the Insured.

Certificate Provisions. All provisions and conditions of the Certificate apply to this rider, except as explained above.



Susan N. Roth
Secretary

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**Optional Universal Life
 Monthly Premium Rates per \$1,000 including Waiver**

Issue Age	Monthly Premium Rate/\$1,000 w/ Waiver	Issue Age	Monthly Premium Rate/\$1,000 w/ Waiver
15	\$0.21	45	\$1.11
16	0.22	46	1.22
17	0.23	47	1.32
18	0.24	48	1.44
19	0.25	49	1.55
20	0.26	50	1.66
21	0.27	51	1.86
22	0.29	52	2.08
23	0.30	53	2.29
24	0.32	54	2.51
25	0.33	55	2.72
26	0.35	56	2.82
27	0.37	57	2.91
28	0.38	58	3.01
29	0.40	59	3.10
30	0.42	60	2.86
31	0.45	61	3.02
32	0.48	62	3.18
33	0.50	63	3.34
34	0.54	64	3.50
35	0.57	65	3.66
36	0.61	66	3.87
37	0.65	67	4.07
38	0.70	68	4.28
39	0.74	69	4.48
40	0.79	70	4.69
41	0.85	71	4.97
42	0.91	72	5.25
43	0.98	73	5.53
44	1.05	74	5.81
		75	6.09

NOTE: These rates have been in effect since January 1, 2000.

**Optional Universal Life
Monthly Cost of Insurance Rates per \$1,000 including Waiver**

Attained Age	Monthly COI Rate/\$1,000 w/ Waiver	Attained Age	Monthly COI Rate/\$1,000 w/ Waiver
15	\$0.05356	55	\$0.61838
16	0.06313	56	0.70194
17	0.06808	57	0.77975
18	0.07198	58	0.86288
19	0.07517	59	0.95167
20	0.07765	60	0.71613
21	0.07871	61	0.78660
22	0.07871	62	0.86240
23	0.07800	63	0.94421
24	0.07694	64	1.03346
25	0.07552	65	1.13121
26	0.07375	66	1.23887
27	0.07198	67	1.35752
28	0.07127	68	1.48785
29	0.07056	69	1.63165
30	0.07021	70	1.79031
31	0.07092	71	1.96456
32	0.07198	72	2.15723
33	0.07410	73	2.37221
34	0.08729	74	2.61410
35	0.09119	75	2.88681
36	0.09579	76	3.19281
37	0.10146	77	3.53529
38	0.10854	78	3.91567
39	0.11669	79	4.33288
40	0.13625	80	4.78798
41	0.14794	81	5.27850
42	0.16033	82	5.80479
43	0.17415	83	6.37287
44	0.19938	84	6.99054
45	0.21638	85	7.65708
46	0.24479	86	8.37321
47	0.26427	87	9.13821
48	0.29552	88	9.94960
49	0.32819	89	10.79890
50	0.36298	90	11.68290
51	0.39990	91	12.60090
52	0.45000	92	13.55360
53	0.50294	93	14.54031
54	0.55871	94	15.56173

NOTE: These rates have been in effect since January 1, 2000.

Administrative Fees and Charges, Interest Crediting Rates - Universal

Monthly Administrative Charges

\$1.00 per month

Waiver of Premium Charge

10% of Cost of Insurance Rate

Surrender Charges on Increases from Date of Increase

Years 1 through 4 40% of Annual Premium

Year 5 20% of Annual Premium

Year 6 None

Maximum \$40 per \$1000 of Insurance Coverage

Partial \$25

Nominal Annual Universal Life Crediting Rates

2000 6.00%

2001 6.31%

2002 6.31%

2003 5.80%

2004 5.13%

Paid Premium and Paid Claims**Optional Universal Life**

Contract Year	COI Charges	Paid Claims	Net Paid Claims	Claim Count
2000	\$1,551,224	\$2,856,406	\$2,296,352	99
2001	\$1,624,939	\$2,985,573	\$2,355,373	107
2002	\$1,708,822	\$3,404,742	\$2,644,034	98
2003	\$1,793,994	\$3,159,997	\$2,483,182	98

Waiver of Premium Reserves - Universal

	Active Life Reserves	Disabled Life Reserves
2000		\$444,401
2001		\$492,997
2002	\$4,226	\$565,540
2003	\$4,089	\$605,821

Waiver of Premium New and Active Claims - Universal

data as of the end of the year indicated

2000	17	158
2001	21	168
2002	22	179
2003	30	202

Appendix 7.4 - Universal Life Data and History.xls
UL6: Optional Universal Life - Enrollment by Attained Age - December 2003
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Optional UL Enrollment Information by Attained Age
December 2003
(both methods of payment)
Does Not Include Pending Policies or Policies on Waiver

Age	Employee		Spouse		Age	Employee		Spouse	
	Lives	Volume	Lives	Volume		Lives	Volume	Lives	Volume
18	2	\$60,000	0	\$0	53	318	\$13,661,142	51	\$655,000
19	7	320,000	0	0	54	322	14,028,706	53	650,000
20	19	730,000	0	0	55	347	15,491,803	45	550,000
21	26	995,000	0	0	56	385	16,266,491	54	730,000
22	36	1,260,000	7	130,000	57	308	12,239,471	36	400,000
23	49	1,596,000	12	175,000	58	240	9,687,611	35	417,000
24	76	2,795,000	12	165,000	59	261	10,602,097	36	430,000
25	88	3,135,000	23	365,000	60	260	9,899,785	27	270,000
26	107	4,533,000	25	420,000	61	282	10,767,510	28	285,000
27	103	4,238,000	17	330,000	62	219	7,407,501	18	220,000
28	139	5,566,000	37	700,000	63	191	6,757,570	20	185,000
29	142	6,165,756	39	650,000	64	178	6,532,848	16	145,000
30	153	6,115,000	44	690,000	65	200	8,005,756	9	70,000
31	151	6,364,000	46	865,000	66	188	6,682,755	15	100,000
32	143	6,075,000	46	815,000	67	170	6,111,273	10	80,000
33	219	9,633,000	64	1,125,000	68	120	4,353,405	14	80,000
34	179	8,435,000	50	905,000	69	123	4,129,611	10	70,000
35	201	9,727,000	57	996,000	70	110	3,660,015	4	20,000
36	201	8,265,000	51	790,000	71	103	2,896,276	7	55,000
37	209	9,336,000	64	1,003,000	72	99	3,177,064	6	65,000
38	229	10,685,000	53	940,000	73	70	2,185,728	4	25,000
39	223	11,277,571	65	1,050,000	74	66	1,609,982	4	35,000
40	223	10,077,493	52	902,000	75	69	2,065,190	5	30,000
41	245	10,748,000	63	1,115,000	76	67	1,742,573	2	10,000
42	283	12,472,801	61	965,000	77	64	1,484,614	2	20,000
43	303	14,704,276	58	895,000	78	50	1,072,853	0	0
44	296	12,573,756	54	870,000	79	29	723,644	1	5,000
45	342	15,316,655	59	860,000	80	32	726,019	0	0
46	287	11,537,235	58	990,000	81	15	308,553	0	0
47	310	12,983,622	54	845,000	82	14	348,644	0	0
48	309	13,992,448	56	885,000	83	5	61,879	0	0
49	308	13,759,687	49	720,000	84	5	107,179	0	0
50	364	16,242,125	45	675,000	85	2	12,014	0	0
51	309	14,092,146	51	790,000	86	4	33,244	1	15,000
52	315	13,546,195	32	455,000	87	1	10,000	0	0
					Totals	11,513	\$474,203,572	1,917	\$28,698,000

Optional Universal Life
Enrollment Information by Issue Age
December 2003
(both methods of payment)

Age	Employee		Spouse		Age	Employee		Spouse	
	Lives	Volume	Lives	Volume		Lives	Volume	Lives	Volume
17	0	\$0	1	\$15,000	49	304	\$10,025,863	38	\$445,000
18	26	925,000	2	50,000	50	267	8,446,401	42	585,000
19	67	2,445,000	1	20,000	51	199	7,182,536	41	490,000
20	89	3,142,000	5	60,000	52	202	5,965,895	38	450,000
21	97	3,956,000	17	235,000	53	165	5,573,426	35	340,000
22	166	6,405,000	23	365,000	54	161	4,256,164	34	462,000
23	201	7,965,493	27	370,000	55	144	4,110,986	26	245,000
24	243	11,155,000	32	545,000	56	101	2,847,310	27	260,000
25	262	10,415,552	40	675,000	57	92	2,143,995	14	117,000
26	301	14,199,772	61	1,065,000	58	95	3,147,584	17	130,000
27	294	14,067,000	50	926,000	59	88	2,034,493	10	80,000
28	319	14,958,618	47	775,000	60	83	2,154,771	17	110,000
29	325	15,681,947	51	795,000	61	80	1,701,836	12	115,000
30	364	17,200,293	61	1,090,000	62	35	830,780	7	60,000
31	327	16,130,092	66	1,185,000	63	51	1,480,816	7	60,000
32	359	16,718,200	69	1,170,000	64	26	513,553	6	50,000
33	400	20,593,193	62	1,080,000	65	23	508,644	4	25,000
34	370	16,911,132	76	1,303,000	66	8	111,879	5	40,000
35	381	18,175,630	73	1,155,000	67	13	197,179	4	25,000
36	407	19,725,201	62	990,000	68	6	122,014	5	40,000
37	425	19,701,859	63	997,000	69	5	53,244	5	60,000
38	458	20,580,260	52	805,000	70	2	55,000	1	10,000
39	452	19,495,711	61	1,075,000	71	0	0	2	20,000
40	424	18,092,608	61	960,000	72	0	0	0	0
41	362	15,446,039	73	1,235,000	73	1	10,000	0	0
42	383	15,482,785	55	815,000	74	0	0	0	0
43	376	14,838,065	47	710,000	75	0	0	0	0
44	407	16,424,947	46	660,000	76	1	20,000	1	5,000
45	335	11,858,274	51	700,000	77	1	5,000	0	0
46	308	11,558,500	57	835,000	78	0	0	1	15,000
47	310	12,238,569	74	1,045,000	79	2	20,000	0	0
48	314	11,283,237	60	880,000					
					Totals	11,707	\$481,290,346	1,925	\$28,825,000
						Total		13,632	\$510,115,346

STATE OF TENNESSEE LIFE INSURANCE
 ENROLLMENT INFORMATION AS OF 12-31-2003 BY ATTAINED AGE
 OPTIONAL UL - COMBINED PAYROLL AND DIRECT BILL METHODS
 DOES NOT INCLUDE PENDING POLICIES OR POLICIES ON WAIVER

Plan	Age	Employee		Employee	Spouse		Spouse
		Lives	Volume	Cash Value	Lives	Volume	Cash Value
R0186	18	2	\$60,000	\$11	0	\$0	\$0
R0186	19	7	\$320,000	\$561	0	\$0	\$0
R0186	20	19	\$730,000	\$1,291	0	\$0	\$0
R0186	21	26	\$995,000	\$2,164	0	\$0	\$0
R0186	22	36	\$1,260,000	\$3,925	7	\$130,000	\$724
R0186	23	49	\$1,596,000	\$5,854	12	\$175,000	\$478
R0186	24	76	\$2,795,000	\$10,035	12	\$165,000	\$407
R0186	25	88	\$3,135,000	\$14,760	23	\$365,000	\$1,456
R0186	26	107	\$4,533,000	\$28,000	25	\$420,000	\$2,641
R0186	27	103	\$4,238,000	\$26,377	17	\$330,000	\$1,999
R0186	28	139	\$5,566,000	\$38,404	37	\$700,000	\$3,875
R0186	29	142	\$6,165,756	\$45,203	39	\$650,000	\$5,018
R0186	30	153	\$6,115,000	\$49,876	44	\$690,000	\$4,210
R0186	31	151	\$6,364,000	\$53,440	46	\$865,000	\$6,629
R0186	32	143	\$6,075,000	\$65,658	46	\$815,000	\$8,164
R0186	33	219	\$9,633,000	\$114,793	64	\$1,125,000	\$10,987
R0186	34	179	\$8,435,000	\$105,094	50	\$905,000	\$11,947
R0186	35	201	\$9,727,000	\$148,737	57	\$996,000	\$11,685
R0186	36	201	\$8,265,000	\$144,536	51	\$790,000	\$11,329
R0186	37	209	\$9,336,000	\$171,216	64	\$1,003,000	\$15,100
R0186	38	229	\$10,685,000	\$223,418	53	\$940,000	\$15,862
R0186	39	223	\$11,277,571	\$285,750	65	\$1,050,000	\$19,334
R0186	40	223	\$10,077,493	\$277,170	52	\$902,000	\$17,671
R0186	41	245	\$10,748,000	\$340,401	63	\$1,115,000	\$21,701
R0186	42	283	\$12,472,801	\$426,243	61	\$965,000	\$25,484
R0186	43	303	\$14,704,276	\$541,675	58	\$895,000	\$24,578
R0186	44	296	\$12,573,756	\$513,678	54	\$870,000	\$25,072
R0186	45	342	\$15,316,655	\$672,784	59	\$860,000	\$26,151
R0186	46	287	\$11,537,235	\$590,335	58	\$990,000	\$31,293
R0186	47	310	\$12,983,622	\$764,148	54	\$845,000	\$32,144
R0186	48	309	\$13,992,448	\$839,271	56	\$885,000	\$33,311
R0186	49	308	\$13,759,687	\$915,373	49	\$720,000	\$30,427
R0186	50	364	\$16,242,125	\$1,236,153	45	\$675,000	\$30,376
R0186	51	309	\$14,092,146	\$1,130,062	51	\$790,000	\$40,754
R0186	52	315	\$13,546,195	\$1,207,874	32	\$455,000	\$29,939
R0186	53	318	\$13,661,142	\$1,460,588	51	\$655,000	\$41,002
R0186	54	322	\$14,028,706	\$1,636,309	53	\$650,000	\$45,748
R0186	55	347	\$15,491,803	\$1,941,514	45	\$550,000	\$47,111
R0186	56	385	\$16,266,491	\$2,283,071	54	\$730,000	\$66,459
R0186	57	308	\$12,239,471	\$1,860,979	36	\$400,000	\$43,034
R0186	58	240	\$9,687,611	\$1,618,194	35	\$417,000	\$47,282
R0186	59	261	\$10,602,097	\$1,968,999	36	\$430,000	\$45,337
R0186	60	260	\$9,899,785	\$2,043,633	27	\$270,000	\$39,204
R0186	61	282	\$10,767,510	\$2,320,752	28	\$285,000	\$47,872
R0186	62	219	\$7,407,501	\$1,822,670	18	\$220,000	\$37,696
R0186	63	191	\$6,757,570	\$1,766,887	20	\$185,000	\$26,955

R0186	64	178	\$6,532,848	\$2,080,601	16	\$145,000	\$38,612
R0186	65	200	\$8,005,756	\$2,551,366	9	\$70,000	\$10,990
R0186	66	188	\$6,682,755	\$2,450,922	15	\$100,000	\$28,302
R0186	67	170	\$6,111,273	\$2,428,511	10	\$80,000	\$18,352
R0186	68	120	\$4,353,405	\$1,792,643	14	\$80,000	\$23,669
R0186	69	123	\$4,129,611	\$1,815,061	10	\$70,000	\$17,890
R0186	70	110	\$3,660,015	\$1,852,072	4	\$20,000	\$6,828
R0186	71	103	\$2,896,276	\$1,569,573	7	\$55,000	\$9,322
R0186	72	99	\$3,177,064	\$1,902,598	6	\$65,000	\$8,570
R0186	73	70	\$2,185,728	\$1,205,287	4	\$25,000	\$10,087
R0186	74	66	\$1,609,982	\$1,118,471	4	\$35,000	\$12,358
R0186	75	69	\$2,065,190	\$1,429,558	5	\$30,000	\$11,393
R0186	76	67	\$1,742,573	\$1,249,117	2	\$10,000	\$4,669
R0186	77	64	\$1,484,614	\$1,052,719	2	\$20,000	\$9,158
R0186	78	50	\$1,072,853	\$913,012	0	\$0	\$0
R0186	79	29	\$723,644	\$584,022	1	\$5,000	\$1,955
R0186	80	32	\$726,019	\$573,839	0	\$0	\$0
R0186	81	15	\$308,553	\$281,213	0	\$0	\$0
R0186	82	14	\$348,644	\$373,616	0	\$0	\$0
R0186	83	5	\$61,879	\$58,301	0	\$0	\$0
R0186	84	5	\$107,179	\$122,650	0	\$0	\$0
R0186	85	2	\$12,014	\$7,134	0	\$0	\$0
R0186	86	4	\$33,244	\$42,967	1	\$15,000	\$9,520
R0186	87	1	\$10,000	\$6,723	0	\$0	\$0
		11,513	\$474,203,572	\$59,179,842	1,917	\$28,698,000	\$1,210,126

State of Tennessee Life Insurance
 Enrollment Information as of 12-31-2003 by Attained Age
 Optional UL - Combined Payroll and Direct Bill Methods
 Does not include pending policies

Plan	Insured	Age	Sex	Volume	Tally
R0186	Employee	18	Female	\$55,000	1
R0186	Employee	18	Male	5,000	1
R0186	Employee	18		60,000	2
R0186	Employee	19	Female	170,000	4
R0186	Employee	19	Male	150,000	3
R0186	Employee	19		320,000	7
R0186	Employee	20	Female	440,000	11
R0186	Employee	20	Male	290,000	8
R0186	Employee	20		730,000	19
R0186	Employee	21	Female	515,000	16
R0186	Employee	21	Male	480,000	10
R0186	Employee	21		995,000	26
R0186	Employee	22	Female	775,000	25
R0186	Employee	22	Male	485,000	11
R0186	Employee	22		1,260,000	36
R0186	Employee	23	Female	966,000	33
R0186	Employee	23	Male	630,000	16
R0186	Employee	23		1,596,000	49
R0186	Employee	24	Female	1,770,000	54
R0186	Employee	24	Male	1,025,000	22
R0186	Employee	24		2,795,000	76
R0186	Employee	25	Female	1,705,000	56
R0186	Employee	25	Male	1,430,000	32
R0186	Employee	25		3,135,000	88
R0186	Employee	26	Female	2,575,000	64
R0186	Employee	26	Male	1,958,000	43
R0186	Employee	26		4,533,000	107
R0186	Employee	27	Female	2,343,000	60
R0186	Employee	27	Male	1,895,000	43
R0186	Employee	27		4,238,000	103
R0186	Employee	28	Female	2,955,000	82
R0186	Employee	28	Male	2,611,000	57
R0186	Employee	28		5,566,000	139
R0186	Employee	29	Female	4,130,756	98
R0186	Employee	29	Male	2,110,000	45
R0186	Employee	29		6,240,756	143

R0186	Employee	30 Female	3,680,000	92
R0186	Employee	30 Male	2,435,000	61
R0186	Employee	30	6,115,000	153
R0186	Employee	31 Female	3,634,000	93
R0186	Employee	31 Male	2,730,000	58
R0186	Employee	31	6,364,000	151
R0186	Employee	32 Female	3,840,000	98
R0186	Employee	32 Male	2,235,000	45
R0186	Employee	32	6,075,000	143
R0186	Employee	33 Female	5,236,000	128
R0186	Employee	33 Male	4,397,000	91
R0186	Employee	33	9,633,000	219
R0186	Employee	34 Female	5,075,000	115
R0186	Employee	34 Male	3,360,000	64
R0186	Employee	34	8,435,000	179
R0186	Employee	35 Female	5,238,000	122
R0186	Employee	35 Male	4,489,000	79
R0186	Employee	35	9,727,000	201
R0186	Employee	36 Female	4,694,000	127
R0186	Employee	36 Male	3,606,000	75
R0186	Employee	36	8,300,000	202
R0186	Employee	37 Female	5,473,000	130
R0186	Employee	37 Male	3,895,000	80
R0186	Employee	37	9,368,000	210
R0186	Employee	38 Female	6,091,000	146
R0186	Employee	38 Male	4,624,000	84
R0186	Employee	38	10,715,000	230
R0186	Employee	39 Female	5,872,571	141
R0186	Employee	39 Male	5,405,000	82
R0186	Employee	39	11,277,571	223
R0186	Employee	40 Female	5,968,000	145
R0186	Employee	40 Male	4,109,493	78
R0186	Employee	40	10,077,493	223
R0186	Employee	41 Female	6,942,000	176
R0186	Employee	41 Male	3,886,000	71
R0186	Employee	41	10,828,000	247
R0186	Employee	42 Female	6,821,265	175
R0186	Employee	42 Male	5,821,536	112
R0186	Employee	42	12,642,801	287
R0186	Employee	43 Female	8,257,444	189
R0186	Employee	43 Male	6,491,832	115

R0186	Employee	43	14,749,276	304
R0186	Employee	44 Female	6,674,979	182
R0186	Employee	44 Male	6,058,177	116
R0186	Employee	44	12,733,156	298
R0186	Employee	45 Female	9,059,355	222
R0186	Employee	45 Male	6,462,300	124
R0186	Employee	45	15,521,655	346
R0186	Employee	46 Female	6,899,084	189
R0186	Employee	46 Male	4,713,151	102
R0186	Employee	46	11,612,235	291
R0186	Employee	47 Female	7,741,177	205
R0186	Employee	47 Male	5,346,703	109
R0186	Employee	47	13,087,880	314
R0186	Employee	48 Female	7,839,124	208
R0186	Employee	48 Male	6,263,324	104
R0186	Employee	48	14,102,448	312
R0186	Employee	49 Female	7,510,950	192
R0186	Employee	49 Male	6,564,449	124
R0186	Employee	49	14,075,399	316
R0186	Employee	50 Female	8,421,787	219
R0186	Employee	50 Male	8,104,249	154
R0186	Employee	50	16,526,036	373
R0186	Employee	51 Female	6,816,854	170
R0186	Employee	51 Male	7,625,812	149
R0186	Employee	51	14,442,666	319
R0186	Employee	52 Female	6,342,535	171
R0186	Employee	52 Male	7,508,660	147
R0186	Employee	52	13,851,195	318
R0186	Employee	53 Female	6,913,582	192
R0186	Employee	53 Male	7,281,338	139
R0186	Employee	53	14,194,920	331
R0186	Employee	54 Female	6,765,550	191
R0186	Employee	54 Male	7,769,194	139
R0186	Employee	54	14,534,744	330
R0186	Employee	55 Female	6,105,764	182
R0186	Employee	55 Male	10,010,904	179
R0186	Employee	55	16,116,668	361
R0186	Employee	56 Female	6,799,886	205
R0186	Employee	56 Male	9,611,615	185
R0186	Employee	56	16,411,501	390

R0186	Employee	57 Female	4,514,161	147
R0186	Employee	57 Male	7,948,318	168
R0186	Employee	57	12,462,479	315
R0186	Employee	58 Female	3,901,505	130
R0186	Employee	58 Male	6,023,447	116
R0186	Employee	58	9,924,952	246
R0186	Employee	59 Female	3,788,426	127
R0186	Employee	59 Male	7,057,768	142
R0186	Employee	59	10,846,194	269
R0186	Employee	60 Female	3,770,959	133
R0186	Employee	60 Male	6,567,487	137
R0186	Employee	60	10,338,446	270
R0186	Employee	61 Female	3,929,816	142
R0186	Employee	61 Male	7,318,019	155
R0186	Employee	61	11,247,835	297
R0186	Employee	62 Female	2,772,487	106
R0186	Employee	62 Male	4,810,014	118
R0186	Employee	62	7,582,501	224
R0186	Employee	63 Female	2,280,839	93
R0186	Employee	63 Male	4,569,420	102
R0186	Employee	63	6,850,259	195
R0186	Employee	64 Female	1,901,232	80
R0186	Employee	64 Male	4,769,454	103
R0186	Employee	64	6,670,686	183
R0186	Employee	65 Female	1,920,991	72
R0186	Employee	65 Male	6,309,059	135
R0186	Employee	65	8,230,050	207
R0186	Employee	66 Female	2,190,923	80
R0186	Employee	66 Male	4,689,410	115
R0186	Employee	66	6,880,333	195
R0186	Employee	67 Female	1,665,358	74
R0186	Employee	67 Male	4,565,100	102
R0186	Employee	67	6,230,458	176
R0186	Employee	68 Female	1,189,091	48
R0186	Employee	68 Male	3,294,682	76
R0186	Employee	68	4,483,773	124
R0186	Employee	69 Female	1,358,409	62
R0186	Employee	69 Male	2,832,051	65
R0186	Employee	69	4,190,460	127
R0186	Employee	70 Female	569,054	34
R0186	Employee	70 Male	3,125,431	78
R0186	Employee	70	3,694,485	112

R0186	Employee	71 Female	798,746	47
R0186	Employee	71 Male	2,116,864	57
R0186	Employee	71	2,915,610	104
R0186	Employee	72 Female	610,926	32
R0186	Employee	72 Male	2,601,138	69
R0186	Employee	72	3,212,064	101
R0186	Employee	73 Female	693,279	34
R0186	Employee	73 Male	1,523,373	38
R0186	Employee	73	2,216,652	72
R0186	Employee	74 Female	536,224	32
R0186	Employee	74 Male	1,073,758	34
R0186	Employee	74	1,609,982	66
R0186	Employee	75 Female	581,854	30
R0186	Employee	75 Male	1,503,657	40
R0186	Employee	75	2,085,511	70
R0186	Employee	76 Female	660,234	37
R0186	Employee	76 Male	1,082,339	30
R0186	Employee	76	1,742,573	67
R0186	Employee	77 Female	469,255	35
R0186	Employee	77 Male	1,015,359	29
R0186	Employee	77	1,484,614	64
R0186	Employee	78 Female	213,540	19
R0186	Employee	78 Male	859,313	31
R0186	Employee	78	1,072,853	50
R0186	Employee	79 Female	199,939	12
R0186	Employee	79 Male	523,705	17
R0186	Employee	79	723,644	29
R0186	Employee	80 Female	263,789	20
R0186	Employee	80 Male	462,230	12
R0186	Employee	80	726,019	32
R0186	Employee	81 Female	67,825	5
R0186	Employee	81 Male	240,728	10
R0186	Employee	81	308,553	15
R0186	Employee	82 Female	60,284	5
R0186	Employee	82 Male	288,360	9
R0186	Employee	82	348,644	14
R0186	Employee	83 Female	22,204	3
R0186	Employee	83 Male	39,675	2
R0186	Employee	83	61,879	5
R0186	Employee	84 Female	35,024	2

R0186	Employee	84 Male	72,155	3
R0186	Employee	84	107,179	5
R0186	Employee	85 Female	12,014	2
R0186	Employee	85	12,014	2
R0186	Employee	86 Female	16,524	2
R0186	Employee	86 Male	16,720	2
R0186	Employee	86	33,244	4
R0186	Employee	87 Male	10,000	1
R0186	Employee	87	10,000	1
R0186	Employee		481,290,346	11,707
R0186	Spouse	22 Female	90,000	5
R0186	Spouse	22 Male	40,000	2
R0186	Spouse	22	130,000	7
R0186	Spouse	23 Female	140,000	9
R0186	Spouse	23 Male	35,000	3
R0186	Spouse	23	175,000	12
R0186	Spouse	24 Female	90,000	6
R0186	Spouse	24 Male	75,000	6
R0186	Spouse	24	165,000	12
R0186	Spouse	25 Female	185,000	12
R0186	Spouse	25 Male	180,000	11
R0186	Spouse	25	365,000	23
R0186	Spouse	26 Female	200,000	11
R0186	Spouse	26 Male	220,000	14
R0186	Spouse	26	420,000	25
R0186	Spouse	27 Female	205,000	9
R0186	Spouse	27 Male	125,000	8
R0186	Spouse	27	330,000	17
R0186	Spouse	28 Female	345,000	18
R0186	Spouse	28 Male	355,000	19
R0186	Spouse	28	700,000	37
R0186	Spouse	29 Female	285,000	15
R0186	Spouse	29 Male	365,000	24
R0186	Spouse	29	650,000	39
R0186	Spouse	30 Female	290,000	18
R0186	Spouse	30 Male	400,000	26
R0186	Spouse	30	690,000	44
R0186	Spouse	31 Female	360,000	20

R0186	Spouse	31 Male	505,000	26
R0186	Spouse	31	865,000	46
R0186	Spouse	32 Female	235,000	16
R0186	Spouse	32 Male	580,000	30
R0186	Spouse	32	815,000	46
R0186	Spouse	33 Female	415,000	22
R0186	Spouse	33 Male	710,000	42
R0186	Spouse	33	1,125,000	64
R0186	Spouse	34 Female	340,000	18
R0186	Spouse	34 Male	565,000	32
R0186	Spouse	34	905,000	50
R0186	Spouse	35 Female	411,000	22
R0186	Spouse	35 Male	585,000	35
R0186	Spouse	35	996,000	57
R0186	Spouse	36 Female	335,000	21
R0186	Spouse	36 Male	455,000	30
R0186	Spouse	36	790,000	51
R0186	Spouse	37 Female	408,000	25
R0186	Spouse	37 Male	595,000	39
R0186	Spouse	37	1,003,000	64
R0186	Spouse	38 Female	390,000	20
R0186	Spouse	38 Male	550,000	33
R0186	Spouse	38	940,000	53
R0186	Spouse	39 Female	340,000	21
R0186	Spouse	39 Male	710,000	44
R0186	Spouse	39	1,050,000	65
R0186	Spouse	40 Female	355,000	22
R0186	Spouse	40 Male	547,000	30
R0186	Spouse	40	902,000	52
R0186	Spouse	41 Female	390,000	21
R0186	Spouse	41 Male	725,000	42
R0186	Spouse	41	1,115,000	63
R0186	Spouse	42 Female	255,000	19
R0186	Spouse	42 Male	710,000	42
R0186	Spouse	42	965,000	61
R0186	Spouse	43 Female	285,000	21
R0186	Spouse	43 Male	610,000	37
R0186	Spouse	43	895,000	58
R0186	Spouse	44 Female	365,000	23
R0186	Spouse	44 Male	505,000	31
R0186	Spouse	44	870,000	54

R0186	Spouse	45 Female	320,000	20
R0186	Spouse	45 Male	540,000	39
R0186	Spouse	45	860,000	59
R0186	Spouse	46 Female	290,000	21
R0186	Spouse	46 Male	700,000	37
R0186	Spouse	46	990,000	58
R0186	Spouse	47 Female	315,000	17
R0186	Spouse	47 Male	530,000	37
R0186	Spouse	47	845,000	54
R0186	Spouse	48 Female	310,000	22
R0186	Spouse	48 Male	575,000	34
R0186	Spouse	48	885,000	56
R0186	Spouse	49 Female	315,000	21
R0186	Spouse	49 Male	415,000	29
R0186	Spouse	49	730,000	50
R0186	Spouse	50 Female	290,000	18
R0186	Spouse	50 Male	405,000	28
R0186	Spouse	50	695,000	46
R0186	Spouse	51 Female	180,000	13
R0186	Spouse	51 Male	610,000	38
R0186	Spouse	51	790,000	51
R0186	Spouse	52 Female	205,000	14
R0186	Spouse	52 Male	250,000	18
R0186	Spouse	52	455,000	32
R0186	Spouse	53 Female	280,000	22
R0186	Spouse	53 Male	380,000	30
R0186	Spouse	53	660,000	52
R0186	Spouse	54 Female	180,000	13
R0186	Spouse	54 Male	480,000	41
R0186	Spouse	54	660,000	54
R0186	Spouse	55 Female	160,000	13
R0186	Spouse	55 Male	390,000	32
R0186	Spouse	55	550,000	45
R0186	Spouse	56 Female	315,000	22
R0186	Spouse	56 Male	445,000	33
R0186	Spouse	56	760,000	55
R0186	Spouse	57 Female	200,000	18
R0186	Spouse	57 Male	200,000	18
R0186	Spouse	57	400,000	36
R0186	Spouse	58 Female	209,000	15

R0186	Spouse	58 Male	230,000	21
R0186	Spouse	58	439,000	36
R0186	Spouse	59 Female	235,000	20
R0186	Spouse	59 Male	220,000	17
R0186	Spouse	59	455,000	37
R0186	Spouse	60 Female	185,000	18
R0186	Spouse	60 Male	85,000	9
R0186	Spouse	60	270,000	27
R0186	Spouse	61 Female	60,000	8
R0186	Spouse	61 Male	230,000	21
R0186	Spouse	61	290,000	29
R0186	Spouse	62 Female	85,000	9
R0186	Spouse	62 Male	135,000	9
R0186	Spouse	62	220,000	18
R0186	Spouse	63 Female	60,000	8
R0186	Spouse	63 Male	125,000	12
R0186	Spouse	63	185,000	20
R0186	Spouse	64 Female	75,000	8
R0186	Spouse	64 Male	70,000	8
R0186	Spouse	64	145,000	16
R0186	Spouse	65 Female	30,000	6
R0186	Spouse	65 Male	40,000	3
R0186	Spouse	65	70,000	9
R0186	Spouse	66 Female	50,000	8
R0186	Spouse	66 Male	50,000	7
R0186	Spouse	66	100,000	15
R0186	Spouse	67 Female	20,000	3
R0186	Spouse	67 Male	60,000	7
R0186	Spouse	67	80,000	10
R0186	Spouse	68 Female	25,000	5
R0186	Spouse	68 Male	55,000	9
R0186	Spouse	68	80,000	14
R0186	Spouse	69 Female	30,000	4
R0186	Spouse	69 Male	40,000	6
R0186	Spouse	69	70,000	10
R0186	Spouse	70 Female	5,000	1
R0186	Spouse	70 Male	15,000	3
R0186	Spouse	70	20,000	4
R0186	Spouse	71 Female	5,000	1
R0186	Spouse	71 Male	50,000	6
R0186	Spouse	71	55,000	7

R0186	Spouse	72 Female	10,000	2
R0186	Spouse	72 Male	55,000	4
R0186	Spouse	72	65,000	6
R0186	Spouse	73 Female	15,000	3
R0186	Spouse	73 Male	10,000	1
R0186	Spouse	73	25,000	4
R0186	Spouse	74 Male	35,000	4
R0186	Spouse	74	35,000	4
R0186	Spouse	75 Female	5,000	1
R0186	Spouse	75 Male	25,000	4
R0186	Spouse	75	30,000	5
R0186	Spouse	76 Male	10,000	2
R0186	Spouse	76	10,000	2
R0186	Spouse	77 Female	5,000	1
R0186	Spouse	77 Male	15,000	1
R0186	Spouse	77	20,000	2
R0186	Spouse	79 Female	5,000	1
R0186	Spouse	79	5,000	1
R0186	Spouse	86 Male	15,000	1
R0186	Spouse	86	15,000	1
R0186	Spouse		28,825,000	1,925
R0186			\$510,115,346	13,632
			\$510,115,346	13,632

State of Tennessee
 Enrollment Information as of 12-31-2003 by Issue Age
 Optional UL - Combined Payroll and Direct Bill Methods
 Does not include pending policies

Plan	Insured	Age	Sex	Volume	Tally
R0186	Employee	18	Female	\$565,000	16
R0186	Employee	18	Male	360,000	10
R0186	Employee	18		925,000	26
R0186	Employee	19	Female	1,125,000	35
R0186	Employee	19	Male	1,320,000	32
R0186	Employee	19		2,445,000	67
R0186	Employee	20	Female	1,721,000	51
R0186	Employee	20	Male	1,476,000	40
R0186	Employee	20		3,197,000	91
R0186	Employee	21	Female	2,571,000	67
R0186	Employee	21	Male	1,695,000	36
R0186	Employee	21		4,266,000	103
R0186	Employee	22	Female	3,793,000	102
R0186	Employee	22	Male	2,837,000	67
R0186	Employee	22		6,630,000	169
R0186	Employee	23	Female	5,042,000	133
R0186	Employee	23	Male	3,348,493	74
R0186	Employee	23		8,390,493	207
R0186	Employee	24	Female	6,795,000	156
R0186	Employee	24	Male	4,695,000	95
R0186	Employee	24		11,490,000	251
R0186	Employee	25	Female	6,685,521	181
R0186	Employee	25	Male	4,090,031	88
R0186	Employee	25		10,775,552	269
R0186	Employee	26	Female	7,386,940	162
R0186	Employee	26	Male	6,742,832	138
R0186	Employee	26		14,129,772	300
R0186	Employee	27	Female	8,277,979	183
R0186	Employee	27	Male	6,448,282	121
R0186	Employee	27		14,726,261	304
R0186	Employee	28	Female	9,234,222	200
R0186	Employee	28	Male	6,306,700	130
R0186	Employee	28		15,540,922	330
R0186	Employee	29	Female	8,232,504	191
R0186	Employee	29	Male	7,598,151	136

UL10: Optional Universal Life - Enrollment by Issue Age - demographics and volume - December 2003

R0186	Employee	29	15,830,655	327
R0186	Employee	30 Female	9,237,096	212
R0186	Employee	30 Male	7,758,197	145
R0186	Employee	30	16,995,293	357
R0186	Employee	31 Female	9,693,475	209
R0186	Employee	31 Male	6,677,863	124
R0186	Employee	31	16,371,338	333
R0186	Employee	32 Female	8,473,646	210
R0186	Employee	32 Male	8,525,449	151
R0186	Employee	32	16,999,095	361
R0186	Employee	33 Female	10,382,603	242
R0186	Employee	33 Male	10,278,280	159
R0186	Employee	33	20,660,883	401
R0186	Employee	34 Female	8,289,539	211
R0186	Employee	34 Male	8,594,634	158
R0186	Employee	34	16,884,173	369
R0186	Employee	35 Female	8,790,881	221
R0186	Employee	35 Male	9,906,726	165
R0186	Employee	35	18,697,607	386
R0186	Employee	36 Female	10,620,501	252
R0186	Employee	36 Male	9,185,349	154
R0186	Employee	36	19,805,850	406
R0186	Employee	37 Female	9,719,127	240
R0186	Employee	37 Male	9,915,448	183
R0186	Employee	37	19,634,575	423
R0186	Employee	38 Female	9,140,449	253
R0186	Employee	38 Male	11,204,811	200
R0186	Employee	38	20,345,260	453
R0186	Employee	39 Female	9,413,339	260
R0186	Employee	39 Male	10,259,647	193
R0186	Employee	39	19,672,986	453
R0186	Employee	40 Female	8,605,965	240
R0186	Employee	40 Male	9,519,285	184
R0186	Employee	40	18,125,250	424
R0186	Employee	41 Female	7,028,449	202
R0186	Employee	41 Male	8,092,453	156
R0186	Employee	41	15,120,902	358
R0186	Employee	42 Female	6,604,411	211
R0186	Employee	42 Male	8,751,176	173

UL10: Optional Universal Life - Enrollment by Issue Age - demographics and volume - December 2003

R0186	Employee	42	15,355,587	384
R0186	Employee	43 Female	6,553,403	204
R0186	Employee	43 Male	8,265,409	172
R0186	Employee	43	14,818,812	376
R0186	Employee	44 Female	6,862,761	212
R0186	Employee	44 Male	8,983,986	188
R0186	Employee	44	15,846,747	400
R0186	Employee	45 Female	5,258,958	183
R0186	Employee	45 Male	6,419,011	151
R0186	Employee	45	11,677,969	334
R0186	Employee	46 Female	4,535,602	175
R0186	Employee	46 Male	6,641,199	127
R0186	Employee	46	11,176,801	302
R0186	Employee	47 Female	4,510,775	151
R0186	Employee	47 Male	7,133,574	153
R0186	Employee	47	11,644,349	304
R0186	Employee	48 Female	4,461,017	157
R0186	Employee	48 Male	6,693,389	153
R0186	Employee	48	11,154,406	310
R0186	Employee	49 Female	3,453,824	143
R0186	Employee	49 Male	6,263,279	155
R0186	Employee	49	9,717,103	298
R0186	Employee	50 Female	3,370,934	141
R0186	Employee	50 Male	5,089,709	127
R0186	Employee	50	8,460,643	268
R0186	Employee	51 Female	2,392,406	94
R0186	Employee	51 Male	4,459,211	98
R0186	Employee	51	6,851,617	192
R0186	Employee	52 Female	2,099,672	108
R0186	Employee	52 Male	3,605,320	89
R0186	Employee	52	5,704,992	197
R0186	Employee	53 Female	1,158,918	67
R0186	Employee	53 Male	4,054,508	95
R0186	Employee	53	5,213,426	162
R0186	Employee	54 Female	1,291,675	76
R0186	Employee	54 Male	2,829,489	83
R0186	Employee	54	4,121,164	159
R0186	Employee	55 Female	1,136,967	54
R0186	Employee	55 Male	2,974,019	90

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R0186	Employee	55	4,110,986	144
R0186	Employee	56 Female	968,610	49
R0186	Employee	56 Male	1,883,700	53
R0186	Employee	56	2,852,310	102
R0186	Employee	57 Female	638,224	46
R0186	Employee	57 Male	1,338,550	43
R0186	Employee	57	1,976,774	89
R0186	Employee	58 Female	943,927	44
R0186	Employee	58 Male	2,203,657	51
R0186	Employee	58	3,147,584	95
R0186	Employee	59 Female	793,918	48
R0186	Employee	59 Male	1,220,575	38
R0186	Employee	59	2,014,493	86
R0186	Employee	60 Female	587,169	43
R0186	Employee	60 Male	1,567,602	40
R0186	Employee	60	2,154,771	83
R0186	Employee	61 Female	414,113	33
R0186	Employee	61 Male	1,287,723	47
R0186	Employee	61	1,701,836	80
R0186	Employee	62 Female	212,075	13
R0186	Employee	62 Male	618,705	22
R0186	Employee	62	830,780	35
R0186	Employee	63 Female	440,105	29
R0186	Employee	63 Male	1,040,711	22
R0186	Employee	63	1,480,816	51
R0186	Employee	64 Female	152,825	11
R0186	Employee	64 Male	360,728	15
R0186	Employee	64	513,553	26
R0186	Employee	65 Female	190,284	12
R0186	Employee	65 Male	318,360	11
R0186	Employee	65	508,644	23
R0186	Employee	66 Female	17,204	2
R0186	Employee	66 Male	94,675	6
R0186	Employee	66	111,879	8
R0186	Employee	67 Female	100,024	8
R0186	Employee	67 Male	97,155	5
R0186	Employee	67	197,179	13
R0186	Employee	68 Female	62,014	5
R0186	Employee	68 Male	60,000	1

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R0186	Employee	68	122,014	6
R0186	Employee	69 Female	36,524	3
R0186	Employee	69 Male	16,720	2
R0186	Employee	69	53,244	5
R0186	Employee	70 Male	55,000	2
R0186	Employee	70	55,000	2
R0186	Employee	73 Male	10,000	1
R0186	Employee	73	10,000	1
R0186	Employee	76 Female	20,000	1
R0186	Employee	76	20,000	1
R0186	Employee	77 Female	5,000	1
R0186	Employee	77	5,000	1
R0186	Employee	79 Female	10,000	1
R0186	Employee	79 Male	10,000	1
R0186	Employee	79	20,000	2
R0186	Employee		481,290,346	11,707
R0186	Spouse	17 Female	15,000	1
R0186	Spouse	17	15,000	1
R0186	Spouse	18 Female	50,000	2
R0186	Spouse	18	50,000	2
R0186	Spouse	19 Female	20,000	1
R0186	Spouse	19	20,000	1
R0186	Spouse	20 Female	40,000	4
R0186	Spouse	20 Male	20,000	1
R0186	Spouse	20	60,000	5
R0186	Spouse	21 Female	130,000	8
R0186	Spouse	21 Male	105,000	9
R0186	Spouse	21	235,000	17
R0186	Spouse	22 Female	285,000	17
R0186	Spouse	22 Male	80,000	6
R0186	Spouse	22	365,000	23
R0186	Spouse	23 Female	200,000	14
R0186	Spouse	23 Male	200,000	14
R0186	Spouse	23	400,000	28
R0186	Spouse	24 Female	275,000	17

R0186	Spouse	24 Male	270,000	15
R0186	Spouse	24	545,000	32
R0186	Spouse	25 Female	295,000	16
R0186	Spouse	25 Male	350,000	23
R0186	Spouse	25	645,000	39
R0186	Spouse	26 Female	465,000	23
R0186	Spouse	26 Male	630,000	39
R0186	Spouse	26	1,095,000	62
R0186	Spouse	27 Female	406,000	22
R0186	Spouse	27 Male	490,000	27
R0186	Spouse	27	896,000	49
R0186	Spouse	28 Female	330,000	20
R0186	Spouse	28 Male	445,000	27
R0186	Spouse	28	775,000	47
R0186	Spouse	29 Female	245,000	17
R0186	Spouse	29 Male	550,000	34
R0186	Spouse	29	795,000	51
R0186	Spouse	30 Female	360,000	19
R0186	Spouse	30 Male	755,000	43
R0186	Spouse	30	1,115,000	62
R0186	Spouse	31 Female	535,000	30
R0186	Spouse	31 Male	665,000	37
R0186	Spouse	31	1,200,000	67
R0186	Spouse	32 Female	480,000	32
R0186	Spouse	32 Male	650,000	35
R0186	Spouse	32	1,130,000	67
R0186	Spouse	33 Female	350,000	20
R0186	Spouse	33 Male	730,000	42
R0186	Spouse	33	1,080,000	62
R0186	Spouse	34 Female	478,000	27
R0186	Spouse	34 Male	825,000	49
R0186	Spouse	34	1,303,000	76
R0186	Spouse	35 Female	475,000	32
R0186	Spouse	35 Male	680,000	41
R0186	Spouse	35	1,155,000	73
R0186	Spouse	36 Female	365,000	21
R0186	Spouse	36 Male	625,000	41
R0186	Spouse	36	990,000	62
R0186	Spouse	37 Female	340,000	19

R0186	Spouse	37 Male	657,000	44
R0186	Spouse	37	997,000	63
R0186	Spouse	38 Female	305,000	21
R0186	Spouse	38 Male	500,000	31
R0186	Spouse	38	805,000	52
R0186	Spouse	39 Female	405,000	21
R0186	Spouse	39 Male	670,000	40
R0186	Spouse	39	1,075,000	61
R0186	Spouse	40 Female	355,000	23
R0186	Spouse	40 Male	605,000	38
R0186	Spouse	40	960,000	61
R0186	Spouse	41 Female	530,000	31
R0186	Spouse	41 Male	705,000	42
R0186	Spouse	41	1,235,000	73
R0186	Spouse	42 Female	390,000	25
R0186	Spouse	42 Male	425,000	30
R0186	Spouse	42	815,000	55
R0186	Spouse	43 Female	135,000	12
R0186	Spouse	43 Male	575,000	35
R0186	Spouse	43	710,000	47
R0186	Spouse	44 Female	185,000	15
R0186	Spouse	44 Male	475,000	31
R0186	Spouse	44	660,000	46
R0186	Spouse	45 Female	315,000	21
R0186	Spouse	45 Male	385,000	30
R0186	Spouse	45	700,000	51
R0186	Spouse	46 Female	270,000	17
R0186	Spouse	46 Male	565,000	40
R0186	Spouse	46	835,000	57
R0186	Spouse	47 Female	280,000	21
R0186	Spouse	47 Male	765,000	53
R0186	Spouse	47	1,045,000	74
R0186	Spouse	48 Female	340,000	23
R0186	Spouse	48 Male	540,000	37
R0186	Spouse	48	880,000	60
R0186	Spouse	49 Female	180,000	17
R0186	Spouse	49 Male	265,000	21
R0186	Spouse	49	445,000	38
R0186	Spouse	50 Female	220,000	13

R0186	Spouse	50 Male	365,000	29
R0186	Spouse	50	585,000	42
R0186	Spouse	51 Female	215,000	20
R0186	Spouse	51 Male	275,000	21
R0186	Spouse	51	490,000	41
R0186	Spouse	52 Female	195,000	19
R0186	Spouse	52 Male	255,000	19
R0186	Spouse	52	450,000	38
R0186	Spouse	53 Female	65,000	9
R0186	Spouse	53 Male	275,000	26
R0186	Spouse	53	340,000	35
R0186	Spouse	54 Female	187,000	15
R0186	Spouse	54 Male	275,000	19
R0186	Spouse	54	462,000	34
R0186	Spouse	55 Female	90,000	10
R0186	Spouse	55 Male	155,000	16
R0186	Spouse	55	245,000	26
R0186	Spouse	56 Female	105,000	12
R0186	Spouse	56 Male	155,000	15
R0186	Spouse	56	260,000	27
R0186	Spouse	57 Female	62,000	9
R0186	Spouse	57 Male	55,000	5
R0186	Spouse	57	117,000	14
R0186	Spouse	58 Female	55,000	9
R0186	Spouse	58 Male	90,000	9
R0186	Spouse	58	145,000	18
R0186	Spouse	59 Female	25,000	3
R0186	Spouse	59 Male	55,000	7
R0186	Spouse	59	80,000	10
R0186	Spouse	60 Female	45,000	7
R0186	Spouse	60 Male	65,000	10
R0186	Spouse	60	110,000	17
R0186	Spouse	61 Female	25,000	3
R0186	Spouse	61 Male	75,000	8
R0186	Spouse	61	100,000	11
R0186	Spouse	62 Female	5,000	1
R0186	Spouse	62 Male	55,000	6
R0186	Spouse	62	60,000	7
R0186	Spouse	63 Female	5,000	1

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R0186	Spouse	63 Male	55,000	6
R0186	Spouse	63	60,000	7
R0186	Spouse	64 Female	10,000	2
R0186	Spouse	64 Male	40,000	4
R0186	Spouse	64	50,000	6
R0186	Spouse	65 Female	15,000	3
R0186	Spouse	65 Male	10,000	1
R0186	Spouse	65	25,000	4
R0186	Spouse	66 Female	20,000	2
R0186	Spouse	66 Male	20,000	3
R0186	Spouse	66	40,000	5
R0186	Spouse	67 Female	5,000	1
R0186	Spouse	67 Male	20,000	3
R0186	Spouse	67	25,000	4
R0186	Spouse	68 Male	40,000	5
R0186	Spouse	68	40,000	5
R0186	Spouse	69 Female	5,000	1
R0186	Spouse	69 Male	55,000	4
R0186	Spouse	69	60,000	5
R0186	Spouse	70 Male	10,000	1
R0186	Spouse	70	10,000	1
R0186	Spouse	71 Female	5,000	1
R0186	Spouse	71 Male	15,000	1
R0186	Spouse	71	20,000	2
R0186	Spouse	72 Male	5,000	1
R0186	Spouse	72	5,000	1
R0186	Spouse	78 Male	15,000	1
R0186	Spouse	78	15,000	1
R0186	Spouse		28,825,000	1,925
R0186			\$510,115,346	13,632
			\$510,115,346	13,632

Volume History - Universal Life

End of Calendar Year	Benefit Amount In Force*	Annualized Premium	Policy Count
2000	\$481,450,889	\$4,268,478	13,127
2001	\$495,045,088	\$4,430,093	13,333
2002	\$505,186,625	\$4,543,929	13,524
2003	\$510,105,346	\$4,658,915	13,631

*includes premium paying and policies on waiver of premium
includes both direct bill and payroll deduction policies

Growth of Universal Life Cash Values

End of Calendar Year		Increases to values	Decreases to values	Net Change	Year End Cash Value
1999	Surrenders		\$1,810,342		\$48,789,103
2000	Premiums received	\$3,946,207			
	Interest Earned	\$3,313,420			
	COI charges for life		\$1,551,224		
	COI charges for waiver		\$123,831		
	COI charges for ctr		\$15,987		
	Res released on death		\$560,054		
	Expense charges		\$134,178		
	Surrenders		\$2,003,299	\$2,871,054	\$51,660,157
2001	Premiums received	\$3,930,733			
	Interest Earned	\$3,356,102			
	COI charges for life		\$1,624,939		
	COI charges for waiver		\$125,031		
	COI charges for ctr		\$17,771		
	Res released on death		\$630,200		
	Expense charges		\$133,613		
	Surrenders		\$1,527,570	\$3,227,711	\$54,887,868
2002	Premiums received	\$4,276,309			
	Interest Earned	\$3,515,559			
	COI charges for life		\$1,708,822		
	COI charges for waiver		\$125,990		
	COI charges for ctr		\$18,900		
	Res released on death		\$760,708		
	Expense charges		\$136,896		
	Surrenders		\$1,691,350	\$3,349,202	\$58,237,070
2003	Premiums received	\$4,256,943			
	Interest Earned	\$3,489,367			
	COI charges for life		\$1,793,994		
	COI charges for waiver		\$123,286		
	COI charges for ctr		\$20,073		
	Res released on death		\$676,815		
	Expense charges		\$136,242		
	Surrenders		\$1,655,547	\$3,340,353	\$61,577,423

**AMENDMENT NUMBER TWO
TO CONTRACT NUMBER FA00-13905
BETWEEN THE STATE OF TENNESSEE, STATE INSURANCE COMMITTEE
AND
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY**

This contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the State, and Provident Life And Accident Insurance Company, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Sections B.1, Contract Term, and B.2, Term Extension in their entirety, insert the following in their place, and renumber any subsequent sections as necessary:
 - B.1 Contract Term. This Contract shall be effective for the period commencing on January 1, 2000 and ending on December 31, 2004. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
2. Delete Section E.7 in its entirety and insert the following in its place:
 - E.7 The monthly interest crediting rate – beginning January 1, 2000 – shall be equal to one twelfth of the greater of:
 - the published six month U. S. 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 ninety-five (95) basis points; OR
 - For each contract year, the following corresponding rates:
 - Calendar year 2000, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2001, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2002, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2003, five and eight tenths percent (5.80%);
 - Calendar year 2004, five and thirteen one-hundredths percent (5.13%); OR
 - a rate declared quarterly, in advance, by the Contractor; OR
 - four and one half percent (4.5%)

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

**AMENDMENT NUMBER ONE (1)
TO CONTRACT NUMBER FA00-13905
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
AND
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY**

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State", and Provident Life and Accident Insurance Company, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Sections B.1, Contract Term, and B.2, Term Extension, in their entirety and insert the following in their place:
 - B.1 Contract Term. This Contract shall be effective for the period commencing on December 1, 1999 – for the purpose of carrying out the administrative activities associated with establishing coverage on January 1, 2000 – and ending on December 31, 2003. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
 - B.2 Term Extension. By mutual agreement this contract may be extended for one additional one year period, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date, and the Contractor shall reply within 10 business days of receipt of the State's notification. An extension of the term of this Contract will be effected through an amendment to the Contract, and will reflect the terms and conditions in effect when the extension amendment is endorsed by the appropriate State of Tennessee authorities.
2. Delete Section C.3, Payment Methodology, in its entirety and insert the following in its place:
 - C.3 Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the entire contract term (January 1, 2000 – December 31, 2003) and any extensions thereof, unless amended.
3. Delete Section E.7 in its entirety and insert the following in its place:
 - E.7 The monthly interest crediting rate – beginning January 1, 2000 – shall be equal to one twelfth of the greater of:
 - the published six month U. S. 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 ninety-five (95) basis points; OR
 - For each contract year, the following corresponding rates:
 - Calendar year 2000, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2001, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2002, six and thirty-one hundredths percent (6.31%);
 - Calendar year 2003, five and eight tenths percent (5.80%); OR
 - a rate declared quarterly, in advance, by the Contractor; OR
 - four and one half percent (4.5%)

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY:

K. Bradford Weir, Executive Vice President

Date

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

C. Warren Neel, Ph.D., Chairman

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

C. Warren Neel, Ph.D., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date

**OPTIONAL UNIVERSAL LIFE INSURANCE CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
AND
PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY**

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Provident Life and Accident Insurance Company, hereinafter referred to as the "Contractor," is for the provision of Optional Universal Life Insurance Services, and as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

Provident Life and Accident Insurance Company
One Fountain Square
Chattanooga, TN 37402

The Contractor's place of incorporation or organization is the State of Tennessee.

A SCOPE OF SERVICES:

A.1 SERVICES PROVIDED BY THE CONTRACTOR

- A.1.1 Underwrite and administer the State Optional Universal Life Insurance Plan (hereinafter referred to as Plan) in accordance with this Contract, the clarification of the Request For Proposal (Exhibit A, incorporated by reference), the Request for Proposal issued by the State and all exhibits thereto (Exhibit B, incorporated by reference), the Contractor's Technical and Cost proposals, submitted in response thereto (Exhibit C, incorporated by reference), and the group policy (Exhibit D, incorporated by reference).
- A.1.2 Provide customary home office services and functions including but not limited to actuarial services, policy and certificate issuance, administration and accounting. Assign an account representative to coordinate the administrative, coverage, and customer service activities.
- A.1.3 Provide a group master policy and individual certificates of insurance, and prepare amendments and riders as needed, which may, from time to time, be deemed appropriate by the State. Upon enrollment, mail the certificate of insurance to employee's home address.
- A.1.4 Prepare, in consultation with and following approval by the State, and provide descriptive employee booklets, enrollment materials, and administrative forms and manuals.
- A.1.5 Provide advice and assistance with regard to questions concerning eligibility, effective dates, benefits and coverage, and cessation of coverage as raised by the State, state departments and agencies, individual employees and retirees and/or survivors.
- A.1.6 Process statements of health for delayed or revised enrollments.
- A.1.7 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.
- A.1.8 Provide for continuation of insurance through direct payment of premium and provide individual life policies for conversion upon cessation of coverage under the State of Tennessee group policy. Premium for continuation of individual certificates shall be the same as those for employees. Employees who terminate their employment are to be notified by the contractor of the former employee's options through correspondence. The notification shall be the responsibility of the Contractor.
- A.1.9 Make all required reports to the United States Internal Revenue Service.
- A.1.10 Provide a toll-free telephone number for inquiries from state employees.

- A.1.11 Provide all services associated with, and administer, the policy loan provision.
- A.1.12 Calculate surrender values and make cash payments upon surrender of policy.
- A.1.13 Provide an annual statement to participating employees at their home address which indicates, on a month to month basis, at a minimum:
- amount of insurance
 - monthly premium
 - monthly interest credits
 - monthly cost of insurance
 - current cash value
 - policy loans outstanding
 - rates of interest credited during the year
- A.1.14 Provide annual enrollment information to potential or current participants at their home address.
- A.1.15 Provide, on a date established by the State, monthly billing statements to the State, on computer, readable magnetic tape or other electronic means agreeable to the State. Upon payment of the premium, the Contractor shall reconcile the payment and the monthly billing statement
- A.1.16 Provide a full range of actuarial services related to the insurance provided through this Contract in addition to the reports required in this section. Such services shall be certified by a Fellow of the Society of Actuaries or a member of the American Academy of Actuaries.
- A.1.17 In conjunction with the State of Tennessee, conduct orientations and training for personnel of State agencies concerning the provisions of and administration of the Plan.
- A.1.18 Provide all necessary forms for submission and processing of claims.
- A.1.19 Process all claims on a prompt, timely and accurate basis.
- A.1.20 Furnish to each claimant information regarding the payment or rejection of each claims.
- A.1.21 Maintain a service office to process claims and assist with inquiries, correspondence, unusual claim situations or problems, employee orientation and related matters.
- A.1.22 Confirm eligibility on each claim as submitted.
- A.1.23 Assess applications for the advanced payment of life insurance benefits as provided in the Group Master Policy.
- A.1.24 Provide, within sixty (60) days of the end of each calendar quarter, a report indicating, on a quarterly and year to date base, the following:
- Number of certificates in force by type of coverage and gender
 - Total amount of insurance in force by type of coverage
 - Premium earned by type of coverage
 - Cost of Insurance amounts earned by type of coverage
 - Gross and net claims paid by type of coverage
- A.1.24.1 Provide, within sixty (60) days of the end of each calendar year, a listing of the number of participant lives and volume of insurance coverage by issue and attained age. The listing will distinguish between premium payment method (payroll deduction and pay direct) and provide separate counts for employees and spouses. The data will reflect enrollment at December 31.
- A.1.24.2 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the distribution of premium (The Premium Disbursal Report).

- A.1.24.3 Provide within sixty (60) days of the end of each calendar year, a monthly listing of the policies issued including face amount, annual premium, cash value, and tally of policies which were in effect as of the end of the calendar year (The Policy Master Report).
- A.1.25 Attend quarterly administrative meetings to discuss operational issues, customer service concerns and the planning of annual transfer period activities. The scheduling of such meeting will be the prerogative of the State.
- A.1.26 Provide an annual notification to plan participants which indicates the types of coverage available, premium amounts, policy terms and conditions. Such notification shall be provided to the subscribers home address.

A.2 SERVICES PROVIDED BY THE STATE

- A.2.1 Make payroll deduction of the premium, as elected by the participating employees, and remit those funds to the Contractor within forty five (45) days of the effective date of coverage.
- A.2.2 Provide such information to the Contractor as is necessary, in the opinion of the State, for the underwriting and administration of the Plan.
- A.2.3 Assist in the enrollment of state employees in the Plan.
- A.2.4 Provide, on a quarterly basis, the full population enrollment tape for reconciliation purposes.

B CONTRACT TERM:

- B.1 Contract Term. This Contract shall be effective for the period commencing on December 1, 1999 – for the purpose of carrying out the administrative activities associated with establishing coverage on January 1, 2000 – and ending on December 31, 2002. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2 Term Term Extension. By mutual agreement this contract may be extended for two additional one year periods, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date, and the Contractor shall reply within 10 business days of receipt of the State’s notification.. An extension of the term of this Contract will be effected through an amendment to the Contract, and will reflect the terms and conditions in effect when the extension amendment is endorsed by the appropriate State of Tennessee authorities.
- B.3 If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State’s maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original Contract and proposal.
- B.4 The insurance coverage provided through this contract and the group master policy shall be effective January 1, 2000.

C PAYMENT TERMS AND CONDITIONS:

- C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Twenty Million Dollars (\$20,000,000.00). The Payment Methodology specified in Section C.3 shall constitute the basis of the compensation due the Contractor for the Services and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required.
- C.2 Compensation Firm. The Premium Rates, Cost of Insurance Rates, Waiver of Premium Charges, and Administrative Fees listed in Section C.3 and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to increase for any reason unless amended.
- C.3 Payment Methodology. The Contractor shall be compensated based on the amount of insurance elected by Plan Participants and the Premium Rates and Administrative Fees listed below in a total amount not to

exceed the Contract Maximum Liability (Section C.1). These rates shall be in effect for the initial three year contract term (January 1, 2000 – December 31, 2002) and any extensions thereof.

C.3.1. MONTHLY PREMIUM RATES/\$1000

Issue Age	Premium Rate/\$1000	Issue Age	Premium Rate/\$1000	Issue Age	Premium Rate/\$1000
15	\$0.21	36	0.61	56	2.82
16	0.22	37	0.65	57	2.91
17	0.23	38	0.70	58	3.01
18	0.24	39	0.74	59	3.10
19	0.25	40	0.79	60	2.86
20	0.26	41	0.85	61	3.02
21	0.27	42	0.91	62	3.18
22	0.29	43	0.98	63	3.34
23	0.30	44	1.05	64	3.50
24	0.32	45	1.11	65	3.66
25	0.33	46	1.22	66	3.87
26	0.35	47	1.32	67	4.07
27	0.37	48	1.44	68	4.28
28	0.38	49	1.55	69	4.48
29	0.40	50	1.66	70	4.69
30	0.42	51	1.86	71	4.97
31	0.45	52	2.08	72	5.25
32	0.48	53	2.29	73	5.53
33	0.50	54	2.51	74	5.81
34	0.54	55	2.72	75	6.09
35	0.57				

C.3.2 MONTHLY COST OF INSURANCE RATES/\$1000

Attained Age	COI Rate/\$1000	Attained Age	COI Rate/\$1000	Attained Age	COI Rate/\$1000
15	\$0.04356	42	\$0.13033	69	\$1.63165
16	0.05313	43	0.14415	70	1.79031
17	0.05808	44	0.15938	71	1.96456
18	0.06198	45	0.17638	72	2.15723
19	0.06517	46	0.19479	73	2.37221
20	0.06765	47	0.21427	74	2.61410
21	0.06871	48	0.23552	75	2.88681
22	0.06871	49	0.25819	76	3.19281
23	0.06800	50	0.28298	77	3.53529
24	0.06694	51	0.30990	78	3.91567
25	0.06552	52	0.34000	79	4.33288
26	0.06375	53	0.37294	80	4.78798
27	0.06198	54	0.40871	81	5.27850
28	0.06127	55	0.44838	82	5.80479
29	0.06056	56	0.49194	83	6.37287
30	0.06021	57	0.53975	84	6.99054
31	0.06092	58	0.59288	85	7.65708
32	0.06198	59	0.65167	86	8.37321
33	0.06410	60	0.71613	87	9.13821
34	0.06729	61	0.78660	88	9.94960
35	0.07119	62	0.86240	89	10.79890
36	0.07579	63	0.94421	90	11.68290
37	0.08146	64	1.03346	91	12.60090
38	0.08854	65	1.13121	92	13.55360
39	0.09669	66	1.23887	93	14.54031
40	0.10625	67	1.35752	94	15.56173
41	0.11794	68	1.48785		

C.3.3 ADMINISTRATIVE FEE

The Contractor's per payment Administrative Fee for the administration of the Optional Universal Life Insurance coverage is:

\$1.00 per month for employee coverage

\$1.00 per month for spouse coverage

C.3.4 SURRENDER CHARGE

The Contractor's Surrender Charges, as a percent of annual premium, for individuals canceling participation in Optional Universal Life Insurance coverage are:

Year One	40%	Year Four	40%
Year Two	40%	Year Five	20%
Year Three	40%		

C.3.5 WAIVER OF PREMIUM CHARGE

Issue Age	Premium Rate/\$1000	Issue Age	Premium Rate/\$1000	Issue Age	Premium Rate/\$1000
15	\$0.01	36	\$0.02	56	\$0.21
16	0.01	37	0.02	57	0.24
17	0.01	38	0.02	58	0.27
18	0.01	39	0.02	59	0.30
19	0.01	40	0.03	60	0.00
20	0.01	41	0.03	61	0.00
21	0.01	42	0.03	62	0.00
22	0.01	43	0.03	63	0.00
23	0.01	44	0.04	64	0.00
24	0.01	45	0.04	65	0.00
25	0.01	46	0.05	66	0.00
26	0.01	47	0.05	67	0.00
27	0.01	48	0.06	68	0.00
28	0.01	49	0.07	69	0.00
29	0.01	50	0.08	70	0.00
30	0.01	51	0.09	71	0.00
31	0.01	52	0.11	72	0.00
32	0.01	53	0.13	73	0.00
33	0.01	54	0.15	74	0.00
34	0.02	55	0.17	75	0.00
35	0.02				

C.3.6 INTEREST CREDITING RATES

C.3.6.1. Absolute Minimum. The Contractor agrees to the following minimum effective interest crediting rates, to be applied on a monthly basis, for each of the first three years of the contract – January 1, 2000 through December 31, 2002:

Calendar Year 2000	6.31%
Calendar Year 2001	6.31%
Calendar Year 2002	6.31%

C.3.6.2. Variable Rate. The Contractor agrees to credit interest, for the duration of this contract, on a monthly basis at a rate equal to the discount rate on the six month U.S. Treasury Bill, plus 95 basis points.

C.4 The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Payments to the Contractor shall be based upon payroll deduction information provided by the Contractor and payment of premium by former employees who are paying premium directly to the Contractor. The payroll deduction information shall be provided in a form and medium acceptable to the State and, at a minimum, shall include employees’ identification numbers, the type(s) and amount(s) of coverage, and the deduction amounts

The payroll deduction information and the individual statements to former employees continuing participation shall be considered invoices for services.

C.5 The monthly premium rates multiplied by the volumes of insurance, plus the appropriate administrative fee(s) constitute the maximum payment from each of the participating employees.

C.6 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

- C.7 Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.8 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice 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 Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor 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). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D STANDARD TERMS AND CONDITIONS:

- D.1 Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2 Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3 Termination for Convenience. The State may terminate the Contract by giving the Contractor at least Ninety (90) days written notice before the effective termination date. In that event, the Contractor shall be entitled to receive equitable compensation for satisfactory, authorized services completed as of the termination date.
- D.4 Termination for Cause. If the Contractor fails to fulfill 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 immediately terminate the Contract and withhold payments in excess of fair compensation for completed services.
- D.4.1. Notwithstanding the above, 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, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.).
- 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 Records. The Contractor shall maintain documentation for all charges against the State 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.9 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.10 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11 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.12 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.13 State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.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, bad faith, 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.

- 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, acts of God, riots, wars, strikes, 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 The maximum issue amount of insurance under the Optional Life Insurance Program shall be five (5) times annual base salary, then rounded to the next highest \$5,000 increment up to a maximum of \$300,000. The guarantee issue amount of insurance under the Optional Life Insurance Program shall be sixty percent (60%) of the maximum issue amount rounded to the next highest \$5,000 increment. The minimum issue amount is \$5000 for each employee.
- The State reserves the right to negotiate with the Contractor to increase the maximum issue amounts and to adjust the unit rates based on the increase in coverage. Such changes would be effected through an amendment to the contract.
- E.3 The Contractor will allow for cash value transfer from existing Permaplan program (as provided through Contract No. FA 1051, State of Tennessee and Group Policy No. 6288, Provident), with such transfer used to increase cash value. Such transfers of Permaplan cash values will not be subject to any loading charges, including surrender charges. If the Universal Life is surrendered, the surrender charge will not serve to reduce the cash value beyond the transferred Permaplan cash value. Further, the provisions of the contract between the State and Provident relative to payment of Permaplan cash values in twelve equal monthly installments in the event of termination of the contract will not be invoked at this transfer.
- E.4 All current and former employees enrolled in the State-sponsored optional universal life coverage on December 31, 1999 shall be transferred to the coverage established in this contract.
- E.4.1 Employees employed on and after October 1, 1999 may enroll within a full calendar month of the first day of work on a guaranteed issue and maximum issue basis. Coverage shall become effective on the first day of the month following three full months of employment.
- E.4.2 Between October 15 and November 15 of each year, employees may qualify to participate in the Plan or to increase amounts of coverage by demonstrating insurability through the response to health questions. Coverage shall become effective the first of January, February or March of the following year. Employees may also elect to decrease the face amount.

- E.4.3 Each year, beginning January 1, current participants may increase the face amount of their coverage by up to \$5,000 if that action will not exceed the guarantee issue amount or the maximum coverage amount for the optional term and optional universal life insurance.
- E.5 Upon termination of this Contract, the Contractor shall provide an indication of the amount of insurance maintained by individual participants, the accumulated cash value and other pertinent data to the State or its designated agent. The information shall be furnished on an electronic data processing tape or such other data processing format as is compatible with the data processing system maintained by the State as described in the RFP. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To insure 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 delivered to it on or before the termination 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 Administrator's responsibilities.
- E.6 Upon termination of this Contract, the Contractor agrees to transfer to the State, or a Party designated by the State, all sums accumulated by the Contractor on behalf of participants in accordance with the provisions of this Contract and the group policy.
- E.7 The monthly interest crediting rate, beginning January 1, 2000 and ending December 31, 2002 shall be equal to one twelfth of the greater of:
- the published six month U. S. 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 ninety-five (95) basis points; OR
 - Six and thirty-one hundredths percent (6.31%) for calendar year 2000, six and thirty-one hundredths percent (6.31%) for calendar year 2001, and six and thirty-one hundredths percent (6.31%) for calendar year 2002; OR
 - a rate declared quarterly, in advance, by the Contractor; OR
 - four and one half percent (4.5%)
- E.8 Any cash values securing a contract loan will not be credited interest as outlined in E.7. Rather, those secured cash values shall be credited interest at an effective annual rate of six percent (6.0%) per month, and changed interest at an effective annual rate of seven and one-half percent (7.5%).
- E.9 The contractor shall forego any surrender charges in the event of a transfer of the universal life insurance to another carrier or in the event of termination of the coverage.
- E.10 The Contractor and the State shall permit participants in the State sponsored Permaplan coverage to roll over into the universal life insurance coverage. In the event of a participant rollover, the Contractor shall credit (amount) years of participation toward the surrender charges.
- E.11 For the purpose of determining eligibility for coverage, upon each election, the Governor, Members of the General Assembly, State Judges, District Attorneys, Public Defenders, the State Treasurer, the Comptroller, and the Secretary of State shall be considered newly eligible employees.
- E.12 Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information provided to the Contractor by the State, or acquired by the Contractor on behalf of the State whether verbal, written, magnetic tape, cards or otherwise shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and 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 State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

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.

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

- E.13 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 facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Paul Hauser, Contract Manager
Division of Insurance Administration
14th Floor Andrew Jackson Bldg.
500 Deaderick St.
Nashville, TN 37243
ph) 615-741-9896
fx) 615-741-8196

The Contractor:

Gail Kamada, Account Manager
UNUM/Provident
1 Fountain Square
Chattanooga, TN 37402
ph) 423-755-2483
fx) 423-755-3844

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.14 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document, its attachments, and any fully authorized amendments
- b. The Group Master Policy
- c. All Clarifications and addenda made to the Contractor's Proposal
- d. The State's Response to Questions and Requests for Clarification of RFP #317.86-014
- e. The Request for Proposal #317.86-014, and its associated amendments, attachments, and appendices
- f. The Contractor's Proposal in response to RFP #317.86- 14

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

IN WITNESS WHEREOF:

PROVIDENT LIFE AND ACCIDENT INSURANCE COMPANY

K. Bradford Weir, Executive Vice President

Date

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:

John D. Ferguson, Chairman

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

John D. Ferguson, Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date

EXPLANATION OF VENDOR TRANSACTION PROCESS

The Tennessee Insurance System (TIS) is an administrative system for handling eligibility, enrollment, and premiums for participants in the state's group insurance program. The system was designed by a consulting firm and was implemented in 1991.

Eligibility and enrollment information is keyed into TIS by "insurance preparers" at state agencies and at participating Local Education Associations. There are a few Local Government Agencies also keying information into TIS. Data for members of the University of Tennessee and the Tennessee Board of Regents schools is received and loaded electronically directly into TIS. Premium calculation and accounting is another major feature of TIS.

Each week eligibility, enrollment, and premium information is processed by the system. (The optional term life, optional universal life, and long term care vendors submit enrollment updates and premium due records to TIS once per month.) Appropriate data is then forwarded electronically to the vendors, to STARS (the state's central accounting system), and to the reporting system.

THE WEEKLY PROCEDURES ARE:

1. From the transactions that have been generated by the Nightly Batch Processing throughout the week, separate the DP (Demographic Change), the RC (Participant Retro Cancel) and the DC (Dependent Retro Cancel) transactions to individual files. Save all other transactions for merging before transactions are separated by vendor.
2. Next, the Enrollment Match program, which generates the AP, CP and TP transactions, operates on the general premise that if the Participant or Dependent was not on file last week and is on file this week, generate an AP (Add Participant/Dependent) transaction. If the Participant/Dependent was on the file last week and is not on file this week, generate a TP (Terminate Participant/Dependent) transaction. If the Participant/Dependent was on the file last week, is still on the file this week, and the enrollment information (coverage level, effective date, or extend reason code) has changed, generate a CP (Change Participant/Dependent) transaction. Also, the PX (pre-existing condition waiver) transactions are created. The only exception to this scenario is if the Participant is going from Family coverage to Single coverage on the current health enrollment. No TP transactions on Dependents are generated when this happens. Also, if the Participant is going from any Active status to Retired status, a TB transaction is created for Fort Dearborn to allow the person to continue his Basic Life coverage (at a modest fee). In addition, a HA transaction is generated when a contract hire date or dependent acquire date changes. The HA transactions are sorted out of the file of TP/AP/CP/PX/TB transactions in the very next step and sent to an Easytrieve report which lists pertinent data by budget code for review by Customer Support Representatives.
3. Next, the AP transactions are massaged and combined with all the other AP transactions for this month, and placed on a keyed (VSAM) file. This is to check for the situations where an employee comes to work, applies for insurance and then terminates before the insurance becomes effective (i.e. if the AP transaction was sent to the vendor, then the TP transaction must be sent; if the AP was never sent, then don't send the TP transaction). The VSAM file is reset the first run after Month-end.

4. Now more TB transactions are created for Fort Dearborn from the remaining TP transactions, to again allow the person to continue his Basic Life coverage. This process has two steps: first TB transactions are created from TP transactions; second the TB transactions are validated to ensure that the person is not merely terminating one provider and adding another. If the person has no more health coverage of any type, the TB transaction is dropped; otherwise, the TB transaction continues through the process.
5. Next, the CP/PX, AP and TP transactions are separated to individual files. Now the following happens:
 - The AP's and DP's are combined, dropping the DP if a matching AP exists.
 - The RC's and TP's are combined, dropping the TP if a matching RC exists.
 - The remaining TP's and the DC's are combined, dropping the TP if a matching DC exists.
 - The remaining AP/DP's, CP/PX's, RC's and the DC/TP's are merged back together.
6. Finally, merge the transactions from step "5" above with all other transactions into one file. Use this file to separate the transactions into individual files, including a backup copy, for each vendor. There are many steps to this process, in that vendors with multiple plans are combined into single files and the transactions that are sent to EAP are created.

TIS will send a Weekly Update File containing:

- Coverage Additions/Changes/Terminations:
 - 1) Coverage updates will be entered into TIS.
 - 2) Coverage addition and change transactions will be created by TIS and sent to vendors on a weekly basis on the Weekly Update File using the AP and CP transaction types. Termination, TP, transaction type will be sent weekly; the majority will be sent within the weekly file after the TIS Month-end.
 - 3) Coverage addition, change and termination transactions contain a timestamp, transaction type, contract SSN, Subject SSN (participant or dependent) and program-id that represent the unique key for each transaction.
 - 4) Vendors will update their database weekly to reflect coverage additions, changes and terminations. They will process coverage changes for both participants and dependents immediately.
- RETROACTIVE Coverage Changes:
 - 1) Retroactive (retro) changes are changes that affect coverage for some period in the past. Examples include changing effective dates or termination dates that have already passed.
 - 2) Retroactive coverage updates will also be entered into TIS by State insurance representatives, and will be included on the Weekly Update File (transaction types RB, RP, RD, RC, RR, DD, DC, DR).
 - 3) Retro change transactions contain a timestamp, transaction type, contract SSN, Subject SSN (participant or dependent) and program-id that represent the unique key for each transaction.
 - 4) Vendors can post all or some of the retroactive changes in an automated fashion, or print and manually enter them into their systems.
 - 5) Vendors will update their databases weekly to reflect retro changes for both participants and dependents.

- SSN and Demographic Data Changes:
 - 1) TIS will capture SSN and demographic data (personnel-type data) changes as they are posted in TIS.
 - 2) TIS will send vendors SSN and demographic data change transactions (SP and DP) on the Weekly Update File.
 - 3) SSN and demographic transactions contain a timestamp, transaction type, contract SSN, Subject SSN (participant or dependent) and program-id that represent the unique key for each transaction.
 - 4) Vendors will update their databases weekly to reflect SSN and demographic data changes for both participants and dependents.

THE MONTHLY PROCEDURES ARE:

TIS will send fully-insured vendors a Monthly Certification File containing:

- Certification of Premium Payments to Vendors:
 - 1) TIS will determine which payments are certified for each specific coverage month based on enrollments and premium payments.
 - 2) TIS will send a file of certified enrollees to fully-insured vendors each month on the Monthly Certification File. This file can be kept separate or merged with the weekly transaction update file.
 - 3) The file will include one transaction for each enrollee's coverage month that has been paid for and needs to be certified. If the enrollee pays for multiple coverage months with a payment, then this file will include multiple records for that enrollee.
 - 4) The record layout will include (see 'CE/UE Interface Transaction Layouts'):
 - the participant social security number (SSN)
 - basic personnel-type data (last name, budget code, etc.)
 - the coverage type (program-ID)
 - the coverage month being paid for.
 - 5) Fully-insured vendors will post the file to their databases to identify:
 - certified members
 - members with a deduction expected but not taken
 - members with a deduction taken but not expected.

TIS will send self-insured vendors Monthly Hold Claims/Release Hold records containing:

- Payment information for participants past due or previously past due and now paid
 - 1) TIS will determine which payments are certified for each specific coverage month based on enrollments and premium payments.
 - 2) TIS will only produce hold claims records for those participants who are not in a current pay status. TIS will only produce release hold records for those participants who were past due with premium payments and have now paid for the month that was past due.
 - 3) The file will include a transaction for each participant past due showing an original due date and a transaction for each participant paying for a past due month showing the paid through date. If the participant pays for a past due month and does not pay for a current month, then a release hold record and a hold claim record will be produced.
 - 4) The record layout will include (see 'HC/RH Interface Transaction Layouts'):
 - the participant social security number (SSN)
 - basic personnel-type data (last name, budget code, etc.)
 - the coverage type (program-ID)
 - the original due date
 - the paid through date
 - 5) Self-insured vendors will post the records to their databases to identify:
 - participants with past due premiums
 - participants who have now paid past due premiums

The month-end records, normally produced the 5th calendar day of each month, will be combined with the next weekly file and transmitted to the vendors.

OTHER KEY POINTS AFFECTING THE TIS/PROVIDER INTERFACE INCLUDE:

- TIS 60 Byte Addresses:
 - 1) TIS maintains 60 bytes of address information for each participant.
 - 2) Two 30-byte fields are included on Add Enrollment (AP) and on Demographic Change (DP) transactions. Normally the second address line will contain the apartment number.
 - 3) Vendors will maintain this address information and ensure that data is not lost, resulting in addresses being 'Not Deliverable'.
- Transactions Must Be Processed in Timestamp Order:
 - 1) All update transactions sent from TIS to vendors include a timestamp to identify when the change took place in TIS.
 - 2) Vendors must process all changes in timestamp order regardless of the transaction type (future enrollments, retro changes, SSN and demographic data changes) in order to ensure that changes are posted as they were entered into TIS.
- Attachments: Descriptions and layouts for the transactions sent from TIS to vendors are attached. The descriptions communicate the business function being performed by the transaction. The layout communicates the specific data elements included in the transaction. Copies of the TIS codes tables are also attached.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
 INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION	DATA ELEMENT	SIZE	POSITION FROM	THRU	TYPE	DESCRIPTION
APPROVE/ADD OPTIONAL COVERAGE						
*	SOURCE CODE	9	1	9	A	IDENTIFIES SOURCE OF TRANSACTION (Code defined for Provident)
	TIMESTAMP	16	10	25	N	DATE & TIME OF TRANSACTION. - Will be used for sequencing
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: AO - Value AO
	SSN (EMPLOYEE)	9	28	36	N	SOCIAL SECURITY NUMBER - KEY, FORMAT: XXX,XX,XXXX
	SSN (SPOUSE FOR SPLIT)	9	37	45	N	SPOUSE SSN FOR SPLIT CONTRACT - NOT REQUIRED FROM PROVIDENT
*	PROGRAM ID	10	46	55	A	TYPE OF COVERAGE AND CARRIER
	LIFE COVERAGE AMOUNT	6	56	61	N	COVERAGE AMOUNT FOR TERM LIFE - FOR OPTIONAL PROGRAMS ONLY
	ACCIDENT COVERAGE AMOUNT	6	62	67	N	COVERAGE AMOUNT FOR ACCIDENT - FOR OPTIONAL PROGRAMS ONLY
	APPLIED DATE	8	68	75	N	DATE APPLIED FOR INSURANCE - CCYYMMDD
	FILLER	5	76	80	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	EFFECTIVE DATE	8	81	88	N	ENROLLMENT EFFECTIVITY DATE - Always first of month
	FILLER	2	89	90	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	TERMINATION DATE	8	91	98	N	ENROLLMENT TERMINATION DATE - NOT USED IN THIS TRANS
*	TERMINATION ENROLL REASON	2	99	100	A	REASON FOR TERMINATING ENROLLMENT NOT USED IN THIS TRANS
	USER ID	8	101	108	A	ID OF USER INITIATING TRANSACTION
	FILLER	132	109	240	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
 INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION	DATA ELEMENT	SIZE	POSITION FROM	THRU	TYPE	DESCRIPTION
CHANGE OPTIONAL COVERAGE						
*	SOURCE CODE	9	1	9	A	IDENTIFIES SOURCE OF TRANSACTION (Code defined for Provident)
	TIMESTAMP	16	10	25	N	DATE & TIME OF TRANSACTION. - Will be used for sequencing
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: CO - Value CO
	SSN (EMPLOYEE)	9	28	36	N	SOCIAL SECURITY NUMBER - KEY, FORMAT: XXX,XX,XXXX
	SSN (SPOUSE FOR SPLIT)	9	37	45	N	SPOUSE SSN FOR SPLIT CONTRACT - Applies to state employ. only
*	PROGRAM ID	10	46	55	A	TYPE OF COVERAGE AND CARRIER - Existing coverage
	LIFE COVERAGE AMOUNT	6	56	61	N	COVERAGE AMOUNT FOR TERM LIFE - FOR OPTIONAL PROGRAMS ONLY
	ACCIDENT COVERAGE AMOUNT	6	62	67	N	COVERAGE AMOUNT FOR ACCIDENT - FOR OPTIONAL PROGRAMS ONLY
	APPLIED DATE	8	68	75	N	DATE APPLIED FOR INSURANCE - CCYYMMDD * CHANGEABLE FIELD *
	FILLER	5	76	80	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	EFFECTIVE DATE	8	81	88	N	ENROLLMENT EFFECTIVITY DATE * CHANGEABLE FIELD *
	FILLER	2	89	90	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	TERMINATION DATE	8	91	98	N	ENROLLMENT TERMINATION DATE - NOT USED IN THIS TRANS
*	TERMINATION ENROLL REASON	2	99	100	A	REASON FOR TERMINATING ENROLLMENT NOT USED IN THIS TRANS
	USER ID	8	101	108	A	ID OF USER INITIATING TRANSACTION
	FILLER	132	109	240	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
 INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION	DATA ELEMENT	SIZE	POSITION FROM	THRU	TYPE	DESCRIPTION
TERMINATE OPTIONAL COVERAGE						
*	SOURCE CODE	9	1	9	A	IDENTIFIES SOURCE OF TRANSACTION (Code defined for Vendor)
	TIMESTAMP	16	10	25	N	DATE & TIME OF TRANSACTION. - Will be used for sequencing
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: TO - Value TO
	SSN (EMPLOYEE)	9	28	36	N	SOCIAL SECURITY NUMBER - KEY, FORMAT: XXX,XX,XXXX
	SSN (SPOUSE FOR SPLIT)	9	37	45	N	SPOUSE SSN FOR SPLIT CONTRACT - NOT REQUIRED
*	PROGRAM ID	10	46	55	A	TYPE OF COVERAGE AND CARRIER
	LIFE COVERAGE AMOUNT	6	56	61	N	COVERAGE AMOUNT FOR TERM LIFE - FOR OPTIONAL PROGRAMS ONLY
	ACCIDENT COVERAGE AMOUNT	6	62	67	N	COVERAGE AMOUNT FOR ACCIDENT - FOR OPTIONAL PROGRAMS ONLY
	APPLIED DATE	8	68	75	N	DATE APPLIED FOR INSURANCE - CCYYMMDD
	FILLER	5	76	80	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	EFFECTIVE DATE	8	81	88	N	ENROLLMENT EFFECTIVITY DATE - Always first of month
	FILLER	2	89	90	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE
	TERMINATION DATE	8	91	98	N	ENROLLMENT TERMINATION DATE -
*	TERMINATION ENROLL REASON	2	99	100	A	REASON FOR TERMINATING ENROLLMENT
	USER ID	8	101	108	A	ID OF USER INITIATING TRANSACTION
	FILLER	132	109	240	A	RJE REQUIRES RECORDS OF 80 BYTES Value: SPACE

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION		POSITION				DESCRIPTION
DESCRIPTION	DATA ELEMENT	SIZE	FROM	THRU	TYPE	
BILL FOR OPTIONAL PREMIUMS DUE						
*	SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
	TIME STAMP	16	10	25	N	DATE & TIME OF TRANSACTION
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: OD
	SSN (CONTRACT)	9	28	36	N	SSN CONTRACT HOLDER
	LAST NAME	15	37	51	A	LAST NAME OF SUBJECT
	BUDGET CODE	9	52	60	A	BUDGET CODE & WORK CENTER
*	PROGRAM ID	10	61	70	A	CARRIER & COVERAGE TYPE
	CURRENT PREM DUE	6	71	76	N	CURRENT PREMIUM AMOUNT DUE
	FILLER	4	77	80	A	VALUE SPACES
	ORIGINAL DUE DATE	8	81	88	N	PREMIUM DUE DATE - CCYYMMDD
	FILLER	72	89	160	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION	DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
CERTIFY ENROLLEE – LIFE PROVIDERS						
*	SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
	TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: CE
	SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
	FILLER	18	37	54	A	VALUE SPACES
	LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
	FILLER	27	70	96	A	VALUE SPACES
	GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
	FILLER	3	99	101	A	VALUE SPACES
	BUDGET CODE	9	102	110	A	BUDGET CODE & WORK CENTER
	FILLER	101	111	211	A	VALUE SPACES
*	PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
	CURRENT PREM COLL	6	222	227	N	PREMIUM COLLECTED – POS. AMT.
	ORIGINAL DUE DATE	8	228	235	N	PREMIUM DUE DATE - CCYYMMDD
	CERT. DATE	8	236	243	N	NOT USED IN THIS TRANSACTION
	FILLER	27	244	270	A	VALUE SPACES
UNCERTIFY ENROLLEE – LIFE PROVIDERS						
*	SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
	TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
*	TRANS TYPE	2	26	27	A	TRANSACTION TYPE: UE
	SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
	FILLER	18	37	54	A	VALUE SPACES
	LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
	FILLER	27	70	96	A	VALUE SPACES
	GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
	FILLER	3	99	101	A	VALUE SPACES
	BUDGET CODE	9	102	110	A	BUDGET CODE & WORK CENTER
	FILLER	101	111	211	A	VALUE SPACES
*	PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
	CURRENT PREM COLL	6	222	227	N	PREMIUM COLLECTED – NEG. AMT.
	ORIGINAL DUE DATE	8	228	235	N	PREMIUM DUE DATE - CCYYMMDD
	CERT. DATE	8	236	243	N	NOT USED IN THIS TRANSACTION
	FILLER	27	244	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
ADD ENROLLMENT – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: AP
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
SSN (CURRENT)	9	37	45	N	SSN OF TRANS. PART. OR DEP.
SSN (OTHER)	9	46	54	N	NOT USED IN THIS TRANSACTION
LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
FIRST NAME	15	70	84	A	FIRST NAME OF SUBJECT
MIDDLE INITIAL	1	85	85	A	MIDDLE INITIAL OF SUBJECT
* RELATIONSHIP CODE	2	86	87	A	DEP. RELATIONSHIP CODE
SEX CODE	1	88	88	A	SEX – M OR F
BIRTH DATE	8	89	96	N	DATE OF BIRTH CCYYMMDD
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	SIGNIFIES TYPE OF ELIGIBILITY
BUDGET CODE	9	102	110	A	BUDGET CODE & WORK CENTER
MARITAL STATUS	1	111	111	A	S, M, D, W
CNTY RES CODE	3	112	114	N	COUNTY OF RESIDENCE
CNTY WRK CODE	3	115	117	N	COUNTY OF WORK
ADDRESS LINE #1	30	118	147	A	ADDRESS LINE # 1
ADDRESS LINE #2	30	148	177	A	ADDRESS LINE # 2 (APT #)
CITY	15	178	192	A	CITY
STATE	2	193	194	A	STATE
ZIP CODE	9	195	203	N	ZIP + 4
HIRE DATE	8	204	211	N	FIRST DAY OF WORK CCYYMMDD
* PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
APPLY DATE	8	222	229	N	DATE APPLIED FOR INSURANCE
EFFECTIVE DATE	8	230	237	N	ENROLLMENT EFFECTIVE DATE
*** TERM DATE	8	238	245	N	NOT USED IN THIS TRANSACTION
* TERM ENRL REASON CD	2	246	247	A	NOT USED IN THIS TRANSACTION
STUDENT STAT CD	1	248	248	A	Y OR N IF DEPENDENT A STUDENT
* EXTEND REASON CD	2	249	250	A	OVERRIDE TO EXTEND COVERAGE
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	2	259	260	A	VALUE SPACES
** PREEXISTING FLAG	1	261	261	A	PREEXISTING CLAUSE APPLIES, VALUES 'Y', 'N' OR SPACE
** PREEXISTING DATE	8	262	269	N	DATE PREEXISTING STARTS, VALUES: PARTICIPANT - HIRE DATE DEPENDENT – ACQUIRE DATE
FILLER	1	270	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

** Preexisting is only sent on health enrollments.

*** Fields are populated on the quarterly full population reconciliation file.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
CHANGE ENROLLMENT – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: CP
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
SSN (CURRENT)	9	37	45	N	SSN OF TRANS. PART. OR DEP.
SSN (OTHER)	9	46	54	N	NOT USED IN THIS TRANSACTION
LAST NAME	15	55	69	A	NOT USED IN THIS TRANSACTION
FIRST NAME	15	70	84	A	NOT USED IN THIS TRANSACTION
MIDDLE INITIAL	1	85	85	A	NOT USED IN THIS TRANSACTION
* RELATIONSHIP CODE	2	86	87	A	NOT USED IN THIS TRANSACTION
SEX CODE	1	88	88	A	NOT USED IN THIS TRANSACTION
BIRTH DATE	8	89	96	N	NOT USED IN THIS TRANSACTION
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	NOT USED IN THIS TRANSACTION
BUDGET CODE	9	102	110	A	NOT USED IN THIS TRANSACTION
MARITAL STATUS	1	111	111	A	NOT USED IN THIS TRANSACTION
CNTY RES CODE	3	112	114	N	NOT USED IN THIS TRANSACTION
CNTY WRK CODE	3	115	117	N	NOT USED IN THIS TRANSACTION
ADDRESS LINE #1	30	118	147	A	NOT USED IN THIS TRANSACTION
ADDRESS LINE #2	30	148	177	A	NOT USED IN THIS TRANSACTION
CITY	15	178	192	A	NOT USED IN THIS TRANSACTION
STATE	2	193	194	A	NOT USED IN THIS TRANSACTION
ZIP CODE	9	195	203	N	NOT USED IN THIS TRANSACTION
HIRE DATE	8	204	211	N	NOT USED IN THIS TRANSACTION
* PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
APPLY DATE	8	222	229	N	DATE APPLIED FOR INSURANCE
EFFECTIVE DATE	8	230	237	N	ENROLL EFF. DATE – 1 ST OF MONTH
TERM DATE	8	238	245	N	ENROLL TERM. DATE – LAST OF MONTH
* TERM ENRL REASON CD	2	246	247	A	ENROLL TERM REASON CODE
STUDENT STAT CD	1	248	248	A	NOT USED IN THIS TRANSACTION
* EXTEND REASON CD	2	249	250	A	OVERRIDE TO EXTEND COVERAGE
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	2	259	260	A	VALUE SPACES
** PREEXISTING FLAG	1	261	261	A	PREEXISTING CLAUSE APPLIES, VALUES 'Y', 'N' OR SPACE
** PREEXISTING DATE	8	262	269	N	DATE PREEXISTING STARTS, VALUES: PARTICIPANT - HIRE DATE DEPENDENT – ACQUIRE DATE
FILLER	1	270	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

** Preexisting is only sent on health enrollments.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
TERMINATE ENROLLMENT – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: TP
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
SSN (CURRENT)	9	37	45	N	SSN OF TRANS. PART. OR DEP.
SSN (OTHER)	9	46	54	N	NOT USED IN THIS TRANSACTION
LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
FIRST NAME	15	70	84	A	FIRST NAME OF SUBJECT
MIDDLE INITIAL	1	85	85	A	MIDDLE INITIAL OF SUBJECT
* RELATIONSHIP CODE	2	86	87	A	NOT USED IN THIS TRANSACTION
SEX CODE	1	88	88	A	NOT USED IN THIS TRANSACTION
BIRTH DATE	8	89	96	N	NOT USED IN THIS TRANSACTION
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	NOT USED IN THIS TRANSACTION
BUDGET CODE	9	102	110	A	NOT USED IN THIS TRANSACTION
MARITAL STATUS	1	111	111	A	NOT USED IN THIS TRANSACTION
CNTY RES CODE	3	112	114	N	NOT USED IN THIS TRANSACTION
CNTY WRK CODE	3	115	117	N	NOT USED IN THIS TRANSACTION
ADDRESS LINE #1	30	118	147	A	NOT USED IN THIS TRANSACTION
ADDRESS LINE #2	30	148	177	A	NOT USED IN THIS TRANSACTION
CITY	15	178	192	A	NOT USED IN THIS TRANSACTION
STATE	2	193	194	A	NOT USED IN THIS TRANSACTION
ZIP CODE	9	195	203	N	NOT USED IN THIS TRANSACTION
HIRE DATE	8	204	211	N	NOT USED IN THIS TRANSACTION
* PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
APPLY DATE	8	222	229	N	NOT USED IN THIS TRANSACTION
EFFECTIVE DATE	8	230	237	N	ENROLLMENT EFFECTIVE DATE
TERM DATE	8	238	245	N	ENROLL TERM. DATE – LAST OF MONTH
* TERM ENRL REASON CD	2	246	247	A	ENROLL TERM REASON CODE
STUDENT STAT CD	1	248	248	A	NOT USED IN THIS TRANSACTION
* EXTEND REASON CD	2	249	250	A	NOT USED IN THIS TRANSACTION
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	12	259	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

State of TN Insurance System (TIS) Interface Transaction Layout

Transaction Data Element	Size	From	Thru	Type	Description
<u>Change Dependent SSN</u>					
* Source Code	9	1	9	A	ID Source of transaction
Time Stamp	16	10	25	N	Date & time of transaction
* Transaction Type	2	26	27	A	Transaction Type: DC
Participant SSN Maintenance Transaction					
SSN	9	28	36	N	Participant/Employee SSN
Old Dependent SSN	9	37	45	N	Old dependent SSN
New Dependent SSN	9	46	54	N	New dependent SSN
User ID	8	55	62	A	ID of user initiating transaction
Un-Used	63	63	240	A	Not Used

State of TN Insurance System (TIS) Interface Transaction Layout

Transaction Data Element	Size	From	Thru	Type	Description
<u>Delete Dependent SSN</u>					
* Source Code	9	1	9	A	ID Source of transaction
Time Stamp	16	10	25	N	Date & time of transaction
* Transaction Type	2	26	27	A	Transaction Type: DD
Participant SSN Maintenance Transaction					
SSN	9	28	36	N	Participant/Employee SSN
Old Dependent SSN	9	37	45	N	Old dependent SSN
New Dependent SSN	9	46	54	N	Not Used
User ID	8	55	62	A	ID of user initiating transaction
Un-Used	63	63	240	A	Not Used

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
CHANGE DEMOGRAPHIC DATA – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: DP
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
SSN (CURRENT)	9	37	45	N	SSN OF TRANS. PART. OR DEP.
SSN (OTHER)	9	46	54	N	NOT USED IN THIS TRANSACTION
LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
FIRST NAME	15	70	84	A	FIRST NAME OF SUBJECT
MIDDLE INITIAL	1	85	85	A	MIDDLE INITIAL OF SUBJECT
* RELATIONSHIP CODE	2	86	87	A	DEP. RELATIONSHIP CODE
SEX CODE	1	88	88	A	SEX – M OR F
BIRTH DATE	8	89	96	N	DATE OF BIRTH CCYYMMDD
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	SIGNIFIES TYPE OF ELIGIBILITY
BUDGET CODE	9	102	110	A	BUDGET CODE & WORK CENTER
MARITAL STATUS	1	111	111	A	S, M, D, W
CNTY RES CODE	3	112	114	N	COUNTY OF RESIDENCE
CNTY WRK CODE	3	115	117	N	COUNTY OF WORK
ADDRESS LINE #1	30	118	147	A	ADDRESS LINE # 1
ADDRESS LINE #2	30	148	177	A	ADDRESS LINE # 2 (APT #)
CITY	15	178	192	A	CITY
STATE	2	193	194	A	STATE
ZIP CODE	9	195	203	N	ZIP + 4
HIRE DATE	8	204	211	N	FIRST DAY OF WORK CCYYMMDD
* PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
APPLY DATE	8	222	229	N	NOT USED IN THIS TRANSACTION
EFFECTIVE DATE	8	230	237	N	NOT USED IN THIS TRANSACTION
TERM DATE	8	238	245	N	NOT USED IN THIS TRANSACTION
* TERM ENRL REASON CD	2	246	247	A	NOT USED IN THIS TRANSACTION
STUDENT STAT CD	1	248	248	A	Y OR N IF DEPENDENT A STUDENT
* EXTEND REASON CD	2	249	250	A	OVERRIDE TO EXTEND COVERAGE
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	12	259	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
RETROACTIVE CHANGE – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: RB,RP,RC,RD,
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT RR,DC,DD,DR
SSN (CURRENT)	9	37	45	N	SSN OF TRANS. PART. OR DEP.
SSN (OTHER)	9	46	54	N	NOT USED IN THIS TRANSACTION
LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
FIRST NAME	15	70	84	A	FIRST NAME OF SUBJECT
MIDDLE INITIAL	1	85	85	A	MIDDLE INITIAL OF SUBJECT
* RELATIONSHIP CODE	2	86	87	A	DEP. RELATIONSHIP CODE
SEX CODE	1	88	88	A	SEX – M OR F
BIRTH DATE	8	89	96	N	DATE OF BIRTH CCYYMMDD
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	SIGNIFIES TYPE OF ELIGIBILITY
BUDGET CODE	9	102	110	A	BUDGET CODE & WORK CENTER
FILLER	75	111	185	A	VALUE SPACES
* PROGRAM ID (OLD)	10	186	195	A	TYPE OF COVERAGE & CARRIER
PERIOD BEGIN DATE (OLD)	8	196	203	N	FIRST DAY OF PERIOD BEING CHANGED
PERIOD END DATE (OLD)	8	204	211	N	LAST DATE OF PERIOD BEING CHANGED
* PROGRAM ID (NEW)	10	212	221	A	TYPE OF COVERAGE & CARRIER
FILLER	8	222	229	A	VALUE SPACES
PERIOD BEGIN DATE (NEW)	8	230	237	N	NEW BEGIN DATE FOR CHANGE
PERIOD END DATE (NEW)	8	238	245	N	NEW END DATE FOR CHANGE
* TERM ENRL REASON CD (NEW)	2	246	247	A	REASON FOR TERM. ENROLLMENT
FILLER	3	248	250	A	VALUE SPACES
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	12	259	270	A	VALUE SPACES

- Valid values for these fields are listed in the TIS Codes Tables.

RB = Participant Budget Code Change
RP = Participant Program Change
RC = Participant Cancellation
RD = Participant Effective Date Change
RR = Participant Coverage Reinstatement
DC = Dependent Cancellation
DD = Dependent Effective Date Change
DR = Dependent Coverage Reinstatement

STATE OF TENNESSEE INSURANCE SYSTEM (TIS)
INTERFACE TRANSACTION LAYOUT

TRANSACTION DESCRIPTION DATA ELEMENT	SIZE	FROM	THRU	POSITION TYPE	DESCRIPTION
CHANGE SOCIAL SECURITY NUMBER – PROVIDER					
* SOURCE CODE	9	1	9	A	ID SOURCE OF TRANS.
TIME STAMP	16	10	25	N	DATE & TIME OF TRNS.
* TRANS TYPE	2	26	27	A	TRANSACTION TYPE: SP
SSN (CONTRACT)	9	28	36	N	SSN CONTRACT
SSN (CURRENT)	9	37	45	N	PREVIOUS (INCORRECT) SSN
SSN (OTHER)	9	46	54	N	NEW (CORRECTED) SSN
LAST NAME	15	55	69	A	LAST NAME OF SUBJECT
FIRST NAME	15	70	84	A	NOT USED IN THIS TRANSACTION
MIDDLE INITIAL	1	85	85	A	NOT USED IN THIS TRANSACTION
* RELATIONSHIP CODE	2	86	87	A	NOT USED IN THIS TRANSACTION
SEX CODE	1	88	88	A	NOT USED IN THIS TRANSACTION
BIRTH DATE	8	89	96	N	NOT USED IN THIS TRANSACTION
GROUP CODE	2	97	98	A	ST-STATE TE-TEACHER GL-LCL GVT
* UNIT CODE	3	99	101	A	NOT USED IN THIS TRANSACTION
BUDGET CODE	9	102	110	A	NOT USED IN THIS TRANSACTION
MARITAL STATUS	1	111	111	A	NOT USED IN THIS TRANSACTION
CNTY RES CODE	3	112	114	N	NOT USED IN THIS TRANSACTION
CNTY WRK CODE	3	115	117	N	NOT USED IN THIS TRANSACTION
ADDRESS LINE #1	30	118	147	A	NOT USED IN THIS TRANSACTION
ADDRESS LINE #2	30	148	177	A	NOT USED IN THIS TRANSACTION
CITY	15	178	192	A	NOT USED IN THIS TRANSACTION
STATE	2	193	194	A	NOT USED IN THIS TRANSACTION
ZIP CODE	9	195	203	N	NOT USED IN THIS TRANSACTION
HIRE DATE	8	204	211	N	NOT USED IN THIS TRANSACTION
* PROGRAM ID	10	212	221	A	TYPE OF COVERAGE & CARRIER
APPLY DATE	8	222	229	N	NOT USED IN THIS TRANSACTION
EFFECTIVE DATE	8	230	237	N	NOT USED IN THIS TRANSACTION
TERM DATE	8	238	245	N	NOT USED IN THIS TRANSACTION
* TERM ENRL REASON CD	2	246	247	A	NOT USED IN THIS TRANSACTION
STUDENT STAT CD	1	248	248	A	NOT USED IN THIS TRANSACTION
* EXTEND REASON CD	2	249	250	A	NOT USED IN THIS TRANSACTION
USER ID	8	251	258	A	USER INITIATING THIS TRANSACTION
FILLER	12	259	270	A	VALUE SPACES

* Valid values for these fields are listed in the TIS Codes Tables.

WEEKLY ENROLLMENT UPDATE REPORT

COMPANY: _____ **TODAY'S DATE:** _____

WEEK ENDING: _____ **FILE RECEIVED:** _____

PROCESS DATE: _____ **ERRORS RESOLVED:** _____

SIGNATURE: _____

TRANSACTION TYPE	NUMBER OF RECORDS RECEIVED	NUMBER OF RECORDS PROCESSED	NUMBER OF RECORDS UPDATED	NUMBER OF RECORDS IN ERROR	TOTAL RECORDS
AP					
CE					
CP					
DC					
DD					
DP					
DR					
HC					
PX					
RB					
RC					
RD					
RH					
RP					
RR					
SP					
TB					
TP					
UE					



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION
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**DAVE GOETZ
COMMISSIONER**

**RICHARD CHAPMAN
DIRECTOR**

**STATE OF TENNESSEE
QUARTERLY ENROLLMENT DATA RECONCILIATION**

Vendor: _____ Date: _____

Person completing this form: _____

Date full population files received from State: _____

Date full population files compared to vendor files: _____

Number of participants in vendor database, not on State file : _____

Number of dependents in vendor database, not on State file: _____

Number of participants on State file, not in vendor database: _____

Number of dependents on State file, not in vendor database: _____

Number of address mismatches: _____

Number of participant demographic mismatches: _____

Date mismatches resolved: _____

Other discrepancies: _____

Revised 4-6-04