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PLAN BENEFIT INFORMATION

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Plan Benefit Information

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Legal Documents

Advance Directives

Advance Directives



**SIERRA HEALTH AND LIFE
INSURANCE COMPANY, INC.**[®]
a subsidiary of Sierra Health Services, Inc.[®]

Effective Date April 14, 2003

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED
AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION.
PLEASE REVIEW IT CAREFULLY.**

If you have any questions about this notice, please contact Member Services at (702) 242-7700 or 1-800-888-2264, Monday through Friday, 8 a.m. to 5 p.m.

Who Will Follow This Notice

This notice describes the privacy practices of Sierra Health and Life Insurance Company, Inc. and of any third parties that assist it in the performance of its duties involving the use of your Protected Health Information (PHI).

Our Pledge Regarding Your Protected Health Information

When we say “Protected Health Information” or “PHI” we mean: information created or received by a healthcare provider, health plan, or employer that relates to your past, present, or future physical or mental health or condition, the provision of healthcare to you; or the past, present, or future payment for your healthcare. The information must also identify you or be the type that could reasonably be used to identify you.

We understand that your PHI is personal. We are committed to protecting that information. This notice applies to all of the PHI we maintain. Your personal doctor or healthcare provider may have different policies or notices regarding his or her use and disclosure of your PHI created in his or her office or clinic.

This notice tells you about the ways we may use and disclose your PHI. It also describes our obligations and your rights regarding use and disclosure of your PHI.

We are required by law to:

- make sure that your PHI is kept private;
- give you this notice of our legal duties and privacy practices with respect to your PHI; and
- follow the terms of this notice for as long as it remains in effect.

How We May Use and Disclose Your Protected Health Information

The following categories describe different ways that we use and disclose PHI. We explain each type of use or disclosure and present some examples. Not every use or disclosure is listed. All of the ways we are permitted to use and disclose information will, however, fall within one of the categories.

We may not make a use or disclosure of your PHI that does not fall within one of these categories unless we first receive your written authorization.

• **For Treatment**

We may use or disclose your PHI to facilitate medical treatment or services by healthcare providers. We may disclose your PHI to healthcare providers, including doctors, nurses, technicians, medical students, or other medical personnel who are involved in taking care of you. For example, we may disclose information about your prior prescriptions to a pharmacist to determine if a pending prescription may be harmful to you.

- **For Payment**

We may use and disclose your PHI to determine your eligibility for plan benefits, to facilitate payment for treatment and services you receive from healthcare providers, to determine benefit responsibility under the plan, or to coordinate benefits with other coverage you may have. For example, we may tell your healthcare provider about your medical history to determine whether a particular treatment is experimental, investigational, or medically necessary or to determine whether the plan will cover the cost of the treatment. We may also share your PHI with another health plan to coordinate benefit payments.

- **For Healthcare Operations**

We may use and disclose your PHI for healthcare operations. These uses and disclosures are necessary to manage the plan. For example, we may use your PHI for conducting quality assessment and improvement activities; underwriting; premium rating; submitting claims for stop loss coverage; conducting or arranging for medical review; legal services; audit services; fraud and abuse detection programs; and business planning and development and general administrative activities.

- **To Keep You Informed**

We may use your PHI to contact you so that we can remind you of appointments, describe or recommend treatment alternatives, or to give you information about health-related benefits that may be of interest to you. For example, if we offer educational classes on how to live with diabetes, we may contact you to inform you of that class if our records show that you have diabetes.

- **As Required By Law**

We will disclose your PHI when we are required to do so by federal, state or local law. For example, we may disclose your PHI when required to do so by a court order in a litigation proceeding such as a medical malpractice action.

- **To Avert a Serious Threat to Health or Safety**

We may use and disclose your PHI when necessary to prevent a serious threat to your health and safety or the health and safety of the public or another person. Any disclosure of this type, however, would only be made to someone able to help prevent the threat. For example, we may disclose your PHI in a proceeding regarding the licensure of a physician.

- **Disclosure to Health Plan Sponsor**

Your PHI may be disclosed to another health plan maintained by your employer for purposes of facilitating claims payment under that plan. In addition, your PHI may be disclosed to personnel of your employer solely for the purpose of administering benefits under your group health plan.

- **Organ and Tissue Donation**

If you are an organ donor, we may disclose your PHI to organizations that handle organ procurement or organ, eye or tissue transplantation or to an organ donation bank, as necessary to facilitate organ or tissue donation and transplantation.

- **Military and Veterans**

If you are a member of the armed forces, we may disclose your PHI as required by military command authorities. We may also disclose PHI about foreign military personnel to the appropriate military authority.

- **Workers' Compensation**

We may disclose your PHI for workers' compensation or similar program activities. These programs provide benefits for work-related injuries or illnesses.

- **Public Health Risks**

We may disclose your PHI for public health activities. These activities generally include the following:

- to prevent or control disease or injury;
- to report births and deaths;

- to report child abuse or neglect;
 - to report reactions to medications or problems with products;
 - to notify people of recalls of products they may be using;
 - to notify a person who may have been exposed to a disease or may be at risk for contracting or spreading a disease or condition;
 - to notify the appropriate government authority if we believe you have been the victim of abuse, neglect or domestic violence. We will only make this disclosure if you agree or when we are required by law to do so.
- **Health Oversight Activities**
We may disclose your PHI to a health oversight agency for activities authorized by law. These oversight activities include, for example, audits, investigations, inspections, and licensure. These activities are necessary for the government to monitor the healthcare system, government programs, and compliance with civil rights laws.
 - **Lawsuits and Disputes**
If you are involved in a lawsuit or a dispute, we may disclose your PHI in response to a court or administrative order. We may also disclose your PHI in response to a subpoena, discovery request, or other lawful process by someone else involved in the dispute, but only if efforts have been made to tell you about the request or to obtain an order protecting the information requested.
 - **Law Enforcement**
We may disclose your PHI if asked to do so by a law enforcement official:
 - in response to a court order, subpoena, warrant, summons or similar process;
 - to identify or locate a suspect, fugitive, material witness, or missing person;
- about the victim of a crime if, under certain limited circumstances, we are unable to obtain the person's agreement;
 - about a death we believe may be the result of criminal conduct;
 - about criminal conduct on our premises; and
 - in emergency circumstances to report a crime; the location of the crime or victims; or the identity, description, or location of the persons who committed the crime.
- **Coroners, Medical Examiners, and Funeral Directors**
We may disclose your PHI to a coroner or medical examiner. This may be necessary, for example, to identify a deceased person or determine the cause of death. We may also disclose your PHI to funeral directors as necessary to carry out their duties.
 - **National Security and Intelligence Activities**
We may disclose your PHI to authorized federal officials for intelligence, counterintelligence, and other national security activities authorized by law.
 - **Inmates**
If you are an inmate of a correctional institution or under the custody of law enforcement officials, we may disclose your PHI to the correctional institution or law enforcement official. This disclosure would be necessary:
 - for the institution to provide you with healthcare;
 - to protect your health and safety or the health and safety of others; or
 - for the safety and security of the correctional institution.

YOUR RIGHTS REGARDING YOUR PROTECTED HEALTH INFORMATION

You have the following rights regarding PHI we maintain about you:

Right to Inspect and Copy

You have the right to inspect and copy your PHI that may be used to make decisions about you. To inspect and copy this PHI, you must make your request in writing to Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. If you request a copy of the information, we may charge a fee for the costs of copying, mailing or other supplies associated with your request.

We may deny your request to inspect and copy your PHI in certain, limited circumstances. If you are denied access to your PHI, you may request that the denial be reviewed.

Right to Amend

If you feel that the PHI we have about you is incorrect or incomplete, you may ask us to amend the information. You have the right to request an amendment for as long as the information is kept by or for us.

Your request for amendment must be made in writing and submitted to Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. In addition, you must provide a reason that supports your request.

We may deny your request for an amendment if it is not in writing or does not include a reason to support the request. In addition, we may deny your request if you ask us to amend information that:

- is not part of your PHI that we maintain;
- was not created by us, unless the person or entity that created the information is no longer available to make the amendment;
- is not part of the information that you are permitted to inspect or copy; or
- is accurate and complete.

Right to an Accounting of Disclosures

You have the right to request an “accounting of disclosures” listing any disclosure of your PHI made for any purpose other than treatment, payment, or healthcare operations. We have 60 days to respond to your written request for an accounting of disclosures. We may take an additional 30 days (giving us a total of 90 days to respond) in certain circumstances. In order to take the extra 30 days, we must notify you of that within the original 60 day time frame.

To request an accounting of disclosures, you must make your request, in writing, to Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. Your request must state a time period which may not be longer than 6 years and may not include dates before April, 2003. The first list you request in any 12 month period will be provided to you for free. For other lists in the same 12 month period, we may charge you for the costs of providing the list. We will notify you of the cost involved and you may choose to withdraw or change your request at that time, before you incur any costs.

Right to Request Restrictions

You have the right to request a restriction or limitation on the PHI we use or disclose about you for treatment, payment, or healthcare operations. You also have the right to request a limit on the PHI we disclose about you to someone who is involved in your care or the payment for your care, like a family member or friend. For example, you could ask that we not use or disclose information about a surgery you had.

We are not required to agree to your request.

To request restrictions, you must make your request in writing to Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. In your request you must tell us:

- what information you want to limit;
- whether you want to limit our use, disclosure, or both; and
- to whom you want the limits to apply, for example, you may want to limit disclosures of your PHI to your spouse

Right to Request Confidential Communications

You have the right to request that our communications with you involving your PHI be carried out in a certain way or at a certain location. For example, you may ask that we contact you only at work.

To request confidential communications, you must make your request, in writing, to Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. We may ask you the reason for your request. Your request must specify how or where you wish to be contacted.

We are not required to agree to your request.

Right to a Paper Copy of This Notice

You have the right to a paper copy of this notice. You may ask us to give you a copy of this notice at any time. Even if you have agreed to receive this notice electronically (via e-mail), you are still entitled to a paper copy of this notice.

You may obtain a copy of this notice at our website, www.sierrahealth.com.

To obtain a paper copy of this notice, please contact Member Services at (702) 242-7700 or 1-800-888-2264, Monday through Friday, 8 a.m. to 5 p.m.

Changes to This Notice

We reserve the right to change this notice. We reserve the right to make the revised or changed notice effective for PHI we already have about you as well as any PHI we receive in the future. We will post a copy of the current notice on the Plan website. The notice will contain on the first page, in the top right-hand corner, the effective date.

Complaints

If you believe your privacy rights have been violated, you may file a complaint with us or with the Secretary of the Department of Health and Human Services. To file a complaint with us, contact Sierra Health and Life Insurance Company, Inc., Customer Response and Resolution Department, P. O. Box 15645, Las Vegas, NV 89114-5645. All complaints must be submitted in writing.

You will not be penalized for filing a complaint.

Other Uses of Protected Health Information

Other uses and disclosures of PHI not covered by this notice or the laws that apply to us will be made only with your written permission. If you provide us permission to use or disclose your PHI, you may revoke that permission, in writing, at any time. If you revoke your authorization, we will no longer use or disclose your PHI for the reason covered by your written authorization.

You understand that we are unable to take back any disclosures we have already made with your authorization and that we are required to keep certain records in our files even if you leave our health plan.



SIERRA HEALTH AND LIFE
INSURANCE COMPANY, INC.[®]
a subsidiary of Sierra Health Services, Inc.[®]

P.O. Box 15645 • Las Vegas, Nevada 89114-5645

Group Term Life Insurance Certificate

This Group Term Life Insurance Certificate ("Certificate") contains the terms under which Sierra Health and Life Insurance Company, Inc. ("SHL") agrees to insure certain Employees of the Employer ("Group").

SHL and Group have agreed to all of the terms of this Certificate and it has been incorporated by reference into the Group Enrollment Agreement entered into between SHL and the Group.

Coverage under this Policy will take effect only if the Employee is: (1) eligible for the coverage; and (2) becomes and remains insured by the terms of the Policy.

Any changes which affect an Employee's eligibility require written notice from the Employee or the Group to SHL within thirty-one (31) days of the date of the change in status.

President

Secretary

CHANGES IN ELIGIBILITY

It is the Employee's responsibility to notify the Group and SHL of any changes which affect eligibility for coverage for the Employee.

Legal Documents

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ATTACHMENT A, COVERAGE SCHEDULE TO GROUP TERM LIFE INSURANCE CERTIFICATE
OPTIONAL RIDERS, if applicable

SECTION I. DEFINITIONS

When used in this Certificate, the following words have the meaning shown:

- 1.1 Active Employee** means an employee who performs all of the duties of his or her job with the Covered Employer. This job may be at either: (1) the Covered Employer's normal place of employment; or (2) at some other place to which the regular business operations of the Covered Employer require that person to go.
- 1.2 Active Work** means work performed as an Active Employee.
- 1.3 Actively-at-Work** means being engaged at Active Work.
- 1.4 Calendar Year** means January 1 through December 31 of the same year.
- 1.5 Covered Person** means an Employee who is covered under the Policy.
- 1.6 New Coverage** means either: (1) a newly acquired benefit under the Policy; or (2) an increase in the amount of an in force benefit.

SECTION II. ELIGIBILITY, ENROLLMENT AND EFFECTIVE DATE

This section tells you when you are eligible for insurance under the Policy, when your insurance will begin, and how to make changes in your insurance.

- 2.1 Employee Eligibility.** A person will be eligible for Employee Insurance from the first day that, as shown in the Policy Schedule, he or she:
 - (a) is an employee of a Covered Employer;

- (b) is in one of the Eligible Classes of Employees; and

- (c) completes the Service Waiting Period.

Unless otherwise provided in the Group Enrollment Agreement, no corporate officer or director will be eligible solely due to his or her title. Neither will a partner nor a sole proprietor be eligible solely due to his or her position. All of these persons must be Active full-time Employees to be eligible.

2.2 Active Work Requirement. An employee must be Actively-at-Work for any New Coverage to take effect. The New Coverage will be deferred if, on the date that it is due to take effect, the employee is not Actively-at-Work. In this case, the New Coverage will not take effect until the first day that the Active Employee:

- 1) is Actively-at-Work; and
- 2) meets all other requirements needed to effect the coverage.

The employee will be considered Actively-at-Work on a regularly scheduled non-working day if the employee:

- 1) is not then disabled and could have been Actively-at-Work had it been a work day; and
- 2) was Actively-at-Work on the last preceding regular work day.

2.3 Proof of Good Health Requirement. When proof of good health is a condition for a person's coverage:

- (a) it must be submitted in the form set out by the Insurer; and
- (b) the Insurer must be given all proof required to decide that the person is an acceptable risk. A physical exam may be required as a part of this proof. If so, it will be at the person's expense. Details of this exam must be sent to the Insurer.

Term Life

The requirement will be met on the date that the Insurer accepts the proof.

provided all the requirements in Sections 2.1, 2.2 and 2.3 have been met.

2.4 Enrollment. Enrollment is making a written request for coverage. It must be made on a form acceptable to the Insurer. As one of its items, the form may include a payroll deduction authorization. This gives the Covered Employer the right to deduct any required premium contributions from the employee's wages for contributory coverages. The enrollment form must be completed and signed by the employee. An enrollment for coverage can be made on either a "timely" or a "late" basis.

2.5 Timely Enrollment. The enrollment will be timely if it is received by the authorized representative of the Insurer no later than thirty-one (31) days after the Employee becomes eligible for coverage.

2.6 Late Enrollment. Employees initially or newly eligible for enrollment whose enrollment form is not received by the Insurer within thirty-one (31) days of becoming eligible may only be enrolled upon such Employee's submission of Proof of Good Health as outlined in Section 2.3. Any expense for such Proof of Good Health will be the sole responsibility of the employee.

2.7 Enrollment for Contributory Coverages. A coverage is contributory when the employee must pay all or part of its premium. An employee must enroll for any coverage that is shown to be contributory in the Policy Schedule for it to become effective.

2.8 Effective Date. If an Employee enrolls for insurance on a timely basis and meets the requirements as outlined in Sections 2.1, 2.2 and 2.3, the insurance will be effective as of the first day of the calendar month following the month in which such enrollment is received by the Insurer, except as otherwise provided herein. If a late enrollment is received, the insurance shall become effective on the first day of the calendar month following the date of approval by the Insurer,

SECTION III. TERMINATION OF COVERAGE

This section tells you under what condition your insurance under the Policy will terminate and the date insurance will end.

3.1 Termination. A person's Employee Insurance will terminate on the earliest of these dates:

- (a) the date the Policy is terminated;
- (b) the date the person's employer ceases to be a Covered Employer;
- (c) the date the person's Eligible Class is eliminated;
- (d) the first day of the month that follows the date that a person ceases to be in one of the Eligible Classes; (See Section IV. Continuation of Coverage);
- (e) where the employee contributes toward premium payment: the first day of the month for which the contribution is due and not received by the Insurer.

SECTION IV. LIFE INSURANCE PROVISIONS

This section tells you what your life insurance benefits are under the Policy and when that benefit may be extended for disability, leave of absence, layoff or part-time employment.

4.1 Death Benefit. A death benefit will be paid as shown below upon approval by the Insurer of written proof of death. It will be paid as shown in the Beneficiary provision of the Policy.

1. Death Benefit While an Insured Employee. When an insured employee dies, the Insurer will pay a death benefit. This benefit will be the amount of Employee Term Life Insurance in force on that person's life at the time of death.
2. Death Benefit During the Conversion Period. A death benefit will be paid if a person dies: (a) within thirty-one (31) days after all or part of his or her Employee Term Life Insurance would otherwise have terminated; and (b) while entitled to apply for a conversion policy under the terms of the Conversion Privilege. The benefit will be the amount of Employee Term Life Insurance that could have been converted for that person.

4.2 Continuation of Coverage. A person may remain in the Eligible Class for a limited time if Active Work ceases due to: (i) disability; (ii) leave of absence; (iii) layoff; or (iv) change to part-time status. However, this continuance will end on the earliest of the following times:

- (a) The date that the person's continuance in the Eligible Class is ended by the Covered Employer. The date must be set in a way that all employees are treated the same.
- (b) For disability only: the end of the calendar month that next follows the end of the month in which that person last worked as an Active full-time Employee.
- (c) For layoff or change to part-time status: the end of the calendar month that next follows the end of the month in which that person last worked as an Active full-time Employee.
- (d) For leave of absence: the end of the third calendar month period that next follows the month in which that person last worked as an Active full-time Employee.

While a person is being continued in an Eligible Class as shown in the preceding paragraph, insurance benefits:

- (a) will be based on the benefits of that person's Eligible Class on the last day of Active Work; and
- (b) are subject to the reductions in benefits of that person's Eligible Class.

Unless the person again becomes a Covered Person, he or she may exercise the Conversion Privilege (See Section V. Conversion Privilege). This provision will apply as if the person had ceased to be in the Eligible Classes from the date continued insurance stops.

4.3 Effect of Conversion on Continuance.

Coverage under a policy issued under the Conversion Privilege (See Section V. Conversion Privilege) will be in place of this continued insurance. For the continued insurance to apply, the conversion policy must be surrendered without claim. In that case, all premium for that policy will be refunded. The beneficiary named in the conversion policy, if different from the last one named under the Policy prior to conversion, will be treated as a beneficiary change under the Policy.

Section V. CONVERSION PRIVILEGE

This section tells you under what conditions your insurance can convert to a non-group plan.

5.1 When the Conversion Privilege Applies.

The conversion privilege is allowed when the Employee Term Life Insurance reduces or ceases as described below.

- (A) An employee may convert all or part of the amount of insurance that ceases due to: (i) provision of the Coverage Schedule or (ii) loss of eligibility. However, no conversion is allowed for life insurance which ceases solely due to nonpayment of contributions.

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(B) An employee may convert the lesser of the amounts of insurance shown in (a) or (b) below that cease due to: (i) termination of this Policy; (ii) amendment of the Policy to terminate the employee's Eligible Class; (iii) amendment of the Policy to reduce the amount of insurance in an employee's Eligible Class; or (iv) termination under the Policy of the Covered Employer's plan of benefits.

(a) \$10,000.00;

(b) All or part of the amount that ceases. This amount is reduced by any new life insurance amount for which the person becomes eligible under any other group policy issued within thirty-one (31) days of termination under the Policy.

However, no conversion is allowed under this item (B) unless the person has been insured under the Policy for at least five (5) years prior to termination.

5.2 Conversion Policy Available. A conversion policy will be any type of individual life insurance policy, other than term life insurance, then being issued by the Insurer for conversion. The conversion policy will not include accidental death, disability or other supplementary benefits. It will be issued without evidence of insurability.

5.3 Effecting a Conversion Policy. A conversion policy will take effect at the end of the thirty-one (31) days after insurance termination. To convert, a person must submit the following to the Insurer within that thirty-one (31) day period:

(a) written application;

(b) the first premium payment.

5.4 Conversion Policy Premium Rate. The premiums for the conversion policy will be at the Insurer's usual rate then applicable to:

1. the form of the individual policy;

2. the amount of the individual policy;

3. the person's risk class; and

4. the person's age as of the nearest birthday as of the effective date of the individual policy.

Section VI. GENERAL PROVISIONS

This section gives you some general information about your rights under the Policy.

6.1 Beneficiary. An employee has the right to name or change a beneficiary. At no time, though, may a Covered Employer be a beneficiary. To change the beneficiary, the designation must be made in written form that is acceptable to the Insurer. Once recorded, it will take effect on the date signed. Any earlier designations will be void, unless specified otherwise. The change will not apply to any payment made by the Insurer prior to the time the change in beneficiary was recorded.

When the beneficiary designation does not show otherwise, these rules apply:

(a) Two or more named beneficiaries will share equally the proceeds. If one of them dies before the employee, the share he or she would have received will be paid equally to the remaining beneficiaries.

(b) If there is no surviving named beneficiary, the proceeds will be paid to the surviving spouse, if any. If there is no spouse, the proceeds will be paid to the employee's surviving children, if any. If there is no spouse or child, the proceeds will be paid to the employee's surviving parents, in equal shares. If there is no spouse, child or surviving parent, the proceeds will be paid to the employee's surviving brothers and sisters, in equal shares. If there are no survivors as outlined, the proceeds will be paid to the employee's estate.

6.2 Assignment. An employee may assign his or her rights to life insurance. The Insurer will not be bound by any assignment unless it is in writing and is recorded at the Insurer's Home Office. The Insurer is not responsible for the validity of any assignment. Any amount to be paid will be paid to an assignee in a single sum. Any claim made by an assignee will be subject to proof of the assignee's interest and the extent of the assignment.

6.3 Payment Options. Payment options may be elected for loss of life or dismemberment benefits in the place of a lump sum payment. The options that are available are those offered by the Insurer at the time of election. A complete list of options will be supplied upon request. Elections must be in a written form approved by the Insurer and received at its Home Office. The person who has the right to name a beneficiary may elect the payment option. That election may not be revoked after the employee's death. However, a beneficiary may elect the payment option after the employee's death if no option was elected before that time. The payee must be a natural person who takes the benefit in his or her own right.

Interest will accumulate on a benefit from the date of loss until: (1) payment of loss is made in one sum; or (2) a payment option election is made. The interest rate will be at the rate currently paid under interest type options, but never less than 3% compounded each year.

6.4 Employee Statements. All statements made by the employee in the absence of fraud are representations and not warranties. A statement made by the employee may be used to contest entitlement to insurance only if: (i) it is part of a written application; (ii) a copy of the application has been given to that person; and (iii) the insurance for which the statement was made has been in effect for less than two (2) years during the life of the employee.

6.5 Spendthrift Clause. To the extent allowed by law, no benefit of the Policy is subject to the claim or legal process of a creditor of a Covered Person or beneficiary.

6.6 Certificates. SHL will deliver a Certificate to each employee who becomes covered. This Certificate will state the essential features of the employee's insurance. The Certificate will not alter the liability of the Insurer as stated in the Policy.

6.7 Inspection of the Policy. A copy of the Policy is at the office of the Group. It is available for inspection by Covered Persons during regular business hours.

Section VII. PAYMENT OF BENEFITS

This section tells you how benefits are paid.

7.1 Payment of Claim.

Claim Payment for Loss of Life. A claim for loss of life will be paid under the Beneficiary provisions of the Policy.

Claim Payment for Other than Loss of Life. Claim payments for all other benefits are payable to the employee. However, the Insurer has the right to pay all or part of the benefits due to the provider of care. This is true whether or not the employee is alive. When a claim is paid to the provider: (1) the Insurer must not have prior written notice that a charge has been paid in full; (2) the amount paid will not be more than what is then, to the Insurer's best knowledge, the unpaid part of that charge; and (3) the Insurer has the right to require any facts it needs to verify a charge.

A claim may be unpaid at an employee's death. If the insurer does not pay that claim to the provider of care, it will be paid to the employee's estate. The following applies if a benefit is payable to either: (1) the employee's estate; or (2) an employee who is not legally capable of accepting it:

All or part of the benefit can be paid to any of the following relatives that the Insurer determines to be equitably entitled to it: (a) Spouse; (b) children; (c) parents; (d) brothers; or (e) sisters.

Term Life

That payment, made in good faith, fully discharges the Insurer to the extent of the payment.

- 7.2 Time of Claim Payment.** Claims will be paid upon approval of the Insurer of written proofs of loss.
- 7.3 Physical Examination and Autopsy.** The Insurer, at its expense, has the right to examine a person as often as reasonably necessary while a claim is pending. The Insurer, at its expense, may require an autopsy unless prohibited by law.
- 7.4 Legal Actions.** No legal action may be brought to recover under the Policy within sixty (60) days after written proofs of loss have been furnished as required, or after three (3) years from the time written proofs of loss are required to be furnished.



SIERRA HEALTH AND LIFE
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Employee
Accidental Death and Dismemberment
Insurance
24 Hour Coverage

Benefit. When an employee has a Covered Loss, the Insurer will pay a benefit as shown in the Table of Losses below. The "Principal Sum Amount" is the amount shown in Attachment A, Coverage Schedule.

Covered Loss: "Covered Loss" means a loss shown in the Table of Losses that meets all of the following requirements:

- (1) the Covered Loss results directly from an injury and must be free from all other causes. This injury must be caused by an accident that occurs while the employee is insured for this benefit;
- (2) the Covered Loss must occur no later than 90 days after the date of the accident;

- (3) the Covered Loss must not be excluded under the Limits shown below;
- (4) as to loss of life, the injury must be evidenced by a visible bruise to wound on the body. However, this does not apply to drowning or to internal injuries revealed by an autopsy;
- (5) as to the loss of a hand or foot, there must be actual severance at or above the wrist or ankle joint;
- (6) as to the loss of sight or an eye, there must be total and irrevocable loss of sight.

Not more than the Principal Sum Amount will be paid for all losses sustained as a result of any one accident.

Accidental Death And Dismemberment

TABLE OF LOSSES	
In the Event of Loss of:	The Benefit will be:
Life	The Principal Sum Amount
Both Hands or Both Feet	The Principal Sum Amount
Sight of Both Eyes	The Principal Sum Amount
One Hand and One Foot	The Principal Sum Amount
One Hand and Sight of One Eye	The Principal Sum Amount
One Foot and Sight of One Eye	The Principal Sum Amount
One Hand	One Half of the Principal Sum Amount
One Foot	One Half of the Principal Sum Amount
Sight of One Eye	One Half of the Principal Sum Amount

Seat Belt Benefit. An additional 50% of the applicable benefit shown in the Table of Losses will be paid if the employee dies or is dismembered as the result of a covered accident. The covered accident:

- (1) Must occur while the employee is driving and/or riding in an on-road motor vehicle; and
- (2) The motor vehicle must be equipped with seat belts; and
- (3) The seat belt must have been in actual use and properly fastened by the insured at the time of the accident; and
- (4) The position of the seat belt must be certified in the official report of the accident or by the investigating police officer.

Further, the driver of the vehicle must be properly licensed and must not have been driving while impaired, intoxicated or under the influence of drugs, unless prescribed by a licensed physician, at the time of the accident.

Notice of Claim. Notice must be given to the Policyholder within 30 days of the start of a loss. If it is not reasonably possible to give notice within that time, the claim may not be declined or reduced due to the delay.

Claim Forms. Claim forms are to be used for filing proofs of loss. They will be supplied to the person making the claim within 15 days of the notice of loss.

If claim forms are not supplied within this 15 day period, a claimant may submit a written proof of loss setting forth the occurrence, character and extent of loss.

Proof of Loss. Proofs that satisfy the Insurer must be given within 90 days after the following:

- (1) When the benefit provides for payment at different intervals: the end of the period for which the Insurer is liable for coverage;
- (2) When the benefit provides for payment of charges incurred during a Calendar Year: the end of the Calendar Year; or
- (3) In any other instance: the date of loss.

However, the claim will not be declined or reduced if: (a) it is not reasonably possible to give proof in that time; and (b) the proof is submitted within one year from the date of the loss. This one year period will not apply when the employee is not legally capable of submitting proof. All proofs of loss must be satisfactory to the Insurer.

Accidental Death And Dismemberment

Limits. A loss that is directly or indirectly a result of one of the following is not a Covered Loss even though it was caused by an accidental bodily injury.

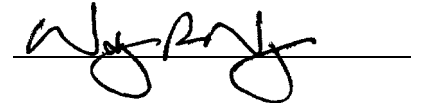
Signed for Sierra Health and Life Insurance Company, Inc.

- (1) A disease or infirmity of the mind or body;
- (2) Ptomaine or bacterial infection, except pus-forming infections that result from injury which these Limits do not exclude.
- (3) Medical or surgical treatment, except where it is both: (i) treatment of any injury that meets the tests of a Covered Loss; and (ii) treatment performed within 90 days after the injury.
- (4) Insurrection; and act of war, declared or undeclared.
- (5) Unlawful participation in a riot;
- (6) An attempt to commit, or committing, an assault or felony by the insured.
- (7) Intentionally self-inflicted injury;
- (8) Suicide or attempted suicide, whether in either case, sane or insane.
- (9) Riding or descending from any kind of aircraft:
 - (a) as a passenger on any kind of aircraft operated by or for the armed forces; or
 - (b) as a pilot or crew member. A crew member is anyone who has duties at any time on the flight involving either the flight or the aircraft; or
 - (c) as a participant in aviation training (student or instructor); or
 - (d) as a participant in a sporting event or hobby.
- (10) Intentionally taking a drug that is not part of a professional medical treatment plan.

President



Secretary





SIERRA HEALTH AND LIFE
INSURANCE COMPANY, INC.[®]
a subsidiary of Sierra Health Services, Inc.[®]

Dependent Term Life Insurance

Eligibility. An employee will be eligible for Dependent Insurance on the first day that he or she is: (a) eligible for Employee Insurance; (b) first enters a class that provides Dependent Insurance; and (c) first gains a Dependent. This will include gaining a Dependent after a time without one.

Dependent. A Dependent is any one of these persons:

An employee's spouse and never married children from 14 days to 19 years of age. However, a Dependent child will continue to be covered after age 19, provided: (a) the child is a full-time student at an accredited school; (b) primarily dependent upon the employee for support and maintenance; (c) is unmarried; and (d) under age {DEPENDANT_UNDER_AGE}.

The term "child" includes natural or adopted children. Step-children who reside in the employee's household may also be included.

These persons are excluded as Dependents: (a) the legally separated or divorced former spouse of the employee; (b) a person who is on active duty in the military service of any country; or (c) a person who is eligible for coverage under the Policy as an employee.

If both husband and wife are employees, their children will be covered as dependents of the husband or the wife, but not both.

Requirements for Effecting Dependent Insurance. An employee may be required to enroll for Dependent Insurance. This enrollment is subject to the same enrollment rules shown in Section II. Eligibility, Enrollment and Effective Date.

In the case of late enrollment, proof of good health must be submitted for each of the employee's then Dependents. In this event, for the insurance to take effect for a Dependent, the Insurer must approve the proof of good health for that dependent.

To effect New Coverage on a Dependent, the following deferral rule will apply:

1. The New Coverage will be deferred for a Dependent if he or she is confined in a medical care facility when it is due to take effect. In this case, the New Coverage will take effect on the first day of the month next following the date the Dependent has been free from confinement for 30 consecutive days.
2. In this rule, "medical care facility" means: (i) a general hospital, hospice or mental health facility; or (ii) a facility that treats one or more specific ailments; or (iii) any type of convalescent or skilled nursing care facility.

Effective Date of Dependent Insurance. An employee's Dependent Insurance will take effect on the first day of the month following the date that all of the following are met:

1. the Eligibility Requirement;
2. the employee is insured for Employee insurance; and
3. at least one Dependent will become covered.

When a Dependent Becomes Covered for Changes in Benefit Amount. The effective date of increases in a benefit amount is subject to the deferral rule. The effective date of decreases is not subject to the deferral rule.

Dependent Life

A Dependent will be covered for a change in the amount of an in force benefit on the first day of the month following the age change.

When a Dependent Becomes Covered for a Newly Acquired Benefit. Subject to the deferral rule, a Dependent will first be covered for a newly acquired benefit from the first day of the month that follows the date that all of the following are met:

1. the person is a Dependent and eligible for New Coverage;
2. the employee is insured for Dependent Insurance;
3. the enrollment requirements of the Policy are met for that benefit.

Termination of Dependent Insurance

1. Termination of an Employee's Dependent Insurance. Dependent insurance of an employee will terminate on the earliest of these dates:
 - a) the first day of the month that follows the date of the employee's death;
 - b) the date that the Employee Insurance of an employee terminates;
 - c) the date Dependent Insurance benefits are discontinued under the Policy;
 - d) the date the employee's class changes to one that does not provide Dependent Insurance benefits;
 - e) where the employee contributes toward premium payment, the first day of the month for which the contribution is due and not received by the Insurer.
2. Loss of Dependent Status. Dependent insurance will cease for a person on the first day of the month that follows the date that he or she is no longer a Dependent.
3. Conversion Option. Further terms of the Policy may grant a Dependent the right to convert coverage to an individual policy upon termination.

Death Benefit. The Insurer will pay a death benefit as shown in item (1) or (2) upon receipt of due proof of death. It will be paid to the Employee, if living at the time of payment; otherwise, it will be paid to the Employee's estate.

1. Death Benefit While the Dependent is Covered. When a person who is covered as a Dependent dies, the Insurer will pay a death benefit. This benefit will be the amount of Dependent Term Life Insurance in force on that person's life at time of death.
2. Death Benefit During the Conversion Period. A death benefit will be paid if a Dependent dies: (a) within 31 days after all or part of the Dependent Term Life Insurance for the Dependent would otherwise have terminated; and (b) while entitled to apply for a conversion policy under the terms of the Conversion Privilege. The death benefit will be the amount of Dependent Term Life Insurance that could have been converted for the Dependent.

Conversion Privilege

1. When the Conversion Privilege Applies. The conversion privilege is allowed for the Dependent Term Life Insurance that ceases as described in items a) or b).
 - a) A Dependent may convert all or part of the amount of insurance that ceases due to: (i) provisions of the Covered Employer's plan; or (ii) loss of eligibility. However, no conversion is allowed for life insurance which ceases solely due to nonpayment of contributions.
 - b) A Dependent may convert the lesser of the amounts of insurance shown in 1) or 2) below that cease due to: (i) termination of this Policy; (ii) amendment of the Policy or the Covered Employer's plan of benefits to terminate the Dependent Term Life Insurance under the Employee's Eligible Class; or (iii) termination under the Policy of the Covered Employer's plan of benefits.
 - 1) \$10,000.00.

Dependent Life

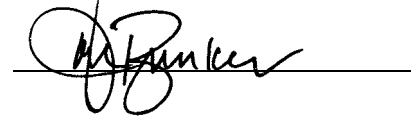
- 2) All or part of the amount that ceases. This amount is reduced by any new Dependent life insurance for which the Employee becomes eligible under any other group policy issued within 31 days of termination under the Policy.

However, no conversion is allowed under this item b) unless the Dependent has been covered under the Policy for at least 5 years prior to termination.

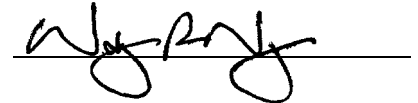
2. Conversion Policy Available. A conversion policy will be any type of individual life insurance policy, other than term life insurance, then being issued by the Insurer for conversion. The conversion policy will not include accidental death, disability or other supplementary benefits. It will be issued without evidence of insurability.
3. Effecting a Conversion Privilege. A conversion policy will take effect at the end of 31 days after insurance termination. To convert, a Dependent must submit the following to the Insurer within that 31 day period.
- a) written application;
 - b) the first premium payment.
4. Conversion Policy Premium Rate. The premiums for the conversion policy will be at the Insurer's usual rate then applicable to:
- a) the form of the individual policy;
 - b) the amount of the individual policy;
 - c) the person's risk class; and
 - d) the person's age as of the nearest birthday as of the effective date of the individual policy.

Signed for Sierra Health and Life Insurance Company, Inc.

President



Secretary





**SIERRA HEALTH AND LIFE
INSURANCE COMPANY, INC.[®]**
a subsidiary of Sierra Health Services, Inc.[®]

Attachment A
Coverage Schedule To
Group Term Life Insurance
Certificate

EMPLOYEE TERM LIFE INSURANCE BENEFIT **\$50,000**

**EMPLOYEE ACCIDENTAL DEATH AND
DISMEMBERMENT BENEFIT PRINCIPAL SUM
AMOUNT** **\$50,000**

DEPENDENT TERM LIFE INSURANCE BENEFIT

DEPENDENT CLASS:	SCHEDULED AMOUNT:
Spouse	\$5,000
Child from birth to 6 months of age	\$500
Child over 6 months but less than 19 years; student dependent age 19 but less than 27 years.	\$5,000

Coverage terminates when the person ceases to be a Dependent.

Advance Directives

DURABLE POWER OF ATTORNEY DECLARATION OF LIVING WILL

NOTE: This document is not intended as a substitute for legal advice. You should seek qualified legal guidance to assist you in completing and executing an Advance Directive in accordance with the law.

Introduction

There may come a time when you will be seriously injured or become gravely ill and unable to make healthcare decisions for yourself. You may wish to choose in advance what kinds of treatments are administered and whether or not life support systems should be maintained or withdrawn.

Most states allow a competent adult to execute a document which allows him or her to accept or refuse treatment in the event that he or she has a terminal condition and is not able to make decisions for himself or herself. Many states do not specify the particular form that a directive must follow to be effective, but you should check the laws in your own state to be sure. However, we have included information for you on where you can get forms which may be available.

Glossary

Advance Directive - an instruction, such as a Declaration/Living Will or Durable Power of Attorney for Healthcare Decisions, to withhold or withdraw life-sustaining procedures in the event of a terminal condition.

Attorney In Fact - a person authorized by another to act in his place either for some particular purpose, as to do a particular act, or for the transaction of business in general which is not of a legal nature.

Life-sustaining Treatment - a medical procedure or intervention that uses mechanical or other artificial means to sustain, restore or supplant a vital function. It only artificially postpones the moment of death of a patient in a Terminal Condition whose death is imminent or will result within a relatively short time without the

application of the procedure. The term does not include the administration of medication or the performance of a medical procedure considered to be necessary to provide comfort or care, or to alleviate pain.

Terminal Condition - an incurable and irreversible condition caused by injury, disease or illness that would result in death without the application of life-sustaining procedures, according to reasonable medical judgement. The application of life-sustaining procedures serves only to postpone the moment of the patient's death.

Types of Advance Directives

A **Declaration/Living Will** is one type of Advance Directive. A Declaration/Living Will directs your attending physician to withdraw treatment that only prolongs a Terminal Condition. To be valid under law, a Declaration/Living Will must be signed by you as the declarant and must also be signed by two witnesses who 1) are not related to you by blood or marriage, 2) are not mentioned in your will and 3) would have no claim on your estate.

In addition the Declaration/Living Will may not be witnessed by your physician or by anyone working for your physician. If you are in a healthcare facility at the time you sign the Declaration/Living Will, you may not use as a witness any other patient, or employee of the facility if they are involved in providing direct patient care to you or are directly involved in the financial affairs of the facility. The signatures of the witnesses do not have to be notarized to make the Declaration/Living Will a valid legal document.

A **Durable Power of Attorney for Healthcare Decisions** may also be executed. This document allows you to appoint someone to make a variety of healthcare decisions for you should you become unable to do so. Requirements under the law are very specific for properly executing this document, and you should seek qualified legal

Advance Directives

guidance to assist you in completing and executing an Advance directive in accordance with the law.

Advance Directives as Part of your Permanent Medical Record

Once you have executed an Advance Directive of any kind, please notify your physician and provide a copy of it to him or her so that it may be made a part of your permanent medical record.

Upon learning of the existence of an Advance Directive, a physician must make reference to the fact that you have an Advance Directive in your permanent medical record.

Frequently Asked Questions

How long is an Advance Directive valid?

Generally, any Advance Directive is effective until it is revoked. You may want to consider initialing and dating your Advance Directive periodically to show that it still expresses your wishes. You may revoke your Advance Directive at any time and in any manner, without regard to your mental or physical condition. A revocation is effective when your attending physician or other healthcare provider receives notice of the revocation from you or from a witness to the revocation. Pursuant to the law, to the extent that a Durable Power of Attorney for Healthcare or Declaration/Living Will conflicts with a directive or treatment decision executed under the law, the instrument executed later in time controls.

What will happen if I become terminally ill and I am unable to make healthcare decisions by myself, yet I haven't executed an Advance Directive?

In preparation for this possibility, you should, at the very least, make your wishes known to those you love. Laws in your state may give a "surrogate decision maker" the authority to consent to the withholding or withdrawal of life-sustaining treatment for you. (This consent must be in writing and attested by two witnesses.)

A "surrogate decision maker" is, in order of authority;

- your spouse;

- your adult child or, if you have more than one child, a majority of the adult children who are reasonably available to consult;
- your parents;
- your adult sibling or, if you have more than one adult sibling, a majority of the adult siblings who are reasonably available to consult;
- or your nearest other adult relative by blood or adoption who is reasonably available to consult.

If a class of "surrogate decision makers" entitled to consent is not reasonably available to consult and competent to decide, or declines to decide, the next class is authorized to make the decision. An equal division in a class does not authorize the next class to decide.

What if my doctor objects to the withholding or withdrawal of life-sustaining treatment?

Healthcare providers have varying beliefs regarding the implementation of an individual's Advance Directive. An attending physician or other provider of healthcare who is unwilling to honor your Advance Directive must take all reasonable steps as promptly as possible to transfer your care to another physician or healthcare provider.

How will my execution of an Advance Directive affect my health and life insurance policies?

The making of an Advance Directive does not affect the sale, purchase or issuance of a life insurance or annuity policy, nor does it affect the terms of an existing policy. It also cannot be prohibited or required as a condition of being insured for, or receiving, healthcare.

What are our policies on the administration of life-sustaining treatment?

As a company we are committed to the preservation of life and the alleviation of suffering. If, however, you wish to have life-sustaining treatment withheld or withdrawn in the event you become terminally ill, we will make every effort to see that your wishes are honored. If you have already executed an Advance Directive, please give a copy to your doctor(s) to be placed in your medical record.

Where can I obtain a Declaration/Living Will or Durable Power of Attorney for Healthcare Decisions form?

Forms are available from a variety of sources, including some physicians, attorneys, and healthcare facilities.

Once you have completed an Advance Directive, discuss your decisions with your family, next of kin, or other responsible parties, and give your attorney and each one of your doctors a copy to be placed in all of your medical records. It is also advisable to keep a copy with you at all times.

Conclusion

It is difficult for people to make good decisions when they are under pressure or emotional strain, particularly in areas where there are no clear-cut answers about life-sustaining treatment. These issues require a great deal of discussion and careful thought. The information provided here has been presented in the hope that you will discuss it with your doctor and others and come to a decision that is right for you or someone you love.

