



GROUP TERM LIFE INSURANCE

FOR

FACULTY / STAFF

Office of Human Resources

FOREWORD

This Booklet describes your Group Term Life and Accidental Death and Dismemberment Insurance benefits that the University has arranged to help protect against the hardships accompanying death including accidental death and dismemberment.

The important details of your Group Term Life and Accidental Death and Dismemberment Insurance have been described in this Booklet in accordance with benefits currently being provided. The University reserves the right to modify the benefits as it may deem necessary. If there is anything in this Booklet that requires further clarification, or if you have questions relative to specific provisions, please contact the Employee Benefits Division (814-865-1473).

The Group Term Life and Accidental Death and Dismemberment Insurance is underwritten by The Prudential Insurance Company of America.

TABLE OF CONTENTS

General Information

Eligibility	1
Enrollment and Effective Date of Coverage.....	1
Provisions Applicable If You Cease Active Work.....	1

Group Term Life and Accidental Death and Dismemberment Insurance

Schedule of Group Employee Benefits and Contribution	2
Group Term Life Insurance	2
Accidental Death and Dismemberment Insurance	4

Certificate of Insurance

Schedule of Benefits	5
Life Insurance.....	5
Accidental Death and Dismemberment Insurance	6

GENERAL INFORMATION

ELIGIBILITY

You will be eligible to be enrolled in this plan if you:

1. are actively employed in the regular, full-time service of the University,
2. were hired prior to January 1, 1993, and
3. have elected to continue participation in this plan which was effective prior to January 1, 1993.

If you enroll in another plan offered by the University providing life insurance coverage, or if you decline participation, you may not re-enroll in this plan at a later date.

ENROLLMENT AND EFFECTIVE DATE OF COVERAGE

If you signed the enrollment form before you started work, you were covered on the day your pay started. Otherwise, your coverage started on the day you enrolled, provided that was not later than thirty-one days after you started work. If you were not actively at work on the date you otherwise become eligible for coverage, your coverage was delayed until you began active employment.

PROVISIONS APPLICABLE IF YOU CEASE ACTIVE WORK

Due to Leave of Absence or Reduction in Force

If your leave of absence is without pay due to a disability, formal study, or leave in lieu of temporary layoff, you will be billed for your share of the monthly cost. For all other leaves of absence, you may continue coverage by paying the full cost.

You may continue your coverage for a period of up to 120 days by paying the regular rates if your termination of employment is other than the end of a fixed term appointment and results from a reduction in force. Coverage may be continued beyond 120 days. You should contact the Employee Benefits Division for details.

Due to Retirement

After you retire you may continue to be covered for \$5,000 of Group Term Life Insurance at no cost provided you meet the following conditions of eligibility:

1. Having reached your sixtieth birthday as of retirement, and you have at least fifteen years of continuous participation in a University sponsored medical plan immediately preceding retirement (for those hired prior to July 1, 1984, ten years of continuous participation is required), or
2. Your sixtieth birthday has not occurred as of retirement, and you have at least twenty-five years of regular, full-time employment and ten years of continuous participation in a University sponsored medical plan immediately preceding your date of retirement.

Your Accidental Death and Dismemberment Insurance terminates at retirement.

You may convert the amount by which your life insurance is reduced at retirement.

Due to Leaving Employment

If you leave our employment, your Group Term Life protection continues 31 days from the end of your final pay period. During this period you can convert your Group Term Life Insurance to Prudential Individual Life Insurance, as explained in the Group Policy and your certificate, without medical examination. Application for conversion may be obtained from the Employee Benefit Department.

Due to Disability

If you are not actively at work due to disability, your Group Term Life Insurance coverage may be affected. Refer to the Group Term Life Insurance section appearing later in this Booklet for a more detailed description of how disability can affect your benefits.

GROUP TERM LIFE AND AD&D INSURANCE

SCHEDULE OF EMPLOYEE BENEFITS AND CONTRIBUTIONS

ANNUAL SALARY	AMOUNT OF GROUP TERM LIFE	AMOUNT OF AD&D	MONTHLY CONTRIBUTION	BIWEEKLY CONTRIBUTION
12,000 but less than 14,000	24,000	24,000	8.55	3.95
14,000 but less than 16,000	28,000	28,000	10.35	4.78
16,000 but less than 18,000	32,000	32,000	12.15	5.61
18,000 but less than 20,000	36,000	36,000	13.95	6.44
20,000 but less than 22,000	40,000	40,000	15.75	7.27
22,000 but less than 24,000	44,000	44,000	17.55	8.10
24,000 but less than 26,000	48,000	48,000	19.35	8.93
26,000 but less than 28,000	52,000	52,000	21.15	9.76
28,000 but less than 30,000	56,000	56,000	22.95	10.59
30,000 and over	60,000	60,000	24.75	11.42

The first \$5,000 of Term Life and Accidental Death and Dismemberment Insurance is furnished without any contributions on your part; you contribute only toward the cost of your Term Life Insurance in excess of such amount.

The amounts of Term Life and Accidental Death and Dismemberment Insurance for employees hired prior to October 1, 1979, will be reduced to 65% of the amount shown above (rounded to the next higher multiple of \$100 if not already a multiple thereof) on the July 1 coinciding with or next following the attainment of age 65.

The amounts of Term Life and Accidental Death and Dismemberment Insurance for employees hired on and after October 1, 1979, will be reduced to 65% of the amount shown above (rounded to the next higher multiple of \$100 if not already a multiple thereof) on the July 1 coinciding with or next following the attainment of age 60. The amounts of insurance will be further reduced to 65% of the employee's then current amount (rounded to the next higher multiple of \$100 if not already a multiple thereof) on the July 1 coinciding with or next following the attainment of age 65.

GROUP TERM LIFE INSURANCE

Your annual salary, not including overtime or other additional earnings, determines the amount of your insurance as shown in the schedule. If your insurance classification changes because of a change in your pay and entitles you to increased insurance, your insurance will be increased automatically on the date the change occurs, if you are working on that day. If you are absent due to leave without salary, the insurance will be increased on the day you return. Insurance will not be reduced if your compensation changes.

Death Benefits

In the event of your death from any cause, the amount of your group term life insurance is payable to your beneficiary in a single sum or in installments. At any time you may change your beneficiary or the method of payment to a plan then being offered by The Prudential, by means of a written notice to The Prudential. If you do not elect a method of payment, your beneficiary may do so after your death.

Accelerated Payment of Death Benefits (APDB)

Under the Accelerated Payment of Death Benefits (APDB) option a terminally ill employee may elect to have a portion of his or her Group Term Life Insurance paid out prior to death. In order to qualify for APDB, 1) a faculty or staff member must have been participating in either of the contributory life insurance plans for not less than one year, 2) the insurance must be currently in force, and 3) a qualified physician must furnish proof that the life expectancy of the individual is six months or less. This option may be elected only once.

The amount paid under APDB is 50% of the amount of insurance in force when application for this option is made, but not more than \$50,000. (A subsequent reduction in amount of insurance due to age could affect the amount of the APDB and ultimately, the death benefit.) The APDB may be made in a lump sum or in six equal monthly payments. The amount paid at death will be reduced by any amount paid out under APDB.

The APDB option is available on a voluntary basis only. A government agency cannot force you to exercise the option involuntarily in order to be eligible for certain programs. In addition, creditors (in bankruptcy or otherwise) cannot force you to exercise this option involuntarily.

The APDB option is not available if ownership of the life insurance has been assigned. Also, APDB may be taxable. It may be advisable to obtain the assistance of a tax and/or legal professional before applying for this option.

Additional information about this option may be obtained from the Employee Benefits Division.

Change in Beneficiary

You may change the beneficiary for your insurance for loss of life at any time. The change in beneficiary will take effect only upon its entry on the insurance records maintained in connection with the group policy.

Any part of your insurance for loss of life for which there is no designated beneficiary living at your death, will be payable in a single sum to the first surviving class of the following classes of successive preference beneficiaries: Your (a) widow or widower; (b) surviving children; (c) surviving parents; (d) surviving brothers and sisters; (e) executors or administrators.

In the absence of the appointment of a legal guardian, any minor's share may be paid at a rate not exceeding \$50 a month to such adult or adults as have in The Prudential's opinion assumed the custody and principal support of such minor.

If you have applied to have your Group Term Life Insurance converted to Individual Life Insurance and the beneficiary named under the individual policy is different from the beneficiary named under the group policy, any amount payable under the group policy will be payable to the beneficiary named under the individual policy.

Protection While Disabled Applicable to Amounts of Insurance Up to \$20,000

If, while insured, before you reach age 60 and after your Group Term Life Insurance under the plan has been in force at least one year, you become totally and permanently disabled by bodily injury or disease, then The Prudential will terminate your Group Term Life Insurance and pay monthly installments.

Total and permanent disability means to presumably be prevented for life from engaging in any occupation or performing any gainful occupation. Proof of your total and permanent disability must be submitted to The Prudential before the end of the year following the commencement of your disability. Installments will be due three months after The Prudential approves your claim or six months after the commencement of your disability, whichever is later. These payments will be in place of all other benefits under the Group Term Life Insurance plan. Installments will be paid while you remain totally and permanently disabled and until the maximum number of installments has been paid.

The amount of the total and permanent disability benefit, the first \$20,000 of the Group Term Life Insurance, is paid out over a period of five years in sixty equal payments of \$363.00 each.

The installments will be payable to you, except if such disability is accompanied by mental incapacity, The Prudential may pay the installments to your beneficiary as trustee for you. If you die while installments due you remain unpaid, the value of the unpaid installments, computed at 3 ½ % interest compounded annually, will be payable in one sum to your beneficiary.

The Prudential will have the right to require proof of your continued total and permanent disability at any time, but not more than once a year after two years following the approval of your claim.

Installment payments stop when you are no longer totally and permanently disabled or you fail to furnish required proof. If you again become eligible under the Group Term Life Insurance Plan, your amount of insurance will be reduced by those payments, excluding the portion representing interest.

No payment will be made under this provision of the policy, if at the date such payment would have been made, a death claim has been paid.

Protection and Waiver of Premium While Disabled Applicable to Amounts of Insurance in Excess of \$20,000 for Total and Permanent Disability Prior to Age 60 and Up to \$20,000 From Age 60 to 65

If, before you reach age 60 and after the effective date of your insurance and after your Group Term Life Insurance under this plan has been in force at least 1 year, you become totally and permanently disabled by bodily injury or disease so as to be prevented from engaging in any occupation for compensation or profit, your Group Term Life Insurance protection will be extended. Your protection above \$20,000 will not be paid to you in monthly disability payments, but will be extended up to the first anniversary of the date premium payments stop, so long as you remain totally and permanently disabled. Your protection may be extended further, if proof of your continued total and permanent disability is submitted to the University 3 months prior to each anniversary of the date premium payments stop.

If you become totally and permanently disabled after attaining age 60 but prior to age 65, your Group Term Life Insurance up to \$20,000 will be extended under the same conditions as above.

Contact the University for the forms for filing proof of your total disability.

If you have converted your Group Term Life Insurance, the individual policy must be surrendered to The Prudential when proof of your total and permanent disability is first submitted. Any premiums paid under the individual policy will be returned.

The amount of your insurance protection while you are so disabled will be the amount over \$20,000 if you are less than 60, or the amount up to \$20,000 if you are age 60-64, for which you were last covered under the Group Term Life Insurance Plan prior to your discontinuance of active work. This amount will be subject to the same reduction as outlined earlier which would have applied to your insurance if you had not become disabled.

The amount of insurance in excess of \$20,000 is reduced at age 60 when the individual could have retired with Term Life Insurance.

The Prudential will have the right to have its medical representative examine you when it may reasonably require, but not more than once a year after your Group Term Life Insurance protection has been extended for two full years.

Proof that total and permanent disability continued to death must be submitted to The Prudential within one year after the date of your death. Upon receipt of that proof, The Prudential will pay your beneficiary the amount of your insurance protection reduced by any amount of Group Term Life Insurance payable as a death benefit under any provision of the Group Policy.

This protection will be discontinued when you are no longer so disabled, fail to submit to an examination or fail to furnish required proof. You will have the same rights on the date of the discontinuance as those described in the "Due to Leaving Employment" section on page 1, unless you become insured again under the Group Insurance Plan.

ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

This insurance will be paid for any of the following losses as the result of an accident occurring on or off the job while you are insured. It is payable regardless of other insurance.

Loss of Life	Full amount of Insurance* (Paid to your beneficiary)
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Loss of:

Both hands,

Both feet,

Sight of both eyes,	Full Amount of Insurance *
One hand and one foot,	(Paid to you)

One hand and sight of one eye

One foot and sight of one eye, or.....

Loss of:

One hand,	One-half the Amount of Insurance*
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One foot, or	(Paid to you)
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Sight of one eye	
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* As set forth in the Schedule of Employee Benefits and Contributions for Group Term Life Insurance and Accidental Death and Dismemberment Insurance.

Only one of the amounts is payable for loss resulting from one accident. If you suffer more than one loss due to any accident, payment will be made only for that loss for which the greatest benefit is payable.

The total payment for all losses due to any one accident will not be more than the full amount of insurance.

Exclusions

The Accidental Death and Dismemberment Insurance does not cover any loss resulting from war (including undeclared war and armed aggression), suicide, attempted suicide, self-inflicted injury, bodily or mental infirmity or disease, infection other than pyogenic infection of an accidental cut or wound, and participation in, or in consequence of having participated in, the committing of a felony.

CERTIFICATE OF INSURANCE

This Certificate replaces any certificate previously issued to you with respect to the Group Coverages described herein.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Certifies that subject to the terms and conditions of Group Policy No. 35200 (herein called the Group Policy), it provides the insurance referred to herein for certain Employees of

THE PENNSYLVANIA STATE UNIVERSITY
(Herein called the Employer)

Schedule of Benefits

The Prudential benefits for which you are insured are set forth in this section which is issued to you by the Employer. Consult this section for a further description of the terms and conditions of these coverages. If there is any coverage for which you are eligible which does not become effective unless you made the required election and contributions therefore, such coverage will not become effective unless you so elect and are making contributions. If you must furnish evidence of insurability in order to become insured for a coverage, that coverage will not become effective until such evidence has been determined by Prudential to be satisfactory.

The insurance is assignable only to the extent indicated in the Group Policy.

This Certificate, which is merely evidence of insurance provided under the Group Policy, is furnished in accordance with, and subject in every respect to, the Group policy which alone constitutes the agreement under which payments are made. The insurance is effective only after the person concerned is eligible for insurance and becomes and remains insured in accordance with the terms, provisions and conditions of the Group Policy.

Life Insurance

Upon receipt of due written proof of your death, the amount of Group Life Insurance for which you are insured under the Group Policy shall be payable to the beneficiary designated by you, as entered in the insurance records maintained in connection with the insurance under the Group Policy, in accordance with the terms of the Group Policy. Any part of such insurance for which no beneficiary is designated or surviving at your death will be payable in accordance with the terms of the Group Policy.

CONVERSION PRIVILEGE - If your membership in the classes eligible for Group Life Insurance terminates, you may convert such insurance, without evidence of insurability, to an individual policy of life insurance. The amount of the individual policy may not exceed your amount of Group Life Insurance at its termination. You must make application for the individual policy and the first premium payment within 31 days following such termination. The individual policy may be upon any of the forms of life insurance, other than term insurance or any policy containing disability or other supplementary benefits, then customarily issued by Prudential at the age and amount applied for. The premium shall be based upon your age and class of risk and upon the form and amount of the individual policy.

If the life insurance provisions of the Group Policy terminate or are amended so as to terminate the insurance of a class of employees to which you belong, and you have been insured for at least five years under the Group Life Insurance, you may convert to an individual policy subject to the same conditions as provided in the preceding paragraph. The amount of such individual policy may not exceed the lesser of (a) the termination amount of your Group Life Insurance reduced by any group life insurance for which you become eligible within the following 31 days and (b) \$2,000.

The individual policy obtained under this privilege will become effective upon the expiration of the 31-day period following the termination of your Group Life Insurance. If you die within the 31-day period, an amount equal to the amount which you might have converted will be paid as a claim under the Group Policy, whether or not you have applied for an individual policy.

If you have converted your insurance, and thereafter your right to payment of benefits or extension of death benefit protection under Group Life Insurance is established by reason of your total and permanent disability, all rights under the individual policy, except for a refund of premiums, must be surrendered.

You also have a conversion privilege with respect to any portion of your Group Life Insurance terminated due to age or retirement on pension under the conditions set forth in the first paragraph of this conversion privilege.

INCONTESTABILITY -- All statements with respect to Group Life Insurance under the Group Policy made by you shall be deemed representations and not warranties. With respect to each amount of such insurance for which you are insured, no such statement shall be used in any contest of such insurance unless such statement is made in a written application signed by you and a copy of such application is or has been furnished to you or to your beneficiary. No statement made by you relating to your insurability for such insurance shall be used in contesting the validity of the insurance with respect to which such statement was made after such insurance has been in force prior to the contest for a period of two years during your lifetime.

Accidental Death and Dismemberment Insurance

Upon receipt of written proof covering the occurrence, character and extent of the event for which claim is made, Accidental Death and Dismemberment benefits are payable to you, if living, otherwise to the beneficiary designated by you, as entered on the insurance records maintained in connection with the insurance under the Group Policy, in accordance with the terms of the Group Policy. If no such designation is then effective, such benefits will be payable in accordance with the terms of the Group Policy.

Written proof of loss must be furnished to Prudential within 90 days after the date of loss.

Failure to furnish such proof within the required time shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible.

Prudential at its own expense shall have the right and opportunity to examine the person whose injury or sickness is the basis of claim when and so often as it may reasonably require during pendency of claim.

No action at law or in equity shall be brought to recover under the Group Policy prior to the expiration of sixty days after written proof of the loss upon which claim is based has been furnished in accordance with the above requirements. No such action shall be brought more than three years after the expiration of the time within which proof of such loss is required.

INCONTESTABILITY – All statements with respect to Group Accidental Death and Dismemberment Insurance under the Group Policy made by you shall be deemed representations and not warranties. With respect to each amount of such insurance for which you are insured, no such statements made for the purpose of effecting such insurance shall be used in any contest to avoid the insurance with respect to which statement was made or to reduce benefits thereunder after such insurance has been in force prior to the contest for a period of two years during your lifetime, nor unless such statement is contained in a written application signed by you and a copy of such application is or has been furnished to you.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA