

DISABILITY INCOME POLICY

NON-CANCELLABLE AND GUARANTEED RENEWABLE AT GUARANTEED PREMIUM RATES TO YOUR AGE 65 POLICY ANNIVERSARY OR FOR FIVE YEARS FROM THE POLICY DATE, IF LATER. CONDITIONALLY RENEWABLE THEREAFTER ON ANNUAL BASIS FOR LIFE, SUBJECT TO CHANGE IN PREMIUM RATES. IF THE SOCIAL INSURANCE SUBSTITUTE BENEFIT IS INCLUDED, IT IS CONTINUABLE AT GUARANTEED PREMIUM RATES TO THE EARLIER OF YOUR AGE 65 POLICY ANNIVERSARY OR UPON RECEIPT OF SOCIAL SECURITY RETIREMENT BENEFITS OR RAILROAD RETIREMENT BENEFITS. NONPARTICIPATING.

Coverage under this policy starts at 12:01 a.m. on the Policy Date and will stay in force until 12:00 a.m. on Your Age 65 Policy Anniversary or after five years from the Policy Date, if later, as long as premiums are paid when due. If the conditions are met in the Conditional Renewal section, this policy may be renewed each year thereafter for life. While this policy is in force, We cannot:

1. Cancel it; or
2. Change the premium rate (before the Age 65 Policy Anniversary or five years from the Policy Date, if later).

This policy is a legal contract between the Owner and Us. The policy is issued in consideration of the application and payment of premiums. We will pay this policy's benefits due to Disability or qualifying loss resulting from Injury or Sickness subject to the definitions, exclusions and all other provisions of this policy. The Disability or qualified loss must begin while the policy is in force.

30 DAY EXAMINATION OFFER

It is important to Us that the Owner is satisfied with this policy and that it meets the Owner's insurance goals. If the Owner is not satisfied with this policy for any reason, the policy may be returned to either the producer or Our Home Office within thirty days after the Owner has received the policy. We will refund any premiums paid and the policy will be considered void from its inception. **PLEASE READ THE POLICY CAREFULLY.**

IMPORTANT NOTICE

Please review the copy of the application attached to this policy. The application is part of the policy. The policy was issued on the basis that the answers to all the questions and the information shown on the application are correct and complete. Material misstatements or omissions on the application could void the policy. If any information on the application is not correct or is omitted, please call or write Principal Life Insurance Company, Individual Disability Insurance, 711 High Street, Des Moines, Iowa 50392-0001, 1(800) 247-9988.

(Company Officers' Signature and Title)



**Principal Life
Insurance Company**

711 High Street
Des Moines, Iowa 50392-0001

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
POLICY DEFINITIONS	4
DISABILITY BENEFIT	8
SOCIAL INSURANCE SUBSTITUTE BENEFIT	8
ADDITIONAL PROOF OF LOSS FOR SOCIAL INSURANCE SUBSTITUTE BENEFIT	9
OTHER BENEFITS	10
CAPITAL SUM BENEFIT	10
TRANSPLANT SURGERY BENEFIT	10
PRESUMPTIVE DISABILITY BENEFIT	10
REHABILITATION BENEFIT	11
WAIVER OF PREMIUM BENEFIT	11
EXCLUSIONS AND LIMITATIONS	12
EXCLUSIONS	12
LIMITATION DUE TO NORMAL PREGNANCY OR CHILDBIRTH	12
OTHER EXCLUSIONS AND LIMITATIONS	12
PRE-EXISTING CONDITION LIMITATION	12
CLAIM INFORMATION	12
NOTICE OF CLAIM, CLAIM FORMS, AND PROOF OF LOSS	12
INDEPENDENT MEDICAL EXAMINATION	13
CLAIMS WHILE OUTSIDE THE UNITED STATES	14
CONTINUING BENEFITS	14
PAYMENT OF A CLAIM	14
OVERPAYMENT OF BENEFITS	15
LEGAL ACTION	15
PREMIUMS AND REINSTATEMENT	15
PAYMENT OF PREMIUM	15
GRACE PERIOD	15
REFUND AFTER DEATH	15
TERMINATION	15
REINSTATEMENT	16
SUSPENSION DURING MILITARY SERVICE	16
CONDITIONAL RENEWAL	16
POLICY ADJUSTMENT OPTIONS	17
THE CONTRACT	18
ENTIRE CONTRACT	18
ALTERATIONS	18
TIME LIMIT ON CERTAIN DEFENSES	18
MISSTATEMENT OF AGE	18
CHANGE OF OWNER OR LOSS PAYEE	18
ASSIGNMENT	18

A copy of the application and any riders are attached to the back of this policy.

RIDER INFORMATION

HH 736 Automatic Increase Option Rider

Effective Date: May 1, 2003

- Minimum Index Percent: 4% rounded up to the next \$25 increment
- Maximum Index Percent: 10%

HH 737 Catastrophic Disability Benefit Rider

Effective Date: May 1, 2003

- Catastrophic Disability Benefit: \$500
- Catastrophic Disability Elimination Period: 90 Days
- Catastrophic Disability Maximum Benefit Period: 2 Years

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PREMIUM INFORMATION

POLICY

Disability Benefit: \$292.00

RIDERS

Automatic Increase Option: \$0.00

Catastrophic Disability Benefit: \$8.10

Total Annual Premium: \$300.10

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PAYMENT OPTIONS	Premium	Annualized Premium	Administrative Charge Included*
Total Annual Premium:	\$300.10	\$300.10	\$0.00
Semi-Annual Premium:	\$153.80	\$307.60	\$7.50
Quarterly Premium:	\$78.78	\$315.12	\$15.02
PAW/EFT/Monthly Premium:	\$26.26	\$315.12	\$15.02

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*For payment options other than Annual, this is the additional annual administrative charge included in the Premium amount.

Renewal of coverage as described in the Conditional Renewal section may require an increase in the renewal premium. Please refer to this section in the policy for details.

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If you have any questions, call your agent. To file a claim, call our Home Office at 1-800-247-9988.

This Data Page Prepared On: May 1, 2003

POLICY DEFINITIONS

The following defined terms and phrases are capitalized throughout the policy. Please read them carefully as they will help You understand the policy provisions.

ADJUSTMENT DATE -- means the effective date of a change in coverage made to the policy. The most recent Adjustment Date, if any, is shown on the current Data Page.

AGE POLICY ANNIVERSARY -- means the Policy Anniversary on or next following Your birthday. For example, if the Policy Date is June 5, 2010, and You are 45 years old on April 3, 2030, the Age 45 Policy Anniversary is June 5, 2030.

CONTINUOUS DISABILITY -- means Your Disability that continues with no interruption. You will also be considered Continuously Disabled if an Interrupted Elimination Period or Recurring Disability occurs. It is also considered one Continuous Disability if You are Disabled from one condition and, while still Disabled from that condition, incur another condition that causes Disability.

DISABILITY/DISABLED -- means, when used alone, Total Disability. If either the Residual Disability Benefit Rider or the Short Term Residual Disability Benefit Rider is attached to Your policy, Disability also means Residual Disability. If a Disability is caused by more than one Injury or Sickness, We will pay benefits as if the Disability was caused by only one Injury or Sickness.

DOCTOR -- means a Medical Doctor (MD), Doctor of Osteopathy (DO) or Doctor of Chiropractic (DC) who is licensed by law, and is acting within the scope of their license, to treat an Injury or Sickness. If the Disability is due to a disease or disorder classified in the most current Diagnostic and Statistical Manual of Mental/Nervous Disorders (DSM) published by the American Psychiatric Association or its successor, the person must be a board-certified psychiatrist or a licensed doctoral level psychologist. The person cannot be You, a member of Your immediate family, the Owner, the Loss Payee, or Your spouse.

EARNINGS -- means:

If You are an employee with no ownership interest in a business entity, Earnings include the amounts as reported for Federal Income Tax purposes of:

1. Your salary, wages, fees, draw, commissions, bonuses; PLUS
2. Any other income or compensation You earn; PLUS
3. Amounts You earned which would have resulted in current taxable employee compensation but instead were contributed by You to a benefit plan (e.g. Flexible Spending Accounts, etc.), or qualified tax-deferred retirement plan (e.g. 401 (k), 403 (b), 457, etc.); LESS
4. Unreimbursed employee business expenses.

If You are a business owner, such as: an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership; and You perform the duties or activities of Your Occupation or another occupation within the scope of a legal business entity, Earnings include the amounts as reported for Federal Income Tax purposes of:

1. Your share (based on ownership or contractual agreement) of the gross revenue or income earned by all such business entities including income earned by You and others under Your supervision or direction; LESS
2. Your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of those entities which are incurred on a regular basis, are essential to the established business operation of the entity, are deductible for Federal Income Tax purposes, and do not exceed expenses before Disability began. Such expenses do not include salaries, benefits, and other forms of compensation which are payable to You, or to any person related by blood or marriage to You unless such person was a full-time employee of such business working at least 30 hours per week for at least 60 days prior to the start of Your period of Disability; PLUS
3. Any contributions to a pension or profit sharing plan made on Your behalf by all such business entities and not waived by contract during Disability.

Earnings do not include any form of unearned income such as dividends, rents, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

ELIMINATION PERIOD -- means the number of days of Disability from the start of a Continuous Disability for which no benefits will be paid. The current Data Page shows the Elimination Period for the Disability Benefit section and the Social Insurance Substitute Benefit section, if applicable.

FAMILY BENEFIT AMOUNT -- means amount(s) payable for Your spouse or dependents, if any, for Your retirement or disability under Social Security.

FULL TIME WORK -- means at least the same average number of hours per week as You Worked during the 12 month period prior to Disability.

HOME OFFICE -- means Principal Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001.

INJURY -- means accidental bodily injury which occurs while this policy is in force.

INTERRUPTED ELIMINATION PERIOD -- means if Your Disability is not continuous the Elimination Period will be met if the required number of days of Disability occur in a period that is:

1. Twice as long as the Elimination Period; and
2. Less than one year.

Disability may be from the same or a different cause. The periods of Disability will be combined to meet the Elimination Period.

LOSS PAYEE -- means the person or entity named as the Loss Payee in the application or a later written request for change of Loss Payee which is approved by Us. The term includes any lawful successors of the Loss Payee. Unless otherwise stated in this policy or attached riders, benefits will be paid to the Loss Payee. If no Loss Payee is named in the application or other written request then the Owner is the Loss Payee.

MAXIMUM BENEFIT PERIOD -- starts after satisfaction of the Elimination Period and is the longest time for which benefits will be paid for any one Continuous Disability. The Maximum Benefit Period for this policy is shown on the current Data Page. The Maximum Benefit Period will not extend beyond the Age 65 Policy Anniversary, except if You are Disabled on the Age 65 Policy Anniversary, then the Maximum Benefit Period for that Continuous Disability will not be less than 2 years.

OWNER -- means the person or entity named as the Owner in the application or a later written request for change of ownership which is approved by Us. The Owner may exercise every right and privilege provided by this policy, except that benefits will be paid as stated in the Payment Of A Claim provision. If You are not the Owner and the Owner dies before You, You become the Owner unless the Owner has provided for a successor owner.

POLICY ANNIVERSARY -- is computed from the Policy Date. For example, if the Policy Date is June 5, 2010, the Policy Anniversary is June 5 of every year thereafter.

POLICY DATE -- means the date coverage under this policy begins. This date is shown on the Data Page.

PRIMARY INSURANCE AMOUNT -- means the amount payable to You for retirement or disability under Social Security. It does not include benefits payable because of Your spouse or dependents, if any.

RAILROAD RETIREMENT -- means benefits payable to You for disability or retirement under the Railroad Retirement Act of the United States, as amended.

RECURRING DISABILITY -- means a continuation of a prior Disability when:

1. The Disability results from the same or directly related cause as the prior Disability for which We paid benefits or provided the Waiver of Premium Benefit; unless
2. After the prior Disability ends You return to Work at least 40 hours per week in any occupation for at least 6 consecutive months.

No new Elimination Period is required. We will pay benefits during the Recurring Disability for the remainder of the Maximum Benefit Period, if any.

REGULAR CARE BY A DOCTOR -- means:

1. You are evaluated in person by a Doctor; and
2. You receive treatment appropriate for the condition causing Your Disability; and
3. Your evaluations and treatment are provided by a Doctor whose specialty is appropriate for the condition causing Your Disability; and
4. You must pursue reasonable treatment options or recommendations prescribed by a Doctor.

We may require You to have Your Doctor provide Us with a written evaluation and treatment plan for the condition causing Your Disability, which meets generally accepted medical standards and is satisfactory to Us.

We may waive, in writing to You, the Regular Care By A Doctor requirement if it is determined by Us that continued care would be of no benefit to You.

RETIREMENT -- means You are not actively Working in any capacity for pay or profit at the start of Your Disability and are receiving governmental retirement benefits, or qualified or nonqualified retirement benefits.

SICKNESS -- means a sickness or disease which causes a Disability that begins while this policy is in force and which is not excluded under a pre-existing condition limitation. Complications of pregnancy and complications of childbirth are covered Sicknesses.

SOCIAL INSURANCE -- means one or more of the following:

1. Primary Insurance Amount from Social Security;
2. Family Benefit Amount from Social Security;
3. Disability benefits or settlements from Workers Compensation;
4. Disability or Retirement benefits from Railroad Retirement;
5. Retirement benefits from Social Security;
6. Any other benefits from any local, state or federal government program established to replace Social Security, Railroad Retirement or Workers Compensation.

SOCIAL SECURITY -- means retirement or disability benefits payable under the Social Security Act of the United States, as amended. This includes the Primary Insurance Amount and Family Benefit Amount.

TOTAL DISABILITY -- means solely due to Injury or Sickness:

1. During the Your Occupation Period
 - a) You are unable to perform the substantial and material duties of Your Occupation; and
 - b) You are not Working.
2. After the Your Occupation Period You are unable to Work in any occupation You are reasonably suited to by Your education, training and experience.

If You are Retired, Total Disability means, solely due to Injury or Sickness, You are unable to perform any of the normal activities of a retired person in good health and of like age and You satisfy the requirements of the Claim Information section. If You are Unemployed, Total Disability means, solely due to Injury or Sickness, You are prevented from obtaining a job that You are reasonably suited to by Your education, training and experience and You satisfy the requirements of the Claim Information section.

To receive benefits under this policy at any time, You must satisfy the requirements of the Claim Information section.

UNEMPLOYED -- means You are not actively Working in any capacity for pay or profit at the start of Your Disability and are not receiving governmental retirement benefits, or qualified or nonqualified retirement benefits.

WE, OUR, US -- means Principal Life Insurance Company.

WORK/WORKING -- means You perform a labor or service, including but not limited to supervision, management or direction for any business activity, for which You receive Earnings.

WORKERS COMPENSATION -- means the benefits of the Workers Compensation Act, Occupational Disease Act, or similar law of any state or territory.

YOU, YOUR -- means the person named as the Insured on the current Data Page of this policy.

YOUR OCCUPATION -- means the occupation(s) You were actively Working in (and not Retired or Unemployed from) at the start of Your Disability. If You are Working in more than one occupation, Your Occupation includes all occupations You were actively Working in at the start of Disability.

YOUR OCCUPATION PERIOD -- means, beginning with the date of Total Disability, the period of time including the Disability Benefit Elimination Period plus the Your Occupation Period as shown on the current Data Page and will not be less than one year.

DISABILITY BENEFIT

We will pay benefits for Your Continuous Disability that begins on or after the Policy Date and while this policy is in force and subject to the policy provisions. Benefits start to accrue at the end of this section's Elimination Period. Benefits will continue during Your Continuous Disability but not beyond the Maximum Benefit Period.

For Total Disability, We will pay the Maximum Monthly Benefit shown on the current Data Page.

SOCIAL INSURANCE SUBSTITUTE BENEFIT

The Social Insurance Substitute Benefit is provided only if amounts for it are shown on the current Data Page. To receive this benefit:

1. You must meet all the requirements of this section and of the Additional Proof of Loss for Social Insurance Substitute Benefit section; and
2. Benefits must be payable under the Disability Benefit section.

We will pay this section's monthly benefit for Your Continuous Disability. This section's monthly benefit is:

1. This section's Maximum Monthly Benefit shown on the current Data Page when no Social Insurance is paid; or
2. One third of this section's Maximum Monthly Benefit shown on the current Data Page if the only Social Insurance paid for Your Disability is any one of either the Primary Insurance Amount, Workers Compensation, Railroad Retirement, or any other benefit that replaces or supplements Social Security, Workers Compensation or Railroad Retirement.

No Social Insurance Substitute Benefits will be paid under this section for any period:

1. During which two or more of the Social Insurances are paid for Your Disability; or
2. After Your Age 65 Policy Anniversary; or
3. After You are eligible to receive full retirement benefits from Social Security or Railroad Retirement; or
4. For which You receive retirement benefits from Social Security or Railroad Retirement.

We will refund any Social Insurance Substitute Benefit premiums paid during the time You received retirement benefits from Social Security or Railroad Retirement.

Benefits start to accrue at the later of:

1. The end of this section's Elimination Period; or
2. When Social Insurance paid for Your Disability reduces to only one of either the Primary Insurance Amount, Workers Compensation, or Railroad Retirement.

ADDITIONAL PROOF OF LOSS FOR SOCIAL INSURANCE SUBSTITUTE BENEFIT

As a requirement for receiving the Social Insurance Substitute Benefit, You must give Us written proof, satisfactory to Us, of any Social Insurance paid during the period for which You are claiming a loss under this section. Such proof is required as part of Your original proof of loss and as often after that as We may reasonably require.

If We think it is reasonable that You would be entitled to Social Insurance, We will require that You:

1. Apply for these benefits as soon as You are eligible or apply for these benefits within 30 days after receiving written notice from Us to do so; and
2. Give Us satisfactory proof within 30 days after Your receipt of Our notice that You have applied for these benefits as required; and
3. Promptly notify Us if You are approved or denied for Social Insurance; and
4. Request reconsideration of Your application, if it is denied, and appeal any denial of reconsideration if an appeal appears reasonable.

Payment of any Social Insurance Substitute Benefit You are eligible for will cease and will not resume, including payment of any past due benefits, until You comply with 1, 2, 3, and 4 above.

If You have a spouse or any dependents that may be eligible for benefits under Social Insurance because of Your Disability, We will require that You also apply for these benefits under the same terms specified in 1, 2, 3, and 4 above.

If because of Your failure to notify Us of Your approval of any Social Insurance an overpayment of the Social Insurance Substitute Benefit occurs, We will have the right to require repayment of any overpayment. The overpayment will be deducted from any future benefits paid for the current Disability or We will require prompt reimbursement from You.

OTHER BENEFITS

This section describes additional benefits provided by Your policy subject to the requirements specified in each of the following benefit provisions. In addition, You must satisfy the requirements of the Claim Information section to be eligible for these benefits.

CAPITAL SUM BENEFIT

We will pay the Capital Sum Benefit shown on the current Data Page if an Injury or Sickness results in a total loss of use for any and every purpose or activity without any possibility of recovery of:

1. The use of a hand or foot; or
2. The sight of an eye.

This benefit is in addition to any other benefit of this policy. It is payable for only one loss in Your lifetime. In order for this benefit to be paid the policy must be in force. If the policy is not in force, the loss must occur within 90 days after the Injury or Sickness which caused it and the Injury or Sickness must occur while the policy is in force.

TRANSPLANT SURGERY BENEFIT

We will pay benefits under the Disability Benefit section and Social Insurance Substitute Benefit section (subject to those sections' terms and conditions) if Your Disability results from surgery involving a transplant of a part of Your body to another person.

PRESUMPTIVE DISABILITY BENEFIT

Presumptive Disability is an Injury or Sickness resulting in total loss of use for any and every purpose or activity without any possibility of recovery of:

1. Power of speech; or
2. Hearing in both ears; or
3. Sight of both eyes; or
4. The use of both hands, both feet, or one hand and one foot.

We will consider You Disabled and pay benefits for Total Disability under the Disability Benefit section and Social Insurance Substitute Benefit section (subject to those sections' terms and conditions), regardless of Your ability to Work or earn an income if You incur a Presumptive Disability. You will be considered Disabled as long as Your Presumptive Disability continues.

The Presumptive Disability must occur while this policy is in force. If not, the loss must occur not more than 30 days after the Injury or Sickness which causes it and which occurred while the policy was in force. Once We begin paying benefits under this provision, the Regular Care By A Doctor requirement is waived. Benefits will start to accrue when the Presumptive Disability occurs, even if the Elimination Period has not been satisfied. Monthly benefits will be paid as long as the Presumptive Disability continues, but no longer than the Maximum Benefit Period. If Your Maximum Benefit Period shown on the current Data Pages is "to Age 65 Policy Anniversary" and Your Presumptive Disability occurs prior to Your Age 65 Policy Anniversary, the Maximum Benefit Period will be extended to "Lifetime" for benefits payable under the Disability Benefit section.

REHABILITATION BENEFIT

Rehabilitation is voluntary if You qualify for benefits under the Disability Benefit section. If You, the Owner and We agree in writing on a rehabilitation plan in advance, We will pay a portion of reasonable expenses. The goal of the plan must be to return You to Work.

Any rehabilitation plan must be approved in advance by Us and outlined in a written plan of rehabilitation. The monthly benefit payable under the Disability Benefit section and Social Insurance Substitute section (subject to those sections' terms and conditions) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include:

1. Coordination of medical services;
2. Vocational and employment assessment;
3. Purchasing adaptive equipment;
4. Business/financial planning;
5. Retraining for a new occupation;
6. Education expenses.

We will periodically review the plan and Your progress and We will continue to pay for the agreed upon expenses as long as We determine that it will return You to Work.

WAIVER OF PREMIUM BENEFIT

In a period of Continuous Disability, if You are Disabled for the lesser of 90 days or the Elimination Period and You satisfy the requirements of the Claim Information section:

1. We will refund the monthly pro rata portion of any premium paid for coverage after the date a Continuous Disability began; and
2. We will waive the payment of premiums which come due during the Continuous Disability.

Premium payments will begin on the next premium due date after You are no longer receiving benefits under this policy or Your Disability ends, whichever is later. We will not waive premiums beyond Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later, unless Your policy is renewed subject to the Conditional Renewal section and You later become eligible for the Waiver of Premium Benefit.

EXCLUSIONS AND LIMITATIONS

The following exclusions and limitations apply to this policy.

EXCLUSIONS

This policy does not pay benefits for an Injury or Sickness which in whole or in part is caused by, contributed to by, or which results from:

1. Intentional, self-inflicted injury; or
2. Your commission of or Your attempt to commit a criminal act, or Your involvement in an illegal occupation; or
3. Active military service during a military action or conflict.

LIMITATION DUE TO NORMAL PREGNANCY OR CHILDBIRTH

If the Elimination Period for Your Disability Benefit is less than 90 days, then normal pregnancy and normal childbirth are not covered Sicknesses. However, if the Elimination Period is equal to or greater than 90 days, then normal pregnancy and normal childbirth are covered Sicknesses subject to the definition of Disability.

OTHER EXCLUSIONS AND LIMITATIONS

There may be other exclusions or limitations in this policy in addition to those stated in this section. Additional exclusions or limitations, if any, are described in riders or endorsements attached to and a part of this policy.

PRE-EXISTING CONDITION LIMITATION

This policy does not cover any loss that results from a pre-existing condition that begins within two years after the effective date of the coverage. Pre-existing condition means a condition misrepresented or not revealed in an application for coverage under this policy and for which symptoms existed within a two year period prior to the effective date of the coverage:

1. That would cause an ordinarily prudent person to seek diagnosis, care or treatment; or
2. For which medical advice or treatment was recommended by or received from a Doctor.

CLAIM INFORMATION

NOTICE OF CLAIM, CLAIM FORMS, AND PROOF OF LOSS

You (or someone acting as Your legal representative) must fulfill all of the following requirements:

1. Give Us written notice of claim, including Your name and policy number, within 30 days of the date Your Disability began or as soon thereafter as is reasonably possible. Notice given by or on behalf of You at Our Home Office, or to Our authorized agent, with information sufficient to identify You, shall be deemed notice to Us.

Failure to provide timely notice of a claim will limit past benefit payments under all policy provisions. If You qualify for benefits under the terms of the policy, past benefits will only be payable for a period of six months prior to the date We, or Our authorized agent, received the notice of claim.

2. Send any proof of loss requested by Us to Our Home Office within 90 days after the end of each monthly period for which You are claiming Disability.

If You have not submitted proof of loss acceptable to Us within one year from the date required, benefits will be denied. An exception will be made only if You and the Owner were not legally competent to make a claim.

3. Provide proof of loss requirements at a reasonable frequency required by Us.

4. Fully cooperate with Us concerning all matters relating to this policy and any claims filed under the policy.

We will:

1. Send a claim form upon Our receipt of notice of claim. If We do not furnish the claim form within 15 days after notice of claim was sent to Us, You or the Owner should send Us a letter describing in detail the date of disability, the cause and extent.
2. Promptly notify You and the Owner (if You are not the Owner) if any additional proof of loss requirements are necessary before a claim determination can be made.
3. Pay the benefit as outlined by the policy provisions, subject to the proof of loss requirements.
4. Promptly notify You and the Owner (if You are not the Owner) if benefits are not payable and why.

We must be provided with satisfactory written proof of loss. This is information that We deem necessary to determine whether benefits are payable and the amount of benefits payable. If the proof of loss requirements We request are not received, the claim will be denied. Proof of loss requirements include, but are not limited to:

1. Any requested claim form including claim forms from You and Your Doctor(s) or the letter described above;
2. Documentation demonstrating You are under Regular Care By A Doctor;
3. Documentation of objective medical evidence of Your Injury or Sickness;
4. Copies of medical records, test results and/or Doctor's progress notes;
5. Financial documents, which may include copies of Federal Income Tax Returns, Certified Public Accountant's statements, billing/expense information, bank statements, cancelled checks, IRS authorization, or other documents We deem necessary;
6. Examination(s) of financial records performed by Us or an independent financial examiner hired by Us;
7. Employer/employment information;
8. Independent Medical Examination(s). (See Independent Medical Examination provision below);
9. A personal interview with a company representative, which may include a statement under oath; and
10. Other proof of loss requirements We deem necessary.

Any costs involved in submission of proof of loss requirements are Your responsibility to pay, except for costs incurred by Us in numbers 4, 6 and 8 above.

INDEPENDENT MEDICAL EXAMINATION

We have the right to require medical examinations, functional capacity evaluations and/or psychiatric examinations in the evaluation of what benefits, if any, are payable. The examinations may include x-rays, blood and urine tests, psychological tests, and other tests or procedures that are reasonably necessary to evaluate whether You continue to meet the definition of Disability. The examinations will be

performed by a doctor or specialist appropriate for the condition and will be conducted at the time, place and frequency reasonably required, while You claim to be Disabled. We reserve the right to choose the examiners. The examinations will be paid for by Us. Benefits will be denied if You fail to have an examination and any charges incurred for not attending an appointment, as scheduled, will be Your responsibility.

CLAIMS WHILE OUTSIDE THE UNITED STATES

If You are residing or staying outside the United States during any period for which You are claiming Disability, the following additional requirements are applicable:

1. Any evidence You submit for Your claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.
2. You may be required to return to the United States at a frequency We deem necessary to substantiate Your claim for Disability.
3. You must notify Us in advance of any return to the United States and Your change of address.

CONTINUING BENEFITS

Continuing benefits are subject to the proof of loss requirements. If continuing proof of loss requirements are not received, further benefits will be denied.

PAYMENT OF A CLAIM

If it is determined that benefits are payable, We will:

1. Pay the first month's benefit one month from the date the Elimination Period is satisfied;
2. Pay one-thirtieth of the appropriate monthly benefit for each day of any period of less than a full month for which benefits are payable;
3. Pay continuing monthly benefits at the end of each month of Disability (subject to the proof of loss requirements);
4. Pay any unpaid benefits due when Your Disability ends;
5. Pay benefits, including any refund of premiums, to the Loss Payee unless otherwise indicated in the policy or any attached riders; and
6. If, during a Disability, You are determined to be incompetent, We may pay up to \$1,000.00 in any due and unpaid benefits or premium refund to any relative by blood or connection by marriage We believe is entitled to it. If We pay this amount in good faith, We will not be liable to anyone else for the amount We paid. In order to continue benefits beyond \$1,000.00, We will require proof of a durable power of attorney or the appointment of a conservator.

Upon Your death, if there are additional benefits payable, other than the Death Benefit, beyond the \$1,000.00, We will pay these additional benefits to Your estate.

The Capital Sum Benefit will be paid immediately upon receipt of due written proof of such loss.

OVERPAYMENT OF BENEFITS

If an overpayment of benefits should occur, We have the right to either recoup the overpayment from future claim benefits or require reimbursement within 60 days from You.

LEGAL ACTION

Legal action may not be started against Us to recover on this policy until 60 days after filing of proof of loss and not more than 3 years after the filing of proof of loss as required under this policy.

PREMIUMS AND REINSTATEMENT

PAYMENT OF PREMIUM

The first premium of Your policy is due on the Policy Date. After that, premiums are payable in the amount and frequency chosen from those shown on the current Data Page. The Owner may change the frequency of premium payments except that We will not allow a change while You are Disabled. All premiums are to be sent as provided in the premium notices.

GRACE PERIOD

Except for the first premium, We allow a grace period of 31 days after the premium due date to pay the premium due. The policy will stay in force during the grace period.

If a premium is not paid by the end of the grace period, it is in default and the policy will terminate effective the premium due date.

UNPAID PREMIUM

Before paying benefits, We will deduct any premium due but not yet paid.

REFUND AFTER DEATH

We will refund any full month's premium paid for coverage beyond the date of Your death. We must be given written proof, satisfactory to Us, of Your death. We will refund any premium to the Loss Payee, or if none, to the Owner if the Owner is not You. Otherwise the premium will be refunded to Your spouse or to Your estate if You have no spouse.

TERMINATION

This policy terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later, unless renewed under the Conditional Renewal section. If You are Disabled on this date, then the policy terminates at the earlier of the end of Your Disability or the end of the Maximum Benefit Period; or
2. The Owner's written request to terminate it; or
3. The premium due date if the premium is not received before the grace period expires; or
4. Your death.

REINSTATEMENT

With Our approval, this policy may be reinstated anytime within one year after termination. Payment of past due premiums is required. We may also require an application and evidence of insurability under Our then current underwriting guidelines.

When We require an application for reinstatement, reinstatement takes effect on the date We approve the application and receive premiums due. If we accept payment of premiums with Your application and issue a conditional receipt, Your policy will be automatically reinstated on the 45th day after the application date unless We have previously notified You in writing of the disapproval of Your application, in which case Your premium payment will be returned.

When no application for reinstatement is required by Us, reinstatement takes effect on the date We receive past due premiums in Our Home Office.

A reinstated policy only covers a Disability from:

1. A Sickness which causes a Disability that begins more than 10 days after the date reinstatement takes effect; or
2. An Injury which occurs after the date reinstatement takes effect.

A reinstated policy is subject to any provisions or changes attached to the reinstated policy.

SUSPENSION DURING MILITARY SERVICE

This policy will be suspended while You are on full-time active duty in the military service of any nation or international authority. Suspension will be effective as of the date active duty starts. Active duty does not include training by reservists that lasts 90 days or less. Disabilities that occur as of the date Your full-time active duty begins until Your active duty ends and the policy is restored are not covered. We will refund the pro rata portion of any premium paid for a period beyond the date of suspension. The suspended policy may be restored without proof of insurability if:

1. The active duty ends within 5 years from the date of suspension; and
2. The Owner applies in writing and premiums are paid within 180 days following the date active duty ends.

Your coverage will start again as of the date We receive the written request and premiums to restore the policy, but not before the date active duty ends. Only a Disability from a Sickness which begins or an Injury which occurs after the policy is restored is covered. Once restored, all rights under the policy will be the same as before the policy was suspended. Premiums will be at the same rate as they would have been had the policy remained in force.

CONDITIONAL RENEWAL

This policy is conditionally renewable on an annual basis from the Age 65 Policy Anniversary or after five years from the Policy Date, whichever is later, for life if the terms and conditions of this section are met. If the policy is not renewed in accordance with this section, it terminates on the Age 65 Policy Anniversary or five years after the Policy Date, whichever is later.

To renew the policy for one year, all of the following conditions must be satisfied:

1. You must have been actively Working an average of 30 hours a week for the year preceding renewal; and
2. You are Working at least 30 hours a week at the time of renewal; and
3. The policy is in force with no premium in default; and
4. You pay the renewal policy premium which will be based on those rates in effect for Your age at the time of renewal.

If the policy is renewed under this section, the benefits are the same, and subject to the same terms, as those in the policy, except as follows:

1. For any period of Disability beginning after renewal and while this policy is in force, the Maximum Benefit Period is two years and the Your Occupation Period shown on the Data Page is two years and in no event will the Elimination Period be greater than 180 days; and
2. All riders that contain a Termination provision are not renewable under this section. Any other riders, including exclusion or modified coverage riders, will be renewed and remain a part of the policy; and
3. The Social Insurance Substitute Benefit, if included, is not renewable after the Age 65 Policy Anniversary.

POLICY ADJUSTMENT OPTIONS

Subject to Our then current underwriting guidelines which may include requiring evidence of insurability, the Owner may request policy adjustments while the policy is in force with no premiums in default, and You are not Disabled. To request an adjustment, an application signed by the Owner is required. The application must also be signed by You if You are not the Owner and if evidence of insurability is required. An adjustment is effective on the Adjustment Date, subject to Our prior approval and payment of the required premium.

The adjusted benefits apply to a Disability from a Sickness which begins or an Injury which occurs on or after the Adjustment Date and while this policy is in force.

Any adjustment will change the information on the Data Page. We will provide new Data Pages.

THE CONTRACT

ENTIRE CONTRACT

The policy, the attached applications, and any attached riders or endorsements make up the entire contract.

ALTERATIONS

Only Our corporate officers may modify or waive anything in, or approve changes to, the policy. The change must be attached to the policy. No one else, including the agent or broker, has the authority to change the policy or waive any provision.

TIME LIMIT ON CERTAIN DEFENSES

In issuing the coverage(s) under the policy, We have relied on the statements and representations on the application. We have the right to void the coverage(s) due to a material misstatement or omission in the application. However, after two years from the effective date of coverage(s), no material misstatements or omissions, except fraudulent statements or omissions, made by You or the Owner in an application will be used to void the coverage(s) or to deny a claim.

Applications include, but are not limited to, the initial application(s), applications for reinstatement, benefit update, automatic benefit increase and any underwritten adjustment.

No claim for Disability or the Capital Sum Benefit starting after two years from the date coverage has been in effect will be reduced or denied because a Sickness or Injury existed before the effective date of coverage unless the condition is excluded by name or description. Sickness or Injury fully disclosed on the application(s) will be covered, unless excluded by name or description.

MISSTATEMENT OF AGE

If Your age has been misstated, the coverage of this policy will be what the premium paid would have purchased at Your correct age.

CHANGE OF OWNER OR LOSS PAYEE

The Owner may name a new Owner or Loss Payee by a request in writing. Our approval is required. The change is not effective until We approve it. Once approved, the change is effective on the date the request was signed by the Owner.

ASSIGNMENT

We are not bound by an assignment until received in a written form acceptable to Us at Our Home Office. We assume no responsibility for any assignment's validity. An assignment does not change the ownership of this policy.

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DISABILITY INCOME POLICY. NON-CANCELLABLE AND GUARANTEED RENEWABLE AT GUARANTEED PREMIUM RATES TO YOUR AGE 65 POLICY ANNIVERSARY OR FOR FIVE YEARS FROM THE POLICY DATE, IF LATER. CONDITIONALLY RENEWABLE THEREAFTER ON ANNUAL BASIS FOR LIFE, SUBJECT TO CHANGE IN PREMIUM RATES. IF THE SOCIAL INSURANCE SUBSTITUTE BENEFIT IS INCLUDED, IT IS CONTINUABLE AT GUARANTEED PREMIUM RATES TO THE EARLIER OF YOUR AGE 65 POLICY ANNIVERSARY OR UPON RECEIPT OF SOCIAL SECURITY RETIREMENT BENEFITS OR RAILROAD RETIREMENT BENEFITS. NONPARTICIPATING.