

## DISABILITY INCOME INSURANCE 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. 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; and, until the end of any period for which We have accepted a premium payment. 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, Principal Life Insurance Company. 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.

**20 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 twenty 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  
Des Moines, Iowa 50392-0001

INSURED

JOHN DOE

HH 750 NY

SAMPLE

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



Principal Life  
Insurance Company  
Des Moines, Iowa 50392-0001

## DATA PAGE

### Disability Income Insurance

#### POLICY INFORMATION

**Policy Number:** Sample  
**Owner(s):** Jane Doe  
**Insured's Name:** John Doe  
**Insured's Age and Gender Class:** 35 - Male  
**Policy Date:** May 1, 2007

	<u>Elimination Period</u>	<u>Maximum Monthly Benefit</u>
<b>Disability Benefit:</b>	90 Days	\$1,000

**Social Insurance Substitute Benefit: Not Included**

**Maximum Benefit Period  
for the Disability Benefit:**

To Age 65 Policy Anniversary\*

**\*If Insured's Disability begins:**

**Then the Maximum Benefit Period is:**

Prior to Age 61 Policy Anniversary	To Age 65 Policy Anniversary
On or After Age 61 Policy Anniversary but prior to Age 62 Policy Anniversary	48 Months
On or After Age 62 Policy Anniversary but prior to Age 63 Policy Anniversary	42 Months
On or After Age 63 Policy Anniversary but prior to Age 64 Policy Anniversary	36 Months
On or After Age 64 Policy Anniversary but prior to Age 65 Policy Anniversary	30 Months
On or after Age 65 Policy Anniversary	No benefits are payable, unless renewed as described below

**Your Occupation Period is:**

To Age 65 Policy Anniversary

If this policy is renewed as described in the Conditional Renewal section, the Maximum Benefit Period is 2 years and the Your Occupation Period is 2 years.

**The Death Benefit is:**

\$3,000

Also see the Exclusions and Limitations section of the policy.

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**RIDER INFORMATION**

**HH 767 NY Benefit Update Rider**

**Effective Date:** May 1, 2007  
**Option Date:** May 1, 2007

**HH 769 NY Future Benefit Increase Rider**

**Effective Date:** May 1, 2007  
**Option Date:** May 1, 2007

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

**HH 770 Presumptive Disability Benefit Rider**

**Effective Date:** May 1, 2007

**HH 771 NY Transitional Occupation Rider**

**Effective Date:** May 1, 2007  
**Transitional Occupation Period:** To Age 65 Policy Anniversary

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**PREMIUM INFORMATION**

**POLICY**

Disability Benefit: \$308.00

**RIDERS**

Benefit Update Rider: \$00.00

Future Benefit Increase Rider: \$00.00

Presumptive Disability Benefit Rider: \$00.00

Transitional Occupation Rider: \$61.14

**Total Annual Premium:** \$369.14

<b>PREMIUM PAYMENT FREQUENCY OPTIONS</b>	<b>Premium</b>	<b>Annualized Premium</b>	<b>Premium Payment Frequency Charge Included*</b>
<b>Total Annual Premium:</b>	\$369.14	\$369.14	\$00.00
Semi-Annual Premium:	\$189.18	\$378.37	\$9.23
Quarterly Premium:	\$96.90	\$387.60	\$18.46
PAW/EFT/Monthly Premium:	\$32.30	\$387.60	\$18.46

**\*There is an additional charge for premium payment frequencies other than annual.**

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; and, until the end of any period for which We have accepted a premium payment. If the conditions are met in the Conditional Renewal section, this policy may be renewed each year thereafter for life. 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.

If you have any questions, call your financial representative. To file a claim, call our Home Office at 1-800-422-3788.

This Data Page Prepared On: May 1, 2007

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## 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 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.

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

**COMPLICATIONS OF PREGNANCY AND COMPLICATIONS OF CHILDBIRTH** – means conditions requiring hospital stays (when pregnancy is not terminated) whose diagnoses are distinct from pregnancy but are adversely affected by pregnancy or are caused by pregnancy, such as acute nephritis, nephrosis, cardiac decompensation, missed abortion and similar medical and surgical conditions of comparable severity, and shall not include false labor, occasional spotting, physician-prescribed rest during the period of pregnancy, morning sickness, hyperemesis gravidarum, preeclampsia and similar conditions associated with the management of a difficult pregnancy not constituting a nosologically distinct complication of pregnancy; and nonelective cesarean section, ectopic pregnancy which is terminated and spontaneous termination of pregnancy, which occurs during a period of gestation in which a viable birth is not possible.

**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 physician who is board-certified or board-eligible and who has been trained in the field of psychiatry or psychology, or a licensed clinical psychologist when services rendered are within the lawful scope of his her practice. The person cannot be You, any person related to You by blood or marriage, the Owner, the Benefit Recipient, a business or professional partner or associate, or any person who has a financial affiliation or business interest with You 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 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 on or after the Policy Date and 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.

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 Data Page.

OWNER -- means the person(s) and/or entity(ies) 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.

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

1. The recurrence of Disability occurs while this policy is in force and 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. The evaluations and treatment must be at a frequency intended to return You to Full Time Work; and

5. You must pursue reasonable treatment options or recommendations to achieve maximum medical improvement.

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.

RETIRED -- 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 an illness or disease which first manifests itself on or after the Policy Date and while this policy is in force. 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. Retirement benefits from Social Security.

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. 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.

In order to be eligible for Total Disability benefits, there must also be no reasonable job or work site modifications which would allow You to Work.

To receive benefits under this policy at any time, You must satisfy the requirements of the Claim Information section on page 12.

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 Data Page of this policy.

YOUR OCCUPATION -- means the profession(s) or occupation(s), not a specific job(s) or a job with a certain employer(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 Data Page.

## 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 Data Page.

## SOCIAL INSURANCE SUBSTITUTE BENEFIT

The Social Insurance Substitute Benefit is provided only if amounts for it are shown on the 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 Data Page when no Social Insurance is paid; or

2. One third of this section's Maximum Monthly Benefit shown on the Data Page if the only Social Insurance paid for Your Disability is any one of either the Primary Insurance Amount, Workers Compensation, or any other benefit that replaces or supplements Social Security or Workers Compensation.

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

1. You are not receiving benefits under the Disability Benefit section; or
2. During which two or more of the Social Insurances are paid for Your Disability; or
3. After Your Age 65 Policy Anniversary, unless Your Maximum Benefit Period is longer and You are receiving benefits under the Disability Benefit section; or
4. After You are eligible to receive full retirement benefits from Social Security; or
5. For which You receive retirement benefits from Social Security.

We will refund any Social Insurance Substitute Benefit premiums paid during the time You received retirement benefits from Social Security. In order to provide a refund, We must be provided with written proof from the Social Security Administration or other proof acceptable to Us of the period You received such retirement benefits.

Benefits start to accrue at the later of:

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

#### **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 any 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 requiring You 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 any Social Insurance; and
4. Request reconsideration of Your application for Social Insurance, if it is denied, and appeal any denial of reconsideration if an appeal appears reasonable. We will pay any expenses You incur for an appeal made at Our demand.

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.

## **A OTHER BENEFITS**

This section describes additional benefits provided by this 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.

### **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.

### **DEATH BENEFIT**

If You die after satisfying the Elimination Period and while benefits are being paid under the Disability Benefit section or any attached rider, We will pay the Death Benefit amount shown on the Data Page. This benefit is equal to 3 times the Maximum Monthly Benefit and is in addition to any other benefit of this policy. This benefit is payable to the Benefit Recipient. If You are the Benefit Recipient at the time of Your death, this benefit will be paid to Your surviving spouse, if any, otherwise, to Your estate.

### **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 Benefit 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 the plan 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 and any attached riders.

### 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 felony, or Your involvement in an illegal occupation; or
3. War or act of war (whether declared or undeclared), or service in the Armed Forces or units auxiliary thereto; or
4. Loss We have excluded by name or specific description in any attached rider or endorsement.

### LIMITATION WHEN OUTSIDE THE UNITED STATES, CANADA OR MEXICO

Benefits will be limited to 12 months during Your Continuous Disability unless You reside in the United States, its possessions, or the countries of Canada and Mexico for at least six consecutive months in each calendar year.

## 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.

## PRE-EXISTING CONDITION LIMITATION

We will not pay any claim for a Disability or loss which:

1. Begins within 2 years after the effective date of coverage(s); and
2. Results from a pre-existing condition which was not disclosed or was misrepresented in this policy's application.

Pre-existing condition means a condition:

1. For which medical advice or treatment was recommended by a Doctor or received from a Doctor within the 2 year period prior to the effective date of coverage(s); or
2. Which has caused symptoms within the 2 year period prior to the effective date of coverage(s) which would ordinarily cause a prudent person to seek diagnosis, care or treatment.

## 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.

## CLAIM INFORMATION

### NOTICE OF CLAIM 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 20 days of the date Your Disability began. Notice given to Us at Our Home Office or to Your agent with information sufficient to identify You shall be deemed notice to Us.

Delay in providing Us the initial written notice of claim shall not impair the Owner's right to any benefits which would have otherwise accrued during the six-month period preceding the date on which the initial notice of claim is actually received in the Home Office.

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.

Failure to furnish the completed claim form or the claim letter, if needed, within the time required shall not invalidate or reduce any claim if it was not reasonably possible to give proof within such time. However, 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 on the next page);
9. A personal interview with a company representative, which may include a statement under oath;
10. Evidence that reasonable job or work site modifications are not feasible; and
11. 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 We deem reasonable to evaluate whether You continue to meet the definition of Disability. The examinations will be performed by a doctor or specialist We deem appropriate for the condition and will be conducted at the time, place and frequency We reasonably require, 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.

## CONTINUING BENEFITS

Continuing benefits are subject to the proof of loss requirements. If continuing proof of loss requirements are not received by Us, 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 to the Benefit Recipient unless otherwise indicated in the policy or any attached riders.
6. If, during a Disability, You are determined to not be legally competent, We may pay up to \$1,000.00 in any due and unpaid benefits to any relative by blood or connection by marriage We believe is equitably 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.

## OVERPAYMENT OF BENEFITS

If an overpayment of benefits should occur because You intentionally fail to notify Us of any information that affects Your eligibility for benefits under this policy, or You intentionally provide Us with inaccurate or incomplete information, We have the right to either recoup the overpayment from future claim benefits or require reimbursement from You within 60 days after the date We send You written notification that the overpayment occurred.

## 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 for this policy is due on the Policy Date. After that, premiums are payable in the amount and frequency chosen from those shown on the 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.

### REFUND OF PREMIUMS

Any refund of premiums made under this policy or attached riders will be paid to the Benefit Recipient.

### 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. The premium refund will be paid as specified in the Refund of Premiums provision. If there is no Benefit Recipient, then We will refund any premium 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; or
2. Our receipt of the Owner's written request to terminate it; or
3. The end of the grace period; or
4. Your death.

If You are Disabled under the terms of this policy (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then this policy will remain in force with no further premiums due until the earlier of the end of Your Disability or the end of the Maximum Benefit Period.

## REINSTATEMENT

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

When We require an application for reinstatement and if We have received the required premiums and given you a Conditional Receipt for any premium paid, reinstatement takes effect on the date We approve the application. If We do not decline reinstatement in writing within 45 days from the date of the Conditional Receipt, the policy will be reinstated on the 45th day after the date of the Conditional Receipt.

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

A reinstated policy only covers a Disability from:

1. A Sickness which first manifests itself 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 60 days following the date active duty ends.

Your coverage will start again as of the date active duty ends. 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.

No coverage will be provided for a Disability which occurs due to any condition that arose during the period of active duty, and which has been determined by the Secretary of Veterans Affairs to be a condition incurred in the line of duty.

## CONDITIONAL RENEWAL

This policy is conditionally renewable on an annual basis beginning with 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.

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

1. You are not receiving a benefit under this policy or any attached rider at the time of renewal.

2. You must have been actively Working at least 30 hours each week for the 12 consecutive months preceding renewal.
3. You are Working at least 30 hours a week at the time of renewal.
4. The policy is in force with no premium in default.
5. We receive the Owner's renewal request in writing by the Age 65 Policy Anniversary or, if applicable, the end of five years from the Policy Date, and by each Policy Anniversary thereafter for any subsequent one-year renewals.
6. The renewal policy premium is paid. The renewal policy premium will be based on those rates in effect for Your age at the time of renewal.

We reserve the right to require proof from time to time that You continue to Work at least 30 hours a week. If at anytime You are Working less than 30 hours a week, this policy will terminate as of the date You no longer Worked at least 30 hours a week. We will return the unearned premiums paid for any period not covered by this policy.

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 is two years; and
2. Benefits are not payable for Disability beginning after renewal if You are Retired or Unemployed; and
3. 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
4. The Social Insurance Substitute Benefit, if included, is not renewable after the Age 65 Policy Anniversary.

If the policy is not renewed under this section, but an accidental injury occurred while the policy was in force, We will pay benefits as described in this section for a disability that;

1. Is a result of the accidental injury that occurred while the policy was in force; and
2. Commences within 30 days after the date the accidental injury occurred.

### **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. If evidence of insurability is required, the application must also be signed by You, if You are not the Owner. An adjustment is effective on the Adjustment Date, subject to Our prior approval and Our receipt of the required premium. We will pay benefits for a Disability incurred after the Start Date of any Conditional Receipt.

The adjusted benefits apply to a Disability from a Sickness which first manifests itself or an Injury which occurs on or after the Adjustment Date and while this policy is in force, or the Start Date of any Conditional Receipt given for the adjusted benefits, if earlier.

The adjusted benefits will not apply to a Recurring Disability which is a continuation of a Continuous Disability which started before the Adjustment Date or the Start Date of any Conditional Receipt given for the adjusted benefits, if earlier.

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

## S A M P L E **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 this policy and any attached riders, 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 deny a claim for Disability which starts after the expiration of such two-year period.

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

No claim for Disability or loss covered by this policy or any attached riders 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(s) 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.

### **FRAUD**

Upon a judicial decision in a civil or criminal court that You and/or the Owner have committed fraud in obtaining this policy or the filing of a claim under this policy, We may void this policy.

### **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 BENEFIT RECIPIENT**

The Owner may name a new Owner or Benefit Recipient by giving Us a request in writing. Our approval is required and 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 INSURANCE 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. NONPARTICIPATING.

## **LIMITATION OF BENEFITS FOR MENTAL/NERVOUS/SUBSTANCE ABUSE DISORDERS RIDER**

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the current Data Page. This rider cannot be terminated by You unless the policy terminates.

### **DEFINITIONS**

**HOSPITAL** -- means a facility legally operating as a hospital which:

1. Is mainly engaged in providing inpatient care and treatment of sick or injured persons, and routinely makes a charge for such care; and
2. Is supervised by a staff of physicians on the premises; and
3. Provides 24-hour nursing services on the premises by registered graduate nurses.

In no event will Hospital include any institution:

1. Which is operated as a rest home, a convalescent facility, or a long-term nursing care facility; or
2. Which is mainly for the care of the aged, or which primarily affords custodial or educational care.

**MENTAL/NERVOUS/SUBSTANCE ABUSE DISABILITY** -- means any Disability which is due to Mental/Nervous/Substance Abuse Disorder(s).

**MENTAL/NERVOUS/SUBSTANCE ABUSE DISORDER** -- means any disease or disorder classified in the most current Diagnostic and Statistical Manual of Mental/Nervous Disorders (DSM) published by the American Psychiatric Association. If the DSM is discontinued or replaced, Mental/Nervous/Substance Abuse Disorder will mean any disease or disorder classified in the diagnostic manual in use by the American Psychiatric Association or its successor as of the date Disability begins. These Disorders are considered Sickneses for purposes of the policy.

Mental/Nervous/Substance Abuse Disorder does not include dementia that is a result of any of the following conditions:

1. stroke;
2. head injury;
3. viral infection; or
4. Alzheimer's disease.

**MONTHLY BENEFIT** -- means benefits payable under the terms of any one or more of the following benefit sections or riders that may be contained in Your policy: Disability Benefit Section, Social Insurance Substitute Benefit Section and any rider that provides a monthly benefit.

**OTHER CONDITION** -- means a medical condition that is not a Mental/Nervous/Substance Abuse Disorder or is not caused by, or a result of, Your Mental/Nervous/Substance Abuse Disorder.

(Continued on next page)

**LIMITATIONS**

Monthly Benefits for Mental/Nervous/Substance Abuse Disability will not be paid for more than an aggregate total of 24 months during the entire time the policy is in force. This 24-month limit does not apply separately to each type of Monthly Benefits, but rather to Monthly Benefits as a whole. However, subject to the Maximum Benefit Period on the current Data Page and all other provisions of the policy and any rider, We will pay Monthly Benefits as long as You are continuously confined as an inpatient in a Hospital.

Your policy's Waiver of Premium Benefit will continue without regard to the 24-month limitation, provided You otherwise meet the requirements for that benefit.

For any period when You are Disabled due to both a Mental/Nervous/Substance Abuse Disability and any Other Condition, Your disability will be considered due to the Other Condition and this rider's 24 month limit will not apply as long as the Other Condition, standing alone, would cause Disability.

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(Company Officers' Signature and Title)



**Principal Life  
Insurance Company**  
Des Moines, Iowa 50392-0001

## RELATION OF EARNINGS TO INSURANCE RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the current Data Page. This rider cannot be terminated by You unless the policy terminates.

### DEFINITIONS

**OTHER INCOME BENEFITS** -- means monthly benefits or coverage for disability or retirement to include, but not limited to:

1. The total monthly benefit provided by all disability insurance policies under which You are insured (whether issued by Our company or another insurer) other than the policy to which this rider is attached;
2. No-fault disability insurance benefits received;
3. Benefits received from governmental plans, including:
  - a) Social Security disability, including primary and family benefits, and retirement benefits;
  - b) Government retirement or disability; and
  - c) State Disability.

Any Other Income Benefits received as a lump sum payment will be prorated on a monthly basis over the period of time to which the payment is attributed, the expected duration of the Disability or the Maximum Benefit Period, whichever is shortest.

**OVERINSURANCE** -- means when the sum of the Total Maximum Monthly Benefit and Other Income Benefits exceeds Your Pre-Disability Income. Benefits received under the "Other Benefits" section of the policy are not included in determining Overinsurance.

**PRE-DISABILITY INCOME** -- means Your monthly Earnings (including any bonus prorated monthly) for the month prior to Disability or Your average monthly Earnings for the 24 months preceding Disability, whichever is greater.

**REDUCED MAXIMUM MONTHLY BENEFIT** -- means the Total Maximum Monthly Benefit after being reduced by this rider.

**TOTAL MAXIMUM MONTHLY BENEFIT** -- means the sum of this policy's Maximum Monthly Benefits shown on the Data Page in effect at the time Your Disability began. It includes the Disability Benefit and any Social Insurance Substitute Benefit (subject to that section's requirements).

### RELATION OF EARNINGS TO INSURANCE CALCULATION

The Total Maximum Monthly Benefit may be reduced at any time during a claim for benefits under the policy to which this rider is attached when Overinsurance exists. The Reduced Maximum Monthly Benefit will be:

$$\text{Total Maximum Monthly Benefit} \times \frac{\text{Pre-Disability Income}}{\text{Total Maximum Monthly Benefit} + \text{Other Income Benefit}}$$

(Continued on next page)

In no event will the Reduced Maximum Monthly Benefit be less than \$200 or greater than the Total Maximum Monthly Benefit.

If any Residual Disability Benefit Rider, Short Term Disability Benefit Rider or Recovery Benefit Rider is attached to and a part of the policy, then the Reduced Maximum Monthly Benefit will be used instead of the Maximum Monthly Benefit in the calculation for determining benefits payable under those riders.

We have the right to require repayment of any overpayment that occurs because You intentionally fail to notify Us of any information that affects the benefit amount We pay under the policy while this rider is in force. This includes Your receipt of past due Other Income Benefits, and Your receipt of Other Income Benefits that were not already disclosed to Us. The overpayment amount will be calculated from the date on which We first over paid benefits. We will either deduct the overpayment from future claim benefits, or require reimbursement from You within 60 days after the date We send You written notification that the overpayment occurred.

### REFUND OF PREMIUM

If the Total Maximum Monthly Benefit is reduced by this rider, We will refund a portion of the premiums paid during the two year period immediately preceding the date the Disability began. The amount of the refund will be:

1. The total amount of premiums paid during the two year period immediately preceding the date of Disability; MULTIPLIED BY
2. The amount by which the Total Maximum Monthly Benefit has been reduced by this rider; DIVIDED BY
3. The Total Maximum Monthly Benefit.

We will make this refund when Your Disability ends or after one year, whichever is earlier. The amount of the refund will be reduced by amounts previously refunded or waived by Us under the Waiver of Premium Benefit provision of the policy.

### ADJUSTMENT OPTION

At the end of a claim, the Owner may adjust the policy to the Reduced Maximum Monthly Benefit as was calculated by this rider during the claim. See the Policy Adjustment Options section of the policy for details on policy adjustments.

**(Company Officers' Signature and Title)**



**Principal Life  
Insurance Company  
Des Moines, Iowa 50392-0001**

## CAPITAL SUM BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

We will pay the Capital Sum Benefit shown on the Data Page if an Injury or Sickness results in Your 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 provided by the policy or any other attached riders. The Capital Sum Benefit is payable for only one loss in Your lifetime. In order for this benefit to be paid:

1. You must survive the loss for 30 days; and
2. The policy and this rider must be in force. If the policy and this rider are 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 and this rider are in force.

### TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. When We pay this rider's benefit; or
3. Our receipt of the Owner's written request to terminate it; or
4. Termination of the policy of which it is a part.

**(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## CATASTROPHIC DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITIONS

ACTIVITIES OF DAILY LIVING (ADL) are:

**Bathing** – which means the ability to wash Yourself in the tub, shower or by sponge bath, with or without adaptive devices.

**Continence** – which means the ability to voluntarily control bowel and bladder function, or in the event of incontinence, the ability to maintain a reasonable level of personal hygiene (including caring for catheter or colostomy bag).

**Dressing** – which means the ability to put on and take off clothing and any medically necessary braces or artificial limbs.

**Eating/Feeding** – which means the ability to feed Yourself by mouth, feeding tube or intravenously.

**Toileting** – which means the ability to get to and from and on and off the toilet and to maintain a reasonable level of personal hygiene.

**Transferring** – which means the ability to move in and out of a chair, bed or wheelchair with or without assistive devices such as canes, walkers, crutches, grab bars or mechanical or motorized devices.

ADL DISABLED - means, solely due to an Injury or Sickness, You are unable to perform two or more Activities of Daily Living without Assistance.

ASSISTANCE – means the presence of, or the help of, another person that is necessary to either:

1. prevent, by physical intervention or verbal cueing, injury to You while You are performing the Activity of Daily Living; or
2. help You in performing the Activity of Daily Living.

CATASTROPHIC DISABILITY/CATASTROPHICALLY DISABLED – means, solely due to an Injury or Sickness, You are:

1. ADL Disabled; or
2. Cognitively Impaired; or
3. Presumptively Disabled.

CATASTROPHIC DISABILITY BENEFIT – means the monthly benefit amount provided by this rider and is shown on the Data Page.

CATASTROPHIC DISABILITY ELIMINATION PERIOD – means the number of days from the start of a Continuous Catastrophic Disability for which no benefits under this rider will be paid. The Catastrophic Disability Elimination Period is shown on the Data Page. The Catastrophic Disability Elimination Period is waived for Presumptive Disability.

CATASTROPHIC DISABILITY MAXIMUM BENEFIT PERIOD – starts after satisfaction of the Catastrophic Disability Elimination Period and is the longest time for which benefits under this rider will be paid. The Catastrophic Disability Maximum Benefit Period is shown on the Data Page.

COGNITIVELY IMPAIRED – means a measurable impairment to short term or long term memory, orientation as to people, places or time, and/or deductive or abstract reasoning that severely impairs Your ability to function independently. This loss or deterioration must be documented by clinical evidence of an Injury or Sickness and medically recognized standardized neurological testing such as MRI and CAT, and testing used to assess neuropsychological function.

CONTINUOUS CATASTROPHIC DISABILITY – means Your Catastrophic Disability that continues with no interruption. You will be considered to have a Continuous Catastrophic Disability if an Interrupted Catastrophic Disability Elimination Period or Recurring Catastrophic Disability occurs.

INTERRUPTED CATASTROPHIC DISABILITY ELIMINATION PERIOD – means, even if Your Catastrophic Disability is not continuous, the Catastrophic Disability Elimination Period will be met if the required number of days of Catastrophic Disability occur in a period that is:

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

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

PRESUMPTIVE DISABILITY/PRESUMPTIVELY DISABLED – means, solely due to an Injury or Sickness, You have a 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.

RECURRING CATASTROPHIC DISABILITY – means a continuation of a prior Catastrophic Disability when the recurrence of Catastrophic Disability:

1. Begins while the policy and this rider are in force; and
2. Results from the same or directly related cause as the prior Catastrophic Disability for which We paid benefits under this rider; and
3. Occurs within six months from the end of the prior Catastrophic Disability.

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

### **CATASTROPHIC DISABILITY BENEFIT**

We will pay the Catastrophic Disability Benefit for Your Continuous Catastrophic Disability that begins on or after the effective date of this rider and while the policy and this rider are in force and subject to the policy and rider provisions. Benefits start to accrue at the end of the Catastrophic Disability Elimination Period, except if You are Presumptively Disabled, benefits start to accrue on the day Your Presumptive Disability begins. Benefits will continue during Your Continuous Catastrophic Disability but not beyond the Catastrophic Disability Maximum Benefit Period.

The Catastrophic Disability Benefit is payable in addition to any other benefit provided by the policy.

## CLAIM INFORMATION

To be considered Catastrophically Disabled, You must provide notice of claim and proof of loss as described in the Claim Information section of the policy. All provisions and requirements of the Claim Information section of the policy apply to this rider and the term "Disability/Disabled", as used in that section, is amended to include "Catastrophic Disability/Catastrophically Disabled".

## OTHER BENEFITS

### WAIVER OF PREMIUM BENEFIT

The Waiver of Premium Benefit provision of the policy will also apply to Your Continuous Catastrophic Disability, and the terms as used in the Waiver of Premium Benefit provision are amended as follows:

1. "Continuous Disability" is amended to include "and/or Continuous Catastrophic Disability".
2. "Disability/Disabled" are amended to include "and/or Catastrophic Disability/Catastrophically Disabled".
3. "Elimination Period" is amended to include "and/or Catastrophic Disability Elimination Period".

### BENEFIT UPDATE

We will include an offer to increase the Catastrophic Disability Benefit, if the Benefit Update Rider is part of this policy and an offer to increase coverage is made under that Rider. In the event You lose group long term disability insurance that includes a catastrophic disability benefit, You may also elect to request a review of Your Catastrophic Disability Benefit under the Benefit Update Adjustment – Advance Option. Any offer is subject to Our then current underwriting guidelines except You will not be required to provide evidence of medical insurability. You may accept all, part or none of the offer to increase the Catastrophic Disability Benefit. The amount of Catastrophic Disability Benefit accepted has no effect on the Benefit Update Rider.

The new premium amount for the Catastrophic Disability Benefit resulting from a Benefit Update adjustment will be automatically billed. Increases are accepted by paying the new premium. Increases may be rejected by notifying Us in writing no later than 30 days after the Policy Anniversary or by not paying the increase in premium.

The adjusted Catastrophic Disability Benefit applies to new Catastrophic Disabilities which start on or after the Benefit Update Adjustment Date. A Recurring Catastrophic Disability is not a new Catastrophic Disability.

A Benefit Update adjustment in the Catastrophic Disability Benefit will be effective on the Policy Anniversary following Our offer, subject to the Owner accepting Our offer. New Data Pages reflecting any increase in benefits will be provided.

### COST OF LIVING

If the Cost Of Living Adjustment Rider is part of this policy, all of the provisions of that rider will apply to the Catastrophic Disability Benefit, and the terms as used in the Cost Of Living Adjustment Rider are amended as follows:

1. "Maximum Monthly Benefit" is amended to include "and/or Catastrophic Disability Benefit".
2. "Continuous Disability" is amended to include "and/or Continuous Catastrophic Disability".
3. "Disability" is amended to include "and/or Catastrophic Disability".
4. "Maximum Benefit Period" is amended to include "and/or Catastrophic Disability Maximum Benefit Period".

## EXCLUSIONS AND LIMITATIONS

All exclusions and limitations in the policy, or attached to and a part of the policy, will apply to this rider.

If the Limitation Of Benefits For Mental/Nervous/Substance Abuse Disorders rider is part of this policy, all of the provisions of that rider will apply to the Catastrophic Disability Benefit, and the terms as used in the Limitation Of Benefits For Mental/Nervous/Substance Abuse Disorders rider are amended as follows:

1. "Disability " is amended to include "and/or Catastrophic Disability".
2. "Monthly Benefit " is amended to include "and/or Catastrophic Disability Benefit".
3. "Maximum Benefit Period" is amended to include "and/or Catastrophic Disability Maximum Benefit Period".

## TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are Catastrophically Disabled under the terms of this rider (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Catastrophic Disability or the end of the Catastrophic Disability Maximum Benefit Period.

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**(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

## **COST OF LIVING ADJUSTMENT RIDER**

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### **DEFINITIONS**

**ADJUSTED MAXIMUM MONTHLY BENEFIT** -- means the Maximum Monthly Benefit(s) shown on the Data Page in effect at the start of Your Continuous Disability plus any cost of living adjustments made under this rider.

**CHANGE DATE** -- means each yearly anniversary of the start of a Continuous Disability. If a new Elimination Period is required because of a new Disability, new Change Dates will be set for the new Disability.

**CPI-U** -- means the Consumer Price Index for all Urban Consumers (CPI-U) published by the United States Department of Labor. We will use a different index, subject to the prior approval of the Insurance Superintendent of the state in which this rider is issued, if:

1. The CPI-U is discontinued, delayed, or not otherwise available for use; or
2. The composition, base, or method of calculating the CPI-U changes so that We consider it inappropriate for this policy.

Any different index We choose will be one which We believe best reflects the change in the cost of living in the United States.

### **COST OF LIVING ADJUSTMENT (COLA) FACTOR**

The COLA Factor is, as of any Change Date, a factor which is based upon the change in the CPI-U on an annual basis. On the first Change Date, it is calculated by dividing the CPI-U for the calendar month three months before the first Change Date by the CPI-U for the calendar month three months before the date Your Continuous Disability began. In subsequent years, it is calculated by dividing the CPI-U for the calendar month three months before the current Change Date by the CPI-U for the calendar month three months before the prior year's Change Date.

The COLA Factor cannot be:

1. Less than one; or
2. Greater than one plus the COLA Maximum Percent shown on the Data Page.

### **BENEFITS**

This rider may provide for a cost of living adjustment to Your Maximum Monthly Benefit during the period of Your Continuous Disability.

On the first Change Date We will adjust the Maximum Monthly Benefit(s) shown on the Data Page in effect at the start of Your Continuous Disability, by multiplying by the COLA Factor. On subsequent Change Dates, the new Adjusted Maximum Monthly Benefit will be determined by multiplying the previous year's Adjusted Maximum Monthly Benefit by the current year's COLA Factor. These Adjusted Maximum Monthly Benefits will then be used to calculate Your monthly benefits.

No further adjustments in benefits under this rider will be made after the first of:

1. The end of Your Continuous Disability; or
2. The end of the Maximum Benefit Period.

Unless You adjust the policy as described in the Purchase Option provision, the Adjusted Maximum Monthly Benefit will end when the Continuous Disability ends. If a new Elimination Period is required for a new Disability, the Maximum Monthly Benefits are the amounts shown on the Data Page.

### **PURCHASE OPTION**

Within 90 days after Your Continuous Disability ends, the Owner may adjust the policy to increase the Maximum Monthly Benefit of the Disability Benefit section shown on the Data Page if Your Maximum Monthly Benefits were increased by this rider.

The amount of the increase will be:

1. The last Adjusted Maximum Monthly Benefit;  
LESS
2. The Maximum Monthly Benefit shown on the Data Page.

The increased Maximum Monthly Benefit applies to new Disabilities which start on or after the Adjustment Date. A Recurring Disability is not a new Disability.

An increase may be made as provided in the Policy Adjustment Options section. We will require an adjustment application and other evidence which satisfied Us that You are insurable under the more favorable of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued, except that You need not show evidence of good health. We must receive the adjustment application within 90 days after Your Continuous Disability ends. The additional premium must be paid within 31 days of the Adjustment Date. We will provide a new Data Page for any increase made under this provision.

### **TERMINATION**

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are eligible to benefits under the terms of the policy or any attached riders (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Disability or the end of the Maximum Benefit Period.

### **(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

## EXTENDED TOTAL DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITIONS

CONTINUOUS TOTAL DISABILITY -- means Your Total Disability that continues with no interruption and does not include an Interrupted Elimination Period or a Recurring Disability.

MAXIMUM AGGREGATE BENEFIT -- means the maximum amount payable after the end of the Maximum Benefit Period for any one Continuous Total Disability. The Maximum Aggregate Benefit is a factor of the Maximum Monthly Benefit and will change when there are any adjustments made to the Maximum Monthly Benefit under the Policy Adjustment Options section or as provided by any attached riders. The Maximum Aggregate Benefit is shown on the Data Page and new Data Pages will be provided if the Maximum Aggregate Benefit changes.

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

1. You are unable to perform the substantial and material duties of Your Occupation; and
2. You are unable to Work in any occupation You are reasonably suited to by Your education, training and experience.

In order to be eligible for Total Disability under this rider, there must also be no reasonable job or work site modifications which would allow You to Work.

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

### TOTAL DISABILITY BENEFITS

Under this rider, We will pay a monthly benefit for Your Continuous Total Disability beyond the policy Maximum Benefit Period if:

1. You have a Continuous Disability that begins before and continues up to Your Age 55 Policy Anniversary; and
2. You are Totally Disabled on Your Age 55 Anniversary; and
3. You remain Continuously Totally Disabled until the end of the policy Maximum Benefit Period; and
4. Benefits are not being paid under the Presumptive Disability Benefit Rider; and
5. You are not Retired or Unemployed at the start of Your Continuous Disability.

The monthly benefit provided by this rider after the end of the policy Maximum Benefit Period will be the Maximum Monthly Benefit for the Disability Benefit shown on the Data Page in effect on the date Your Continuous Total Disability began, plus any Cost of Living Benefit in effect at the end of the policy Maximum Benefit Period, but not to exceed the Maximum Aggregate Benefit.

Benefits being paid under this rider stop when Your Continuous Total Disability ends, at Your death or when the Maximum Aggregate Benefit has been reached, whichever is earliest.

**TERMINATION**

This rider terminates on the first of:

1. Your Age 55 Policy Anniversary; or
2. Any change in the policy Maximum Benefit Period to something other than "To Age 65 Policy Anniversary", "To Age 67 Policy Anniversary" or "To Age 70 Policy Anniversary; or
3. Our receipt of the Owner's written request to terminate it; or
4. Termination of the policy of which it is a part.

If You have a Continuous Disability which begins prior to and continues up to the date specified in number 1 above and you are Totally Disabled on that date, then this rider will remain in force with no further premiums due until the earlier of the date Your Continuous Total Disability ends or the date benefits stop under this rider.

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Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

## PRESUMPTIVE DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITION

PRESUMPTIVE DISABILITY occurs while the policy and this rider are in force and prior to the Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; and is an Injury or Sickness resulting in Your total loss of use for any and every purpose or activity without any possibility of recovery of:

- a) Power of speech; or
- b) Hearing in both ears; or
- c) Sight of both eyes; or
- d) The use of both hands, both feet, or one hand and one foot.

### PRESUMPTIVE DISABILITY BENEFIT

If You meet the definition of Presumptive Disability, 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) of the policy, regardless of Your ability to Work or earn an income.

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 Data Page is "to Age 65 Policy Anniversary", "to Age 67 Policy Anniversary" or "to Age 70 Policy Anniversary", the Maximum Benefit Period will be extended to "Lifetime" for benefits payable under the Disability Benefit section.

Once We begin paying benefits under this rider, the Regular Care By A Doctor requirement specified in the policy is waived.

If the Cost of Living Adjustment Rider is attached to the policy, no further increases will be provided under that rider after the end of the Maximum Benefit Period shown on the Data Page.

### TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are Presumptively Disabled under the terms of this rider (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider remains in force with no further premiums due until the earlier of the end of Your Presumptive Disability or the end of the Maximum Benefit Period.

### (Company Officers' Signature and Title)

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## RECOVERY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITIONS

CURRENT EARNINGS -- means Your monthly Earnings after You return to Full Time Work.

LOSS OF EARNINGS -- means Your Prior Earnings minus Your Current Earnings for the months after You return to Full Time Work.

PRIOR EARNINGS -- means Your highest monthly average Earnings for any consecutive 12 months in the last 24 months before a Continuous Disability began.

### RECOVERY BENEFIT

We will provide a Recovery Benefit if:

1. You are no longer Disabled; and
2. You are not receiving benefits under the Disability Benefit section of the policy; and
3. You return to Full Time Work immediately after a Continuous Disability for which benefits were payable under the Disability Benefit section; and
4. You have a Loss of Earnings equal to or greater than 20% of Your Prior Earnings; and
5. Your Loss of Earnings is solely due to the prior Injury or Sickness that caused Disability; and
6. You satisfy the requirements of the Claim Information section of the policy.

Income earned by a business or professional entity will be determined by Your choice of either the cash or accrual accounting method. The same method will be used to determine both Prior Earnings and Current Earnings. If the cash method is used, income earned but not received prior to the start of a Disability will be excluded from Your Current Earnings.

Regardless of the accounting method used, any bonuses or lump sum payments You receive will be assigned on a pro-rata basis to each month during which they are earned and retroactive adjustments will be made to the benefits previously paid under the policy.

The amount of Recovery Benefit payable will be:

$$\frac{\text{Prior Earnings} - \text{Current Earnings}}{\text{Prior Earnings}} \times \text{Maximum Monthly Benefit}$$

Benefits under this rider are payable for a period not to exceed the Recovery Benefit Period shown on the Data Page, but not beyond the policy Maximum Benefit Period.

If the Cost of Living Adjustment Rider is a part of the policy, then the Recovery Benefit will be calculated based on the Adjusted Maximum Monthly Benefit being paid when You recovered from Your Disability. There will be no additional increases under the Cost of Living Adjustment Rider while benefits are payable under this rider. There will be no Indexing of Prior Earnings while benefits are payable under this rider.

The Waiver of Premium benefit in the policy will be provided while benefits are payable under this rider. Other benefits provided by Your policy will not be payable.

You are no longer eligible for the Recovery Benefit if You are able to earn more than 80% of Prior Earnings.

## **TERMINATION**

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or.
2. Our receipt of the Owner's written request to terminate the rider; or
3. Termination of the policy of which it is a part.

If You are eligible to benefits under the terms of this rider prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of the Recovery Benefit Period or the end of the policy Maximum Benefit Period.

**(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

## REGULAR OCCUPATION RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

This rider does not pay benefits in addition to those of the Disability Benefit section of the policy. Instead, this rider states the benefit payable under the policy if You meet this rider's definition of Total Disability during the Your Occupation Period.

TOTAL DISABILITY during the Your Occupation Period means, solely due to Injury or Sickness:

1. You are unable to perform the substantial and material duties of Your Occupation and are not Working in Your Occupation; and
2. You are Working in another occupation.

In order to be eligible for Total Disability under this rider, there must also be no reasonable job or work site modifications which would allow You to Work in Your Occupation. In addition, this rider does not provide benefits if You are Retired or Unemployed.

To receive benefits under this rider at any time, You must satisfy the requirements of the Claim Information section of the policy to which it is attached.

### BENEFITS

Benefits payable under the policy for Your Total Disability is the Maximum Monthly Benefit shown on the Data Page for the Disability Benefit section and the Social Insurance Substitute Benefit section, if included, to the end of the Maximum Benefit Period. However, no Social Insurance Substitute Benefit will be payable for any period You are eligible to receive full retirement benefits from Social Security.

### TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate the rider; or
3. Termination of the policy of which it is a part.

If You are eligible to receive benefits under the terms of this rider (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Total Disability or the end of the Maximum Benefit Period.

### (Company Officers' Signature and Title)

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## RESIDUAL DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITIONS

**CHANGE DATE** -- means each yearly anniversary of the start of a Continuous Disability. If a new Elimination Period is required because of a new Disability, new Change Dates will be set for the new Disability.

**CPI-U** -- means the Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of Labor. We will use a different index, subject to the prior approval of the Insurance Superintendent of the state in which this rider is issued, if:

1. The CPI-U is discontinued, delayed, or not otherwise available for use; or
2. The composition, base, or method of calculating the CPI-U changes so that We consider it inappropriate for this policy.

Any different index We choose will be one which We think best reflects the change in the cost of living in the United States.

**CURRENT EARNINGS** -- means Your Earnings for each month while You are Disabled.

**INDEX FACTOR** -- means, as of any Change Date, a factor which is based upon the change in the CPI-U on an annual basis. On the first Change Date, it is calculated by dividing the CPI-U for the calendar month three months before the first Change Date by the CPI-U for the calendar month three months before the date Your Continuous Disability began. In subsequent years, it is calculated by dividing the CPI-U for the calendar month three months before the current Change Date by the CPI-U for the calendar month three months before the prior year's Change Date. The Index Factor will never be less than 1.

**LOSS OF EARNINGS** -- means Your Prior Earnings minus Current Earnings. This difference will be considered Loss of Earnings to the extent such loss is directly and independently due to the Injury or Sickness which caused Your Disability. We reserve the right to at least annually review and adjust Your Loss of Earnings and benefit payments to take into account fluctuations in Earnings.

**PRIOR EARNINGS** -- means Your highest monthly average Earnings for any consecutive 12 months in the last 24 months before a Continuous Disability began. On each Change Date We will adjust the Prior Earnings by multiplying the Prior Earnings, as of the current Change Date, times the Index Factor. If a new Elimination Period is required because of a new Disability, Your Prior Earnings will again be determined for the new Disability without regard to any previous indexing.

RESIDUAL DISABILITY -- means:

1. You are not Totally Disabled; and
2. Solely due to Injury or Sickness You have a Loss of Earnings equal to or greater than 20% of Your Prior Earnings and:
  - a) You are able to perform some, but not all, of the substantial and material duties of Your Occupation or You are unable to work Full Time in Your Occupation; or
  - b) You are working in another occupation.

If You are Retired, Residual Disability means, solely due to Injury or Sickness, Your ability to perform the normal activities of a retired person in good health and of like age is restricted. If You are Unemployed, Residual Disability means, solely due to Injury or Sickness, Your ability to obtain a job that You are reasonably suited for by education, training and experience is restricted.

While You are Working during a period of Residual Disability, You must Work to the full capacity allowed medically and vocationally in that occupation by Your Injury or Sickness including any reasonable job or work site modification. If You choose not to Work to full capacity, benefits will be paid as if You are Working at full capacity in that occupation.

If You are not Totally Disabled and You choose not to Work, even though You are able to Work at any occupation for which You are reasonably suited by education, training and experience, benefits will be paid as if You are Working at full capacity in that occupation.

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

#### **BENEFITS FOR RESIDUAL DISABILITY**

We will pay a percentage of the Maximum Monthly Benefit under the Disability Benefit section of the policy for Residual Disability that begins on or after the effective date of this rider and while the policy and this rider are in force and subject to the policy and rider provisions. Benefits start to accrue at the end of the Disability Benefit section's Elimination Period. Benefits for Residual Disability are payable to the end of the Maximum Benefit Period.

If an amount for the Social Insurance Substitute Benefit is shown on the Data Page, We will also pay a percentage of the Maximum Monthly Benefit under the Social Insurance Substitute Benefit section of the policy, provided You satisfy all requirements of that section.

Income earned by a business or professional entity will be determined by Your choice of either the cash or accrual accounting method. The same method will be used to determine both Prior Earnings and Current Earnings throughout a Disability. If the cash method is used, income earned but not received prior to the start of a Disability will be excluded from Your Current Earnings.

Regardless of the accounting method used, any bonuses or lump sum payments You receive will be assigned on a pro-rata basis to each month during which they are earned and retroactive adjustments will be made to the benefits previously paid under the policy.

For Residual Disability, the monthly amount We will pay is:

$$\frac{\text{Prior Earnings} - \text{Current Earnings}}{\text{Prior Earnings}} \times \text{Maximum Monthly Benefit}$$

When the percentage payable exceeds 75% We will pay 100% of the Maximum Monthly Benefit.

For the first six months of a Residual Disability following the Elimination Period, the percentage paid will not be less than 50%. If Your Elimination Period for the Social Insurance Substitute Benefit is longer than for the Disability Benefit, Social Insurance Substitute Benefits at the 50% level will be paid only until the end of the six month period for the Disability Benefit.

If You are Retired or Unemployed 50% of the Maximum Monthly Benefit will be paid for Residual Disability.

### TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are eligible to benefits under the terms of the policy or any attached riders (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Disability or the end of the Maximum Benefit Period.

### (Company Officers' Signature and Title)

Principal Life Insurance Company  
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## SHORT TERM RESIDUAL DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the Data Page.

### DEFINITIONS

**CURRENT EARNINGS** -- means Your Earnings for each month while You are Disabled.

**LOSS OF EARNINGS** -- means Your Prior Earnings minus Current Earnings. This difference will be considered Loss of Earnings to the extent such loss is directly and independently due to the Injury or Sickness which caused Your Disability.

**PRIOR EARNINGS** -- means Your highest monthly average Earnings for any consecutive 12 months in the last 24 months before a Continuous Disability began. If a new Elimination Period is required because of a new Disability, Your Prior Earnings will again be determined for the new Disability.

**RESIDUAL DISABILITY** -- means:

1. You are not Totally Disabled; and
2. Solely due to Injury or Sickness You have a Loss of Earnings equal to or greater than 20% of Your Prior Earnings and:
  - a) You are able to perform some, but not all, of the substantial and material duties of Your Occupation or You are unable to work Full Time in Your Occupation; or
  - b) You are working in another occupation.

If You are Retired, Residual Disability means, solely due to Injury or Sickness, Your ability to perform the normal activities of a retired person in good health and of like age is restricted. If You are Unemployed, Residual Disability means, solely due to Injury or Sickness, Your ability to obtain a job that You are reasonably suited for by education, training and experience is restricted.

While You are Working during a period of Residual Disability, You must Work to the full capacity allowed medically and vocationally in that occupation by Your Injury or Sickness including any reasonable job or work site modification. If You choose not to Work to full capacity, benefits will be paid as if You are Working at full capacity in that occupation.

If You are not Totally Disabled and You choose not to Work, even though You are able to Work at any occupation for which You are reasonably suited by education, training and experience, benefits will be paid as if You are Working at full capacity in that occupation.

To receive benefit under this rider at any time, You must satisfy the requirements of the Claim Information section of the policy to which this rider is attached.

**BENEFITS FOR RESIDUAL DISABILITY**

We will pay a percentage of the Maximum Monthly Benefit under the Disability Benefit section of the policy for Residual Disability that begins on or after the effective date of this rider and while the policy and this rider is in force and subject to the policy and rider provisions. Benefits start to accrue at the end of the Disability Benefit section’s Elimination Period. Benefits for Residual Disability are payable to the end of the Short Term Residual Disability Benefit Period shown on the Data Page but not beyond the Maximum Benefit Period.

If an amount for the Social Insurance Substitute Benefit is shown on the Data Page, We will also pay a percentage of the Maximum Monthly Benefit under the Social Insurance Substitute Benefit section of the policy, provided You satisfy all requirements of that section.

Income earned by a business or professional entity will be determined by Your choice of either the cash or accrual accounting method. The same method will be used to determine both Prior Earnings and Current Earnings throughout a Disability. If the cash method is used, income earned but not received prior to the start of a Disability will be excluded from Your Current Earnings.

Regardless of the accounting method used, any bonuses or lump sum payments You receive will be assigned on a pro-rata basis to each month during which they are earned and retroactive adjustments will be made to the benefits previously paid under the policy.

For Residual Disability, the monthly amount We will pay is:

$$\frac{\text{Prior Earnings} - \text{Current Earnings}}{\text{Prior Earnings}} \times \text{Maximum Monthly Benefit}$$

When the percentage payable exceeds 75% We will pay 100% of the Maximum Monthly Benefit.

If You are Retired or Unemployed, 50% of the Maximum Monthly Benefit will be paid for Residual Disability.

**TERMINATION**

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner’s written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are eligible to benefits under the terms of the policy or any attached riders (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Disability or the end of the Maximum Benefit Period.

**(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## BENEFIT UPDATE RIDER

**WE WILL ASK ABOUT YOUR EARNINGS EVERY THREE YEARS WHILE THIS RIDER IS IN FORCE AND NOT LIMITED. IF WE DO NOT RECEIVE AN ANSWER, THE RIGHT TO INCREASE THE BENEFITS WITHOUT EVIDENCE OF GOOD HEALTH WILL BE LIMITED. THIS RIGHT WILL ALSO BE LIMITED IF LESS THAN HALF OF ANY INCREASE WE OFFER IS ACCEPTED, OR IT A BENEFIT IS DECREASED UNDER THE POLICY ADJUSTMENT OPTION SECTION. PLEASE READ THE TERMINATION PROVISION OF THIS RIDER CAREFULLY.**

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the current Data Page.

### DEFINITIONS

**ADVANCE OPTION** - means the ability to request a one-time review during the three-year period prior to the next scheduled Benefit Update review.

**OPTION ANNIVERSARY** – is the annual anniversary of the Option Date. For example, if the Option Date is June 5, 2010, the Option Anniversary is June 5 of every year thereafter.

**OPTION DATE** – is shown on the current Data Page.

### BENEFIT UPDATE ADJUSTMENTS

Every third Option Anniversary from the Option Date, We will review Your Disability Benefit and any Social Insurance Substitute Benefit shown on the current Data Page. We will require an application and other evidence which satisfies Us that You are insurable under the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued, except that You need not show evidence of good health. If We receive the information We require within 30 days of Our request, We may offer to increase the Disability Benefit and any Social Insurance Substitute Benefit. Our offer will be to adjust the Disability Benefit and Social Insurance Substitute Benefit to the maximum allowable based on the information received and the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued.

### BENEFIT UPDATE ADJUSTMENT -- ADVANCE OPTION

In the event You experience a change that results in 1, 2, or 3 listed below, You may elect to have the Disability Benefit and any Social Insurance Substitute Benefit reviewed at that time in place of the next scheduled review.

If You request the Advance Option, the next scheduled review will not take place. In order to request an Advance Option review, You must meet the criteria listed below.

1. Your current employer has discontinued offering group long term disability insurance (or has reduced the benefit amount) and does not plan to offer such insurance for at least 36 months; or
2. You must have had group long term disability insurance with the employer You had just prior to Your new employer and Your new employer does not or will not offer group long term disability insurance within the next 36 months from the date Your employment starts; or

3. You have had at least a 50% increase in Your Earnings since the last adjustment to increase the Disability Benefit and/or Social Insurance Substitute Benefit.

The Advance Option update may be available if You notify Us by submitting an application for the requested increase in coverage with the required evidence of insurability. Evidence of good health is not required. Premium for the increase must be submitted with the application. The application is to be provided to Our Home Office no later than 90 days after the date number 1, 2, or 3 on page 1 occurs.

If You are eligible for the Advance Option, We will either accept Your request for the additional coverage or make a counter offer based on the information received and the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued.

The Advance Option is not available on or after age 52.

#### **EFFECT OF A BENEFIT UPDATE ADJUSTMENT**

The new premium amount which results from a Benefit Update adjustment will be automatically billed. Increases are accepted by paying the new premium. Less than 100% of the increase offer may also be accepted subject to number 2 in the Termination provision. Increases may be rejected by notifying Us in writing no later than 30 days after the Option Anniversary (or in the event of an advance option, no later than 30 days after Our offer) or by not paying the increase in premium.

The adjusted Disability Benefit and any Social Insurance Substitute Benefit apply to new Disabilities which start on or after the Benefit Update Adjustment Date. A Recurring Disability is not a new Disability.

#### **BENEFIT UPDATE ADJUSTMENT DATE**

A Benefit Update adjustment in the Disability Benefit and any Social Insurance Substitute Benefit resulting from Our offer will be effective on the Option Anniversary, subject to the Owner accepting Our offer. In the event of an Advance Option, the effective date is the Adjustment Date shown on the new Data Page. Any adjustment will change the information on the policy's Data Pages and new Data Pages will be provided.

#### **TERMINATION**

This rider terminates, with no further offers available, when:

1. Underwriting evidence We require is not received within 30 days of Our request; or
2. Less than 50% of Our offer to increase the Disability Benefit and any Social Insurance Substitute Benefit is accepted; or
3. A decrease in the Disability Benefit or Social Insurance Substitute Benefit is made under the Policy Adjustment Options section of Your policy to an amount below the minimum required to be eligible for this rider according to the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued; or
4. The Owner sends Us a written request to terminate this rider; or
5. You reach Your age 55 Option Anniversary (except We will make one review, excluding the Advance Option, for any Benefit Update rider issued on or after age 52); or
6. The policy, of which this rider is a part, terminates.

1 and 2 above do not apply if You are Disabled on the Benefit Update Adjustment Date.

**REINSTATEMENT**

If this rider terminates under 1, 2, 3, or 4 on page 2, the Owner may request reinstatement of this rider, subject to Our underwriting guidelines then in effect.

If this rider terminates under 6 on page 2, it may later be reinstated if the policy is reinstated in accordance with the policy terms for policy reinstatement.

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**(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## FUTURE BENEFIT INCREASE RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the current Data Page.

### DEFINITIONS

CPI-U - means the Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of Labor. We will use a different index, subject to the prior approval of the Insurance Superintendent of the state in which this rider is issued, if:

1. The CPI-U is discontinued, delayed, or not otherwise available for use; or
2. The composition, base, or method of calculating the CPI-U changes so that We consider it inappropriate for this policy.

Any different index We choose will be one which We think best reflects the change in the cost of living in the United States.

DISABILITY BENEFIT – is shown on the current Data Page. If there are multiple Maximum Monthly Benefits shown for the Disability Benefit, then for the purposes of this rider, the Disability Benefit is the Maximum Monthly Benefit shown for the remainder of the Maximum Monthly Benefit Period.

OPTION ANNIVERSARY – is the annual anniversary of the Option Date. For example, if the Option Date is June 5, 2010, the Option Anniversary is June 5 of every year thereafter.

OPTION DATE – is shown on the current Data Page.

TERM – is a six-year period as measured from the Option Date. If this rider's effective date is later than the Option Date, the first Term will equal the number of years remaining of the six-year period as measured from the Option Date.

TOTAL MONTHLY BENEFIT – means the sum of this policy's Maximum Monthly Benefits shown on the current Data Page. It includes the Disability Benefit and any Social Insurance Substitute Benefit. Total Monthly Benefit does not include any benefits provided by the Catastrophic Disability Benefit Rider, if part of the policy.

### INCREASE OPTIONS

This rider provides the opportunity to increase the Total Monthly Benefit. Increases are offered on each Option Anniversary during a Term, subject to the Limitations and Conditions provision of this rider.

Any increase to the Total Monthly Benefit resulting from this rider will be effective on the Option Anniversary for which it is offered, subject to the Acceptance And Rejection Of An Offer provision of this rider.

AUTOMATIC INCREASE - You can receive a Future Benefit Increase on each Option Anniversary based on the Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labor. If the index is discontinued, delayed, or otherwise not available for this use, or if the composition or basis of, or method of calculating the index changes so that We consider it not appropriate for calculating further Future Benefit Increase Options, We have the right to substitute what We believe is an appropriate index for the CPI-U, subject to the prior approval of the Insurance superintendent of the state in which this rider is issued

This increase is provided without evidence of insurability, but will not exceed the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued.

The increase is determined by multiplying the Total Monthly Benefit on the Option Anniversary just prior to the scheduled increase by an increase factor. If the Owner has decreased the Maximum Monthly Benefits under the Policy Adjustment Options section of the policy since the prior Option Anniversary, the Total Monthly Benefit is the decreased amount, which is then multiplied by the increase factor.

The increase factor will be:

1. CPI-U 6 months prior to the Future Benefit Increase Option Anniversary; divided by
2. CPI-U 18 months prior to the Future Benefit Increase Option Anniversary; less
3. 1.00.

The increase factor, converted to a percentage, cannot be less than the Future Benefit Increase Option Minimum Index Percent nor greater than the Future Benefit Increase Option Maximum Index Percent shown on the current Data Page.

**ADDITIONAL INCREASE** - In addition to the automatic increase, you may also be eligible for an additional increase of up to a maximum benefit increase of \$500.00, subject to the greater of our then current underwriting guidelines or the underwriting guidelines then in effect when this rider was issued, except that You need not show evidence of good health. This \$500.00 maximum includes any increase made under the automatic increase. Prior to the Option Anniversary, We will provide you with an application that must be completed and returned within 30 days of Our request to be considered for an additional increase.

#### **ACCEPTANCE AND REJECTION OF AN OFFER**

The new premium amount which results from an increase offer made under this rider will be automatically billed. Increases are accepted by paying the new premium. Increases may be rejected by notifying Us in writing no later than 30 days after the Option Anniversary or by not paying the increase in premium. New Data Pages reflecting any increase in benefits will be provided.

#### **LIMITATIONS AND CONDITIONS**

Increases provided by this rider are subject to the following limitations and conditions:

1. The adjusted Total Monthly Benefit applies to new Disabilities which start on or after that Option Anniversary. A Recurring Disability is not a new Disability.
2. If the Benefit Update Rider is part of the policy, increases will not be offered on any Option Anniversary that coincides with a review for a Benefit Update Adjustment.
3. Increases will not be offered for any Option Anniversary on which You are Disabled or when You are receiving benefits under the Recovery Benefit Rider or Catastrophic Disability Benefit Rider, if part of the policy.

#### **RENEWAL**

A renewal anniversary will occur on every sixth Option Anniversary. On each renewal anniversary while this rider is in force, We will require an application and other evidence which satisfies Us that You are insurable under the greater of Our then current underwriting guidelines or the underwriting guidelines in effect at the time this rider was issued except that You need not show evidence of good health. If We receive the information We require within 60 days of Our request and You qualify under the greater of Our underwriting guidelines in effect on the date the renewal application is completed or the underwriting guidelines in effect at the time this rider was issued, We will renew this rider for another Term.

This rider will be suspended if You are receiving either Disability benefits under the policy or benefits under the Recovery Benefit Rider or Catastrophic Disability Benefit Rider, if part of the policy, on a renewal anniversary. Once such benefits are no longer payable, You may renew this rider by providing the underwriting evidence that We require for renewal. A rider that is renewed following a period of suspension is renewed only for that portion of the six-year period that remains until the next renewal anniversary.

## **TERMINATION**

This rider terminates, with no further offers available, when:

1. Underwriting evidence requested for renewal is not received within 60 days of Our request; or
2. You do not qualify for renewal under this rider's Renewal provision; or
3. The Owner rejects any two automatic increase offers, this includes any during the time the policy is terminated even if the policy and this rider are subsequently reinstated; or
4. You reach Your Age 55 Option Anniversary or the end of the first Term, whichever is later; or
5. The Owner sends Us a written request to terminate this rider; or
6. The policy, of which this rider is a part, terminates.

## **REINSTATEMENT**

If this rider terminates under 1, 3, or 5 above, the Owner may request reinstatement of this rider subject to Our underwriting guidelines then in effect.

If this rider terminates under 6 above, it will be reinstated if the policy is reinstated in accordance with the policy terms for policy reinstatement.

### **(Company Officers' Signature and Title)**

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## PRESUMPTIVE DISABILITY BENEFIT RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The definitions listed below apply only to this rider unless specifically identified. The effective date of this rider is shown on the Data Page.

### DEFINITION

PRESUMPTIVE DISABILITY occurs while the policy and this rider are in force and prior to the Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; and is an Injury or Sickness resulting in Your total loss of use for any and every purpose or activity without any possibility of recovery of:

- a) Power of speech; or
- b) Hearing in both ears; or
- c) Sight of both eyes; or
- d) The use of both hands, both feet, or one hand and one foot.

### PRESUMPTIVE DISABILITY BENEFIT

If You meet the definition of Presumptive Disability, 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) of the policy, regardless of Your ability to Work or earn an income.

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.

Once We begin paying benefits under this rider, the Regular Care By A Doctor requirement specified in the policy is waived.

### TERMINATION

This rider terminates on the first of:

1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
2. Our receipt of the Owner's written request to terminate it; or
3. Termination of the policy of which it is a part.

If You are Presumptively Disabled under the terms of this rider (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider remains in force with no further premiums due until the earlier of the end of Your Presumptive Disability or the end of the Maximum Benefit Period.

### (Company Officers' Signature and Title)

Principal Life Insurance Company  
Des Moines, Iowa 50392-0001

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## TRANSITIONAL OCCUPATION RIDER

This rider is part of the policy. It is issued in consideration of the application and payment of the premiums for this rider and for the policy to which it is attached. All definitions, provisions, exceptions, limitations, and other terms of the policy apply to this rider unless specifically changed by this rider. The effective date of this rider is shown on the current Data Page.

This rider does not pay benefits in addition to those of the Disability Benefit section of the policy. Instead, this rider states the benefit payable under the policy if You meet this rider's definition of Total Disability during the Transitional Occupation Period. In no event, will benefits be payable beyond the Maximum Benefit Period shown on the Data Page for the Disability Benefit section and the Social Insurance Substitute Benefit section, if included.

### DEFINITIONS

**CHANGE DATE** – means each yearly anniversary of the start of a Continuous Disability.

**CPI-U** - means the Consumer Price Index for All Urban Consumers (CPI-U) published by the United States Department of Labor. We will use a different index, subject to the prior approval of the Insurance Superintendent of the state in which this rider is issued, if:

1. The CPI-U is discontinued, delayed, or not otherwise available for use; or
2. The composition, base, or method of calculating the CPI-U changes so that We consider it inappropriate for this policy.

Any different index We choose will be one which We think best reflects the change in the cost of living in the United States.

**CURRENT EARNINGS** - means Your Earnings for each month while You are Disabled.

**DISABILITY COVERAGE** - means all Disability coverage and benefits payable to You each month while You are Disabled and provided by individual or association disability coverage, including this policy.

**INDEX FACTOR** – means, as of any Change Date, a factor which is based upon the change in the CPI-U on an annual basis. On the first Change Date, it is calculated by dividing the CPI-U for the calendar month three months before the first Change Date by the CPI-U for the calendar month three months before the date Your Continuous Disability began. In subsequent years, it is calculated by dividing the CPI-U for the calendar month three months before the current Change Date by the CPI-U for the calendar month three months before the prior year's Change Date. The Index Factor will never be less than 1.

**LOSS OF EARNINGS** - means Your Prior Earnings minus Current Earnings.

**PRIOR EARNINGS** - means Your monthly Earnings (including any bonus prorated monthly) for the month prior to Disability or Your average monthly Earnings for the 24 months preceding Disability, whichever is greater. On each Change Date We will adjust the Prior Earnings by multiplying the Prior Earnings, as of the current Change Date, times the Index Factor. If a new Elimination Period is required because of a new Disability, Your Prior Earnings will again be determined for the new Disability without regard to any previous indexing.

TOTAL DISABILITY during the Transitional Occupation Period - means, solely due to Injury or Sickness You are unable to perform the substantial and material duties of Your Occupation, but are Working in another occupation.

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

TRANSITIONAL OCCUPATION PERIOD – means, beginning with the date of Total Disability, as defined by this rider, the period of time as shown on the Data Page. Only periods of Total Disability under this rider apply toward the Transitional Occupation Period. However, any days of Total Disability, as defined by this rider, used to satisfy the policy's Elimination Period are not applied toward the Transitional Occupation Period.

TRANSITIONAL OCCUPATION REPLACEMENT PERCENTAGE - means the ratio of the Maximum Monthly Benefit plus any Social Insurance Substitute Benefit, to the total of Your Disability Coverage in force.

### **BENEFITS PAYABLE UNDER THIS RIDER**

The benefit calculation is based on Your Loss of Earnings and Transitional Occupation Replacement Percentage, but not to exceed the Maximum Monthly Benefit plus any Social Insurance Substitute Benefit. Benefits are payable to the end of the Transitional Occupation Period.

The monthly benefit will be equal to the lesser of:

1. The Transitional Occupation Replacement Percentage TIMES the difference between Prior Earnings and Current Earnings; or
2. The Maximum Monthly Benefit PLUS any Social Insurance Substitute Benefit.

If Current Earnings are greater than or equal to Prior Earnings, no monthly benefit will be paid.

If Your policy has the Residual Disability Benefit Rider, benefits will not be paid under both riders at the same time. Instead, if You meet the definitions and terms of both riders, the benefit payable will be the greater of the Transitional Occupation Rider benefit as determined above or the Residual Disability Benefit.

During the first six months of a Total Disability, as defined by this rider, following the Elimination Period, the percentage paid will be at least 50% of the Maximum Monthly Benefit plus 50% of any Social Insurance Substitute Benefit. If Your Elimination Period for the Social Insurance Substitute Benefit is longer than for the Disability Benefit, Social Insurance Substitute Benefits will be paid at the 50% level until the end of the six month period for the Disability Benefit.

### **OVERPAYMENTS**

We have the right to require repayment of any overpayment that occurs because You intentionally fail to notify Us of any information that affects the benefit amount We pay under the policy while this rider is in force. This includes Your receipt of past due benefits from Your Disability Coverage, and Your receipt of benefits from Your Disability Coverage that were not already disclosed to Us. The overpayment amount will be calculated from the date on which We first over paid benefits. We will either deduct the overpayment from future claim benefits or require reimbursement from You within 60 days after the date We send You written notification that the overpayment occurred.

**PROOF OF LOSS**

The proof of loss requirements in the policy are amended to include, documentation of Your Disability Coverage.

**TERMINATION**

This rider terminates on the first of:

- 1. Your Age 65 Policy Anniversary or five years after the Policy Date, whichever is later; or
- 2. Our receipt of the Owner's written request to terminate it; or
- 3. Termination of the policy of which it is a part.

If You are eligible for benefits under the terms of the policy or any attached riders (not to include the Waiver of Premium Benefit) prior to and continuing through the date specified in number 1 above, then the policy and this rider will remain in force with no further premiums due until the earlier of the end of Your Disability or the end of the Maximum Benefit Period.

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**(Company Officers' Signature and Title)**

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