



BCS INSURANCE COMPANY
Oakbrook Terrace, Illinois 60181

GROUP HOSPITAL INDEMNITY INSURANCE POLICY

[Policyholder]: [ABC Policyholder]
[Policy Number: [GLT-123456]]

Policy Effective Date: [January 1, 2016]
Policy Anniversary: [January 1]
Premium Due Date: [first of each month]]

[Participating [Employer]: [ABC Employer]]
[Participating [Employer] Effective Date: [May 1, 2016]]
[Participating [Employer] Anniversary: [May 1]]
[Policy Administrator: [ABC Administrator Company]]

This **Policy** has been issued to the [Policyholder] [for the benefit of each **Participating [Employer]**].

[This **Policy** is administered on **Our** behalf by the Policy Administrator. If **You** have questions regarding **Your Policy**, **You** can contact the Policy Administrator at:

[ABC Administrator Company]
[123 Main Street
Chicago, IL 12345]
[1-800-456-1234]
[policyadministrator@poladmin.com]
[www.poladmin.com]]

THIS IS A SUPPLEMENT TO HEALTH INSURANCE. IT IS NOT A SUBSTITUTE FOR ESSENTIAL HEALTH BENEFITS OR MINIMUM ESSENTIAL COVERAGE AS DEFINED IN FEDERAL HEALTH LAW.

This **Policy** was delivered in California and is governed by its laws [and, to the extent applicable, the Employee Retirement Income Security Act of 1974 (ERISA) and any of its amendments].


Right to Return This Policy. If, for any reason, the [Policyholder] or any **Insured** is not satisfied with this **Policy**, it may be returned to **Us**, or **Our** authorized agent, at [Our Home Office] [or] [the **Administrative Office**] within 30 days after receipt. At that time, it should be requested in writing by the [Policyholder] to cancel it. In that event, **We** will consider it void from its effective date and any premiums paid will be refunded.


NOTICE TO BUYER:

This is a hospital confinement indemnity Policy. This Policy provides limited benefits. Benefits provided are supplemental and are not intended to cover all medical expenses. This Policy does not constitute comprehensive health insurance coverage and does not satisfy the requirement of Minimum Essential Coverage under the Affordable Care Act.

THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY. If an **Insured** is eligible for Medicare, he/she should review a guide to health insurance for people with Medicare available from **Us**.

IN WITNESS WHEREOF, we have signed this **Policy** at [Oakbrook Terrace, Illinois].


SECRETARY


PRESIDENT

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II. **INCORPORATION PROVISION**

A. Incorporation Provision

1. The forms listed below are incorporated in and made part of this **Policy**:
 - a. the group application;
 - b. all [**Employee**] enrollment forms, including any evidence of coverage forms;
 - c. the **Certificate(s)** of coverage; and
 - d. any other amendments, riders or endorsements to this **Policy** or the **Certificate(s)**.
2. In no case will any **Insured's** rights and benefits under this **Policy** be less than those stated in the **Certificate**.

III. **PARTICIPATING [EMPLOYER]**

A. Participating [Employer]

1. An [Employer] may be included as a **Participating [Employer]** if the [Policyholder] and **We** agree. **We** will keep a list of accepted **Participating [Employers]** and the effective dates of coverage for each.
2. The [Policyholder] may act for or on behalf of all **Participating [Employers]** in all matters of this **Policy**. The following will be binding on all **Participating [Employers]**:
 - a. all agreements between **Us** and the [Policyholder];
 - b. all notices from **Us** to the [Policyholder]; and
 - c. all notices from the [Policyholder] to **Us**.
3. An **[Employee]** of a **Participating [Employer]** will be deemed to be an **[Employee]** of the [Policyholder] for insurance purposes.
4. Coverage for a **Participating [Employer]** will terminate on the first to occur of:
 - a. the date premium is due, but not paid; or
 - b. the date on which the [Policyholder] wants the **Participating [Employer]** to be removed from this **Policy**. Such date must be stated in written notice to **Us**, and must be after the date of the notice.]

IV. **PREMIUM PROVISIONS**

A. Payment of Premiums

1. The [Policyholder] must pay premiums to **Us** at [Our Home Office] [or] [the **Administrative Office**]. The first premium is due on the Policy Effective Date. Subsequent premiums are due on the Premium Due Date.
2. The premium for additional, increased, reduced, or terminated insurance may cause a pro-rata adjustment on the next Premium Due Date.

B. Premium Rates

1. The [monthly, annual, semi-annual, biweekly, weekly] premium rates to be charged for [Employee] coverage and/or **Dependent** coverage, if applicable, are as follows:
2. [Class(es): [All Full-time [Employees]]
 - a. [[Employee] Only.....[\$X]]
 - b. [[Employee] and [Spouse][\$X]]
 - c. [[Employee] and [Child(ren)][\$X]]
 - d. [[Employee] and [Family].....[\$X]]

C. [Rate Guarantee Date

[January 1, 2016] or any date thereafter agreed to in writing by **Our** authorized representative in [Our Home Office] [or] [the **Administrative Office**.]

D. Our Right to Change Premium Rates

1. The premium is based on the Premium Rate and the amount of insurance in effect for the [month, year, week, period] reported on the premium due date. **We** will furnish premium rates to the [Policyholder] with an explanation of how to apply them.
2. After the initial premium rates have been in effect for [12, 24, 36] months from this Policy Effective Date, **We** have the right to recalculate any premium rate.
3. However, **We** also have the right to recalculate the initial or any subsequent premium rate when any of the following occurs:
 - a. the terms of this **Policy** change;
 - b. the number of [Employees] changes by more than [1-10%] in a 12-month period;
 - c. one or more classes are added or deleted from this **Policy**.
4. Unless **Our** liability changes:

- a. **We** will not change the rates more than once in any period of 12 consecutive months, following the initial [12, 24, 36] month guarantee period; and
- b. **We** will give the [Policyholder] 60 days advance written notice of an increase in rates.

V. **TERMINATION**

A. Termination of Policy

1. **We** may terminate this **Policy** if **We** do not receive any premium when due in accordance with the Grace Period provision of this **Policy**.
2. Either party may terminate this **Policy** upon 30 days advance written notice, if the other party breaches its obligations and fails to cure that breach to the other party's reasonable satisfaction within that 30-day notice period.
3. Either party may terminate this **Policy**, with or without prior notice, effective as of midnight prior to the date that the other party:
 - a. ceases doing business as a going concern;
 - b. makes an assignment for the benefit of creditors;
 - c. admits in writing that it is unable to pay debts as they come due;
 - d. consents to the appointment of a trustee or receiver; or
 - e. if a trustee or receiver is appointed pursuant to applicable Federal or State bankruptcy, insolvency, or similar laws.
4. **We** may terminate this **Policy**, upon not less than 30 days written notice, if the [Policyholder] fails to comply with a material plan provision relating to the [Policyholder]'s premium contribution or group participation rules or if **We** determine there has been a material change affecting the risk assumed under this **Policy**.
5. **We** may terminate this Policy, upon not less than 30 days written notice, if the number of [Employees] insured under this Policy is less than the greater of:
 - a. [ten percent (10%)] of eligible [Employees]; or
 - b. [ten (10)] [Employees]
6. Upon written notice, **We** may terminate or rescind this **Policy** or the coverage of an **Insured** for fraud or misrepresentation of a material fact by the [Policyholder] or an **Insured** concerning the [Policyholder] or **Insured**.
7. After this **Policy** has been in force for [12, 24, 36] months, either party may terminate this **Policy** upon 30 days advance written notice.

B. Termination of Policy Because of Inability to Perform Obligations

1. This **Policy** may be immediately suspended or terminated by written notice to the other party if either party is unable to perform its obligations for reasons beyond its control, including:
 - a. complete or partial destruction of facilities or equipment;

- b.** lockout, strike, riot, war, act of God, or any ordinance, law, order or decree of any governmental authority.
- 2.** Neither party will be required to perform its duties nor be liable for any damages arising from the suspension or termination of this **Policy** pursuant to this provision.
- 3.** Once this **Policy** terminates, the insurance it provides will end automatically.

VI. **POLICY PROVISIONS**

A. Entire Contract

This **Policy**, the [Policyholder]'s signed application, the **Certificates**, and any riders, endorsements, or other attached papers, if any, make up the entire contract of insurance between the [Policyholder] and **Us**. All statements made by the [Policyholder] or any person insured under this **Policy** shall in the absence of fraud be considered representations and not warranties. No statement made by such individuals will be used in any contest unless a copy of the statement is furnished to the person or, in the event of the death or incapacity of an **Insured**, to his or her beneficiary or personal representative.

B. Time Limit on Certain Defenses

After this **Policy** has been in force for a period of three years, no statements of the [Policyholder] contained in the application, and no statement relating to insurability made by any person insured under this **Policy** shall be used to deny a claim or in contesting the validity of the insurance with respect to which such statement was made after the insurance has been in force for a period of three years during the lifetime of the person with respect to whom any such statement was made.

[No claim for loss incurred commencing after three years from the effective date of the insurance coverage with respect to which the claim is made shall be reduced or denied on the ground that a disease or physical condition, not excluded from coverage by name or specific description effective on the date of loss, had existed prior to the effective date of the coverage with respect to which the claim is made.]

C. Grace Period

A Grace Period of 31 days will be granted for the payment of each premium falling due after the first premium. During the Grace Period, this **Policy** shall continue in force. If the entire premium is not paid by the end of the Grace Period, this **Policy** will terminate.

D. Physical Examinations and Autopsy

We, at **Our** own expense, shall have the right and opportunity to examine the **Insured** when and as often as **We** may reasonably require during the pendency of a claim and to make an autopsy in case of death where it is not forbidden by law.

E. Legal Actions

No action at law or in equity shall be brought to recover on this **Certificate** prior to the expiration of 60 days after written Proof of Loss has been furnished in accordance with the requirements of this **Certificate**. No such action shall be brought after the expiration of 3 years after the time written Proof of Loss is required to be furnished.

F. Change of Beneficiary

Unless the **Insured** makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the **Insured** and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of the **Policy** or to any change of beneficiary or beneficiaries, or to any other changes in the **Policy**.

G. Certificate

We will give individual **Certificates** of Insurance to the [Policyholder], in electronic or paper form, for delivery to persons covered under this **Policy**. These **Certificates** will explain the important features of this **Policy**, who is covered under this **Policy**, and to whom benefits are payable.

We will issue, for delivery to each **Insured**, a certificate of insurance as evidence of his or her coverage under this **Policy**.

H. Changes to this Policy

We may change any or all of the provisions of this **Policy** by notifying the [Policyholder]. **We** must give the [Policyholder] at least 31 days advance written notice of any change, unless the [Policyholder] accepts an amendment during that period. This **Policy** may also be changed in whole or in part when there is any change in laws or regulations, which affect **Our** obligations under this **Policy**. A change must be approved by one of **Our** executive officers, and shall not be valid unless and until such change is endorsed in this **Policy** or attached hereto. No agent can change this **Policy** or waive any of its provisions. Payment of the applicable premium following any change of this **Policy** in accordance with this section shall constitute acceptance of that change.

I. Data to Be Furnished

1. The [Policyholder] will give **Us** the information shown below which **We** may need regarding matters pertaining to the insurance:
 - a. the names of all persons initially eligible for coverage;
 - b. the names of all additional persons who become eligible for coverage;
 - c. the names of all persons whose amount of insurance is to be changed; and
 - d. the names of all persons whose eligibility or insurance is terminated.
2. If the provided information noted above is inaccurate or incorrect, the relevant facts will be reviewed with the [Policyholder] to establish if insurance is in effect and in what amount.
3. No person will be deprived of insurance to which he/she is otherwise entitled or have insurance to which he/she is not entitled, because of any misstatement of fact by the [Policyholder] or **Insured**. Any required adjustment may be made in coverage, premiums or benefits. However, payment of premium by or on behalf of an ineligible person will not entitle that person to coverage.

J. Right to Audit

1. **We** reserve the right to audit, [once every 1-3 years,] the [Policyholder's] billing records and premium accounting practices. If **We** discover:
 - a. an underpayment of premium by the [Policyholder], the [Policyholder] will be obligated to remit, in a timely manner, the underpayment amount; or

- b. an overpayment of premium, **We** will return any overpayment amount in a timely manner.

K. Conformity with State and Federal Laws

Any provision of this **Policy**, which, on its effective date, is in conflict with the statutes of the state in which the **Insured** resides on such date is hereby amended to conform to the minimum requirements of such statutes.

L. Time Periods

Unless otherwise specifically stated, all time periods begin and end at 12:01 A.M., Standard Time at the place where this **Policy** is delivered.

M. Workers' Compensation

This **Policy** does not replace Workers' Compensation or affect any requirement for Workers' Compensation coverage.

N. [Disclosure of Fees]

We may reduce or adjust premiums, rates, fees, and/or other expenses for programs under this Policy.]

O. [Disclosure of Payment to the [Policyholder]

1. **We** have agreed to make payment to the [Policyholder] for reimbursement of cost(s) associated with: [
- a. audit;
 - b. marketing communication services; and
 - c. other administrative expenses.]]