

VILLAGE OF DOWNERS GROVE
Report for the Village Council Meeting

| | | |
|--|-------------------|---|
| SUBJECT: | 10/18/2022 | SUBMITTED BY: |
| Employee Benefits Renewal Contracts and Medical Plan Amendments for FY2023 | | Lauren Linares Director of Human Resources |

SYNOPSIS

Resolutions have been prepared to authorize approval of employee benefits renewal contracts and plan amendments for FY2023.

STRATEGIC PLAN ALIGNMENT

The goals for 2021-2023 include *Steward of Financial, Neighborhood and Environmental Sustainability*.

FISCAL IMPACT

The proposed FY2023 health insurance budget includes \$1,313,305 for claims administration, stop loss contracts and Wellness Health Initiative. The vendors and contract amounts for FY2022 and FY2023 are itemized below:

| Vendor | Contract Item | FY2023 Amount | FY2022 Amount |
|-------------------------------------|----------------------------------|----------------------|----------------------|
| Blue Cross Blue Shield | Medical Claim Administration | (\$22,128) | (\$134,677) |
| Blue Cross Blue Shield | Specific and Aggregate Stop Loss | \$855,504 | \$865,929 |
| Subtotal | | \$833,376 | \$731,252 |
| Blue Cross Blue Shield | Life Insurance | \$80,047 | \$80,047 |
| Blue Cross Blue Shield | Disability Benefits | \$24,732 | \$24,732 |
| MidAmerica | VEBA Health Savings | \$6,240 | \$28,809 |
| Humana | Retiree Carve Out | \$239,139 | \$269,232 |
| Professional Benefit Administrators | COBRA & Flexible Spending | \$10,385 | \$9,276 |
| Delta Dental | Dental Insurance Administration | \$20,490 | \$20,092 |
| Total | | \$1,214,409 | \$1,163,440 |

RECOMMENDATION

Approval on the October 18, 2022 consent agenda.

BACKGROUND

The recommended contracts provide the necessary administration and support for the Village's Health Insurance program, which has a total budget of \$8.1 million as shown in the FY2023 Proposed Budget. The budget also describes how the Village has positioned itself to effectively control health insurance costs.

A summary of the 2023 employee benefits contracts is provided below:

- *Medical Claim Administration* – The Village has a self-funded medical plan and contracts with an outside vendor to provide claim administration on behalf of the Village. Claim administration includes medical and prescription drug claim adjudication, pre-certification and medical case management services. On an annual basis, staff reviews the claim administration services received from the vendor. Also reviewed is the relationship the vendor has with Preferred Provider Organizations (PPO) to ensure the discounts received through the PPO contracts are cost effective to both the employee and the Village. The Village has contracted with Blue Cross Blue Shield of Illinois for these services since 2011. Blue Cross provided a renewal quote for 2023 for claims administration. Blue Cross also charges a fee to access their PPO network. The fee is offset by the significant savings the Village realizes through the Blue Cross PPO discounts. The Village health insurance plan is consumer centric, which includes an opportunity for employees to partake in a Wellness Screening initiative. Employee participation drives a Blue Cross one-time Wellness Credit to the plan. Total annual costs for medical claims administration for 2023 is a credit of \$22,128. Note, this credit diminished compared to FY2022, due to an increase in monthly administrative fees and a decrease in prescription drug rebate credit.
- *Stop Loss Coverage* – The Village purchases stop loss coverage to limit financial exposure. Stop loss coverage provides insurance for catastrophic medical claims of participants in the Village's group health care plan. There are two types of stop loss coverage, specific and aggregate. Specific stop loss insurance provides a point at which time the insurance company becomes responsible for any claims after an individual insured reaches a pre-determined limit in the contract year. As part of the annual review, staff directs the Village's consultant, the Horton Group, to recommend to the Village the most appropriate point for specific stop loss coverage. The consultant reviews specific claim data on the Village's group and determines if it is cost effective for the Village to take on additional claim exposure. For 2023, the consultant determined that the Village should remain at the current \$150,000 specific stop loss level. Despite a market Stop Loss premium increase of 9.9%, due to inflation, the Horton Group renegotiated our premium with a .8% savings compared to 2022 rates – a discount offered due to continued bundling of life insurance coverage with Blue Cross Blue Shield.
- *Vebe Health Savings* – Under the Village's medical program, employees may participate in a "VEBA Savings Plan" (oftentimes referred to as a health reimbursement account or HRA) by electing Blue Cross Blue Shield's 2500 deductible medical plan. In FY22, the Village contracted services with TASC for administration of the HRA. However, due to implementation issues with TASC's software upgrade in 2021, and other administrative issues throughout 2022, the Village's partnership with the vendor became burdensome. Encouraged by the Village's consultant, the Horton Group, the Village now

prepares to transition the “VEBA Savings Plan” to MidAmerica. This implementation will streamline administrative services, and also lower annual premium costs from \$28,809 to an estimated \$6,240.

- *Life Insurance* – Life Insurance is offered as an employee benefit and will continue at the same rate under Blue Cross Blue Shield through FY23.
- *Long Term Disability Insurance (LTD)* – LTD is a benefit for all full time employees, except sworn Police or Fire employees, who are covered through the pension plan. In 2022, it was decided to change vendors to Blue Cross Blue Shield and will continue at the same rate through FY23.
- *Retiree Carve Out* – Village employees and their eligible spouses that are on the Village’s Health Insurance Plan go to the Retiree Carve Out when they become Medicare eligible at age 65. In 2012, the Village, through its Broker, found a Humana Supplement plan to offer Medicare eligible retirees, thereby transitioning this group away from the Village’s Self-Insurance Program. The Village pays the premium and invoices those premiums to the respective retirees. Employees that retired prior to the change in Village Ordinance on 9/9/2009, receive a credit of 50% of premium. The premium for 2023 is \$239,139. This premium amount decreased compared to FY22, totaling a savings of \$30,093. The cost savings is due to the Inflation Reduction Act, which will provide much needed financial relief and increase access to affordable drugs for those enrolled in Medicare.
- *COBRA & Flexible Spending* – Professional Benefit Administrators (PBA) provides medical and dependent flexible spending accounts for Village employees and the continuation of health coverage (COBRA) for separating employees and their families. Despite no change in rates for FY23, the premium is expected to increase by \$1,109 to account for COBRA fees related to employee turnover.
- *Dental Insurance* – The Village provides employees a dental program administered by Delta Dental Plan of Illinois. Under this program, employees utilize PPO network providers where services are received at discounted rates and benefits are primarily paid in full. Employees also have the flexibility of going out-of-network; however, they would receive coverage that is less comprehensive. Fees for administration of the Delta Dental program for FY23 are \$20,490. This figure shows a slight increase of \$398, due to the increase in membership.

ATTACHMENTS

Resolutions

Contracts

RESOLUTION NO. ____

**A RESOLUTION AUTHORIZING EXECUTION OF A
TRUST FUNDED HRA ADMINISTRATION AGREEMENT BETWEEN
MID AMERICA ADMINISTRATIVE & RETIREMENT SOLUTIONS, INC. AND
THE VILLAGE OF DOWNERS GROVE**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Agreement (the "Agreement"), between the Village of Downers Grove (the "Employer") and Mid America Administrative & Retirement Solutions, Inc. (the "Administration"), to perform services relating to the operation and administration of the VEBA health savings plan effective January 1, 2023, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk

Information Form

Please complete this first page and the information provided will appear where applicable throughout the remaining documents. Not every space will be filled in, so please review the documents. If there is a space for you to complete, you may type directly in that area or click on the boxes that pertain to your plan.

Employer Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Employer Phone: _____

Employer Fax: _____

Tax ID Number: _____

Effective Date: _____

Plan Year End: _____

Employer Contact for Plan Document Execution

Contact Name & Title: _____

Contact Phone Number: _____

Contact Email Address: _____

Employer Contact for Payroll (Contributions, Data Requirements and Billing)

Contact Name & Title: _____

Contact Phone Number: _____

Contact Email Address: _____

Additional Employer Contact (if applicable)

Contact Name & Title: _____

Contact Phone Number: _____

Contact Email Address: _____

Does Employer sponsor a FSA plan not administered by MidAmerica? _____
If yes, please provide FSA Plan Administrator Contact Information below.

FSA Administrator Name: _____

FSA Administrator Address: _____

FSA Administrator Phone: _____

FSA Administrator Contact: _____

Health Reimbursement Arrangement

IMPLEMENTATION BOOK



MidAmerica
Administrative & Retirement Solutions

2855 Interstate Drive, Suite 115, Lakeland, FL 33805
863.688.4500 / (FAX) 863.686.9557 / 800.430.7999

www.MyMidAmerica.com

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**Requires employer signature(s)*

Overview

Our Plan allows the Employer to make deposits on behalf of active Employees and/or Retirees. Deposits are made tax-free, carry over year-to-year, earn interest tax-free and are used tax-free for qualified medical expenses and premiums*.

Source of Funds

The source of funds can be based on unused sick leave, unused vacation or other incentives. Applications can also include deposits in lieu of health insurance or as an incentive for plan design changes. Our Plan can also be used when transitioning from a defined benefit, such as continuing retiree health insurance, to a defined contribution by making annual deposits on behalf of Employees. There is flexibility as to eligibility and vesting schedules can apply.

Benefits to the Employer

The Employer obtains the intangible benefits of providing to participants a tax-free method of reimbursement for qualified medical expenses and premiums*. The Employer also permanently saves the 7.65% FICA taxes (Social Security and Medicare) over the traditional payment method. Employers may also be able to reduce health insurance claims experience and premiums.

Benefits to the Employee

Employer contributions on behalf of participants are made on a tax-free basis. Because there are no taxes, the participant receives 100% of the value of each benefit dollar. Funds are invested in a fixed annuity with a guaranteed minimum rate of return. Other investments are also available. All earnings are tax-free. The participant has flexibility on the timing and eligible use of funds. The Plan Administrator provides a list of eligible fund uses as defined in IRS Publication 502 and IRC Section 213(d).

Administration

Simplicity of plan design reduces administrative costs. Plan documents, implementation materials and Plan Administration are provided to the Employer. Employer representatives have direct access to a dedicated Account Manager.

Employee Communications/Account Information

Employees have access to a dedicated call center through our toll-free number. They also have 24/7 access to their account via the online portal. Account statements are sent annually.

*Subject to plan design

The Health Reimbursement Arrangement is provided by:



Securities offered through GWN Securities, Inc.

11440 Jog Road • Palm Beach Gardens, FL 33418 • 561/472-2700 • Member FINRA, SIPC

*Sample Employer Resolution**

Action Item

Authorize the Administration to establish a trust based Health Reimbursement Arrangement (HRA) in the name of the Employer. This Plan will save the Employer payroll taxes.

Supporting Information

Master contract agreements with various Employee groups and Employer Policy currently provide payments to Employees and/or retirement incentives. Enhancements to the IRS Tax Code allow the Employer to implement plans that save the Employer the 7.65% FICA taxes (Social Security and Medicare) on these payments. The Employee/Retiree also derives a tax-advantage as a result of implementing this Plan.

Contributions by the Employer into the trust based Health Reimbursement Arrangement are discretionary and can be made in any amount at any time.

The Administration, in cooperation with Employee group representatives and with legal review, has selected the Health Reimbursement Arrangement offered through and administered by MidAmerica Administrative & Retirement Solutions. The Plan and Plan Administration best provides for the interests of the Employer and its Employees. It is the intent of the Administration that if this item is approved, the Plan be implemented as soon as practical.

*This is sample used only for Employers

Health Reimbursement Arrangement for Active Employees

ADOPTION AGREEMENT

for

Employer Address: _____

Employer Telephone Number: _____

Employer Identification Number: _____



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the Health Reimbursement Arrangement for Integrated Employees (hereinafter referred to as the "Plan" or the "HRA") and agrees to abide by the terms of the Plan. With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

Effective Date. The Plan's Original Effective Date is _____. The Plan's Restated Effective Date is _____
 _____. The Plan is available to Employees of the Employer effective _____.

Plan Year. The Plan Year ends on _____.

Eligible Classes. The class or classes of Employees covered by this Plan are: *(See attached Class Specifications.)*

Class ActA: _____ Class ActB: _____
 Class ActC: _____ Class ActD: _____
 Class ActE: _____ Class ActF: _____

Designation of Plan Administrator. The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, Inc.

Designation of Individuals to Have Access to Protected Health Information ("PHI"). The following Employees, classes of Employees, or other persons shall be given access to the PHI to be disclosed:

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this _____ day of _____, 20_____.

Name of Employer: _____

Signature: _____

Print Name: _____

Title: _____

Employer CONTACT (print): _____

Title: _____

E-Mail: _____

Telephone: _____ Ext. _____

Fax: _____

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

Health Reimbursement Arrangement for Active Employees

Employer Representations

- Employees are not permitted to make any election or choice between cash, the HRA, and/or any other tax deferred program.
- The allocation to the HRA will be expressed in a percent of compensation or dollar amount.
- The Employer has discretion in determining classes of Employees eligible to participate in the HRA. Once determined, Employees in the class shall be treated uniformly and be provided a uniform allocation to the HRA. Such class shall remain in effect for the Employer's entire fiscal year for all affected Employees in such year and for all future contributions to such class. Each year, the Employer may reevaluate allocations and classes for new Employees only.
- The Employer acknowledges that it has received the Plan document for the HRA and agrees with all the terms therein.
- The Employer understands that whether a contribution to the HRA is non-elective for tax purposes is a facts and circumstances determination, and the Employer is responsible for whether the contribution is truly non-elective or not. The Employer understands that MidAmerica Administrative & Retirement Solutions, Inc. and its agents and employees are not tax or legal advisors. They may provide general information regarding the tax treatment of health reimbursement arrangements, but the Employer should consult with its own tax or legal advisors as to how tax and other rules may apply to its own facts and circumstances.
- The Employer will not provide any information or forms or enter into any contracts inconsistent with the preceding.
- The Employer acknowledges that every Participant must be enrolled in a group health plan, as described in the Declaration of Coverage Under Another Group Health Plan Form, and it is the Employer's responsibility to ensure that all Participants complete and sign the Form.

Effective Date _____ Employer Initials _____

Health Reimbursement Arrangement for Active Employees

Eligible Class ActA: _____

Defined as: _____

Employment Status Upon the initial contribution to the Plan, Participant employment status shall be:

Active

Contribution Types All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

Dollar Amount

Percentage of Compensation

Contribution Frequency

One Time

Annually

Quarterly

Semi-Annually

Monthly

Other _____

Vesting Schedule Participants shall own their account balance in accordance with the following vesting schedule:

100% Immediate

100% upon Retirement, meeting the Employer's eligible requirements for retirement

100% upon Separation of Service

Other _____

100% upon death (can be selected in addition to "other" above)

Forfeitures Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

Reduce future Employer contributions

Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

Run-off Times Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.

Reimbursements Reimbursements shall be for:

All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code

Limited Purpose _____

Post Deductible

Premium Only Medical Expenses

HRA/FSA Ordering

The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.

The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.

The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant's FSA account is exhausted.

Administration Fees: Administrative Fees are paid by the Employer for active employees

Manual Claim Fees: A processing fee of \$5.00 for each claim that is not submitted through the Journey portal or Journey mobile app shall be paid by the Participant.

Reimbursement Eligibility A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

Immediate

Upon becoming 100% vested

Investment Selection

Investment Provider: _____

Type of Investment: Fixed annuity only

Variable annuities – Default _____ Forfeiture Default _____

Employer directed

Participant directed; restrictions are:

None

100% vested

At Retirement

Account balance in excess of \$ _____

Other _____

Funds limited (see attachment)

Effective Date _____ **Employer Initials** _____

Health Reimbursement Arrangement for Retirees

ADOPTION AGREEMENT

for

Employer Address: _____

Employer Telephone Number: _____

Employer Identification Number: _____



The undersigned Employer, by executing this Adoption Agreement, hereby adopts and implements the Health Reimbursement Arrangement for Retirees (hereinafter referred to as the "Plan" or the "HRA") and agrees to abide by the terms of the Plan. With this Adoption Agreement, and by its authorized signature below, the Employer hereby makes the following designations.

Effective Date. The Plan's Original Effective Date is _____. The Plan's Restated Effective Date is _____.
 _____. The Plan is available to Retirees of the Employer effective _____.

Plan Year. The Plan Year ends on _____.

Eligible Classes. The class or classes of Retirees covered by this Plan are: *(See attached Class Specifications.)*

Class RetA: _____ Class RetB: _____

Class RetC: _____ Class RetD: _____

Class RetE: _____ Class RetF: _____

Designation of Plan Administrator. The Employer hereby designates the following initial Plan Administrator: MidAmerica Administrative & Retirement Solutions, Inc.

Designation of Individuals to Have Access to Protected Health Information ("PHI"). The following Employees, classes of Employees, or other persons shall be given access to the PHI to be disclosed:

The Employer hereby agrees to the provisions of the Plan and has executed this Adoption Agreement on this _____ **day of**
 _____, 20_____.

Name of Employer: _____

Signature: _____

Print Name: _____

Title: _____

Employer CONTACT (print): _____

Title: _____

E-Mail: _____

Telephone: _____ Ext. _____

Fax: _____

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

 Health Reimbursement Arrangement for Retirees

Employer Representations

- The Employer intends to reduce its Retirees' medical expenses by providing reimbursement of such expenses, in a limited capacity. The Employer anticipates that participation in the HRA will encourage prospective Retirees to retire earlier, as they will be better able to afford quality health care prior to the age at which they are Medicare eligible.
- The Employer may allow Retirees to participate in both the HRA and the Special Pay Plan (403(b)).
- Retirees are not permitted to make any election or choice between cash, the HRA, and/or the Special Pay Plan, or any other tax deferred program.
- The Employer will base HRA allocations on its estimates of the costs required to provide a certain amount of medical reimbursements to its Retiree population as that population approaches Medicare age.
- The Employer has discretion in determining classes of Employees eligible to participate in the Retiree HRA. Once determined, Retirees in the class shall be treated uniformly and be provided a uniform allocation to the HRA. Such class shall remain in effect for the Employer's entire fiscal year for all affected Retirees in such year and for all future contributions to such class. Each year, the Employer may reevaluate allocations and classes for new Retirees only.
- The Employer may gather information from the Retiree to determine the appropriate allocation to the HRA, but individual Participants are not allowed to elect or to determine their allocation.
- The Employer will monitor all rehires to ensure that less than two employees are in the Retiree HRA Plan.
- The Employer acknowledges that it has received the Plan document for the HRA and agrees with all the terms therein.
- The Employer understands that whether a contribution to the HRA is non-elective for tax purposes is a facts and circumstances determination, and the Employer is responsible for whether the contribution is truly non-elective or not. The Employer understands that MidAmerica Administrative & Retirement Solutions, Inc. and its agents and employees are not tax or legal advisors. They may provide general information regarding the tax treatment of health reimbursement arrangements, but the Employer should consult with its own tax or legal advisors as to how tax and other rules may apply to its own facts and circumstances.
- The Employer will not provide any information or forms or enter into any contracts inconsistent with the preceding.

Effective Date _____ **Employer Initials** _____

Health Reimbursement Arrangement for Retirees

Eligible Class RetA: _____**Defined as:** _____**Employment Status** Upon the initial contribution to the Plan, Participant employment status shall be:

- Retiree Active with no access to benefit until retirement or separation of service

Contribution Types All funds for the Plan shall come exclusively from the Employer and shall be determined in accordance with the following formula:

- Dollar Amount Percentage of Compensation or Retirement Pay

Contribution Frequency

- One Time Annually Quarterly
 Semi-Annually Monthly Other _____

Vesting Schedule Participants shall own their account balance in accordance with the following vesting schedule:

- 100% Immediate
 100% upon Retirement, meeting the Employer's eligible requirements for retirement
 100% upon Separation of Service
 Other _____
 100% upon death (can be selected in addition to "other" above)

Forfeitures Employees who are not 100% vested under the Vesting Schedule at the time of termination shall forfeit their unvested funds. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any vested funds remaining in the account shall be forfeited. In the event that the Participant opts out of participation in the Plan, all vested and unvested funds shall be forfeited. Forfeitures shall:

- Reduce future Employer contributions
 Be redistributed pro-rata at the end of each Plan Year to all Plan Participants who are actively employed as of the end of the Plan Year

Run-off Times Participants will be allowed 0 (zero) days to continue incurring expenses after the date that their Participation in the Plan ends. The Run-off time for Participants to submit claims for reimbursement from funds that shall be forfeited will be 90 (ninety) days. The Run-off time for funds that shall be forfeited due to death will be one year.**Reimbursements** Reimbursements shall be for:

- All eligible Medical Expenses specified in section 213(d) of the Internal Revenue Code
 Limited Purpose _____
 Post Deductible
 Premium Only Medical Expenses

HRA/FSA Ordering

- The Employer maintains a Flexible Spending Account (FSA) plan in which Participants may elect to participate.
 The Plan permits reimbursements for expenses eligible to be reimbursed by the FSA plan and therefore the HRA shall not reimburse before expenses exceeding the dollar amount of any FSA have been paid.
 The Plan permits reimbursements for Limited Purpose, Deductible or Premium Only expenses which are not eligible to be reimbursed by the FSA plan and therefore the HRA shall reimburse before the Participant's FSA account is exhausted.

Administration Fees: Administrative Fees are paid by the Employer.**Manual Claim Fees:** A processing fee of \$5.00 for each claim not submitted through the Journey portal or Journey mobile app shall be paid by the Participant.**Reimbursement Eligibility** A Participant shall be eligible for reimbursement of medical expenses at the time selected below.

- Immediate
 Upon becoming 100% vested
 Upon Retirement or Separation of Service

Investment Selection**Investment Provider:** _____

- Type of Investment:** Fixed annuity only Variable annuities – Default _____ Forfeiture Default _____
- Employer directed
 Participant directed; restrictions are:
 None
 100% vested
 At Retirement
 Account balance in excess of \$ _____
 Other _____
 Funds limited (see attachment)

Effective Date _____**Employer Initials** _____

Instructions for completing the VEBA HRA Employee Census

The Employee Census is necessary for preparing the IRS form 1024, which is the application for tax-exempt status for the VEBA Trust. Please answer the following questions and return this form to MidAmerica.

1. Are you organized under the terms of a collective bargaining agreement? If “Yes”, please provide a copy of the current agreement.
2. Give the following information for each plan as of the last day of the most recent plan year and enter that date here. If there is more than one plan, at the end of this form, upload a separate schedule:
 - a. Year End:
 - b. Number of persons covered by the plan who are highly compensated individuals:
 - c. Number of other employees covered by the plan:
 - d. Number of employees not covered by the plan:
 - e. Total number employed:
3. State the number of persons, if any, other than employees and the dependents (for example, the proprietor of a business whose employees are members of the association) who are entitled to receive benefits:

Health Reimbursement Arrangement for Active Employees

PLAN DOCUMENT

The Plan's Original Effective Date is _____. The Plan's Restated Effective Date is _____. The Plan is available to Employees of the Employer effective _____.



 Health Reimbursement Arrangement for Active Employees

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Introduction

The Employer has established and adopted the MidAmerica Administrative & Retirement Solutions, Inc. Health Reimbursement Arrangement (the "Plan") to enable Participants and their dependents to be reimbursed tax-free for eligible medical and dental expenses. Contributions to the Plan shall be made by the Employer and credited to Participants' accounts. Claims for reimbursement shall be processed and reimbursements paid out on a tax-free basis for medical expenses in accordance with Internal Revenue Service Guidelines for Health Reimbursement Agreements, IRS Publication 502, Internal Revenue Code (the "Code") Sections 213(d), 105 and 106 as described in Revenue Ruling 2002-41 and IRS Notice 2002-45.

Legal Status

This Plan is intended to qualify as an employer-provided medical reimbursement plan under Code Sections 105 and 106 and regulations issued thereunder, as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, and to comply with IRS Notice 2013-54 and shall be interpreted to accomplish those objectives. The expenses reimbursed under the Plan are intended to be eligible for exclusion from Participants' gross income under Code Section 105(b).

Notwithstanding anything to the contrary, the portion of the Plan that reimburses Highly Compensated Individuals, as defined in Code Section 105(h), for premiums paid under an insured plan shall be treated as a separate plan that is not subject to the requirements of Code Section 105(h), pursuant to Treasury Regulation Section 1.105-11(b)(2).

Participation

Employees of the class or classes set forth by the Employer in the Plan Adoption Agreement will be Participants in the Plan. Notwithstanding any election in the Plan Adoption Agreement to the contrary, Employees of the class or classes set forth by the Employer in the Plan Adoption Agreement who are Highly Compensated Employees, as defined in Code Section 105(h), and whose benefits exceed those of other Plan Participants, will be Participants only in that portion of the Plan that reimburses Participants for "premium only medical expenses," as described below. Under no circumstances are such individuals eligible for reimbursements of any medical and dental expenses other than premium expenses. For purpose of this section, a retiree who was a Highly Compensated Individual prior to his or her retirement from the Employer shall be treated as a Highly Compensated Individual thereafter and during retirement.

Participation Opt Out

At least once per Plan Year, Participants shall be entitled to permanently opt out of participation in the Plan. Any such opt out will result in the forfeiture of the Participant's account balance, including any vested funds, and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

In the event that the Participant terminates employment with the Employer, the Participant shall be entitled to permanently opt out of participation in the Plan at the time of termination. In addition to the forfeiture of unvested funds as provided for in the Forfeiture section of the Plan Adoption Agreement, any such opt out will result in the forfeiture of any vested funds and the waiver of any future reimbursements from the Plan. The Participant may, however, continue to submit claims for reimbursement of expenses incurred prior to the opt out date, pursuant to the Run-Off Times section of the Plan Adoption Agreement. Any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

Health Reimbursement Arrangement for Active Employees

Benefits and Eligibility for Benefits

A Participant shall be entitled to reimbursements of eligible medical and dental expenses upon the occurrence of the event selected in the Plan Adoption Agreement, but in no event until after expenses exceeding the dollar amount of any flexible spending arrangement ("FSA") in which the Participant shall also participate have been paid, or, if the medical or dental expense is reimbursable from a health savings account ("HSA"), amounts shall only be available from this Plan in accordance with paragraph 9 of the Administration section herein.

If the Employer indicates in the Adoption Agreement that Reimbursements shall be for "all eligible section 213(d) medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. incurred for Medical Care - "Medical Care" shall have the same meaning as in section 213(d) of the Code, and shall include all amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body, as interpreted from time to time through regulations and guidance released by the Internal Revenue Service and other applicable regulatory authorities. For purposes of the Plan, Medical Care may include premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not compensated through insurance and not paid for with a tax-free distribution from a Medical Savings Account (MSA), Health Savings Account (HSA), or Health Flexible Spending Arrangement and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

If the Employer indicates in the Adoption Agreement that reimbursements shall be for "premium only medical expenses," eligible medical and dental expenses for purposes of this Plan are those expenses that are:

- a. incurred by the Participant, spouse or tax dependent (as defined in paragraph 9 of the "Administration" section);
- b. premiums for medical and dental coverage, including premiums under part B and part D of title XVIII of the Social Security Act (relating to supplementary medical insurance for the aged and prescription drug coverage, respectively); and
- c. not paid for with a tax-free distribution from a Medical Savings Account (MSA) or Health Savings Account (HSA) and not attributable to a deduction allowed under Code section 213(d) for any prior taxable year.

Funding

All funds for the Plan shall come exclusively from the Employer and shall constitute either a specified dollar amount and/or a specific percentage of Employees' compensation or retirement pay as the Employer shall from time to time determine. The amount or percentage to be determined by the Employer shall be subject to, and not in contravention of, the Employer's obligations to its Employees. Subject to any vesting schedule which may be elected in the Plan Adoption Agreement, all funds in the Plan belong to the individual Participants as allocated to their accounts. Also subject to any vesting schedule which may be elected in the Plan Adoption Agreement, once funds are allocated to the Plan, the Employer relinquishes all right, title, control, and interest to such funds.

Interest Credit

Interest shall be credited on a daily basis to Participant accounts based on the rate credited by the underlying AUL fixed annuity investment option. If variable annuity investments are allowed pursuant to the Adoption Agreement, earnings and losses shall be credited on a daily basis based on the investment funds selected.

Vesting

Funds in a Participant's account shall vest and be available to pay eligible medical expenses in accordance with the vesting schedule elected by the Employer in the Plan Adoption Agreement. If a Participant is not fully vested in his account balance when participation hereunder of the Participant and his surviving spouse and/or dependents ends as described in the section hereof entitled "Death Benefit," any forfeited amount shall be applied as elected by the Employer in the Plan Adoption Agreement.

Continuation Coverage

COBRA continuation coverage ("COBRA coverage"). COBRA coverage shall be available on the same terms and conditions as described herein with respect to Participants upon payment of the applicable COBRA premium. Each qualified beneficiary (i.e., the Participant's former spouse and former eligible dependents) shall be entitled to COBRA coverage for a period of 36 months upon the qualifying events of death of Participant, divorce from Participant, or a dependent reaching an age under which he/she is ineligible under the terms of the Plan. The level of coverage will be the Participant's account balance at the time of the qualifying event (adjusted for investment earnings and losses), plus Employer contributions, and minus reimbursements for claims paid from the account. Contributions shall be made at the same times as they are made for similarly situated Participants who have not experienced a qualifying event. The balance of the Participant's account shall be available to all qualified beneficiaries electing continuation coverage on an aggregate basis.

The COBRA premium shall be a single premium regardless of the number of qualified beneficiaries electing COBRA coverage. That premium shall be as determined annually by the Employer. The Employer shall have no obligation to pay any portion of the COBRA premium.

Coverage in lieu of COBRA. As an alternative to COBRA continuation coverage, qualified beneficiaries may choose to continue to access the Participant's account via coverage in lieu of COBRA. No additional contributions will be made to the Participant's account during the coverage in lieu of COBRA period and no premium will be charged for the coverage. Administrative fees as indicated herein will be applied. The balance of the Participant's account shall be available to all qualified beneficiaries electing coverage in lieu of COBRA on an aggregate basis. Furthermore, if some qualified beneficiaries elect COBRA and others select coverage in lieu of COBRA, all qualified beneficiaries will have access to the Participant's account on an aggregate basis.

Plan Investments

Plan investments will be made in accordance with the Employer's elections in the Plan Adoption Agreement, and will consist of investments in either fixed or variable annuities.

Plan Administrator

The Employer designates as the initial Plan Administrator the entity named in the Plan Adoption Agreement. The initial Plan Administrator shall serve as Plan Administrator until such time as a new Plan Administrator is appointed.

Administrative Fees

An administration fee shall be payable by the Employer. Participants may be charged a distribution fee by the Plan's administrative services provider in such amount as shall be agreed to by the Employer.

Health Reimbursement Arrangement for Active Employees

Administration

1. Health reimbursement requests may be made monthly with no minimum reimbursement dollar amount for recurring claims. There is a \$100 minimum claim amount for all other claims unless the participant account balance is less than \$100. Additionally, a reimbursement request can only be made for expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan.
2. Participants are entitled to request reimbursements from their accounts as soon as the accounts are funded by the Employer, but only for medical expenses incurred subsequent to the date the Participant first becomes enrolled in the Plan. Hardship withdrawals or loans are not permitted under this Plan and Plan funds may only be used to reimburse Participants and their dependents for qualified medical expenses.
3. In order to receive reimbursement for eligible medical expenses, Participants shall provide the Plan Administrator with whatever information is reasonably required. This Plan shall not and cannot reimburse for any claims other than those allowed under Code Section 213(d) and the regulations thereunder, as generally described in IRS Publication 502.
4. When a request is approved it shall be scheduled for disbursement. Disbursements shall be made not later than the fifteenth (15th) day of each month for all reimbursement requests received by the Plan Administrator prior to the end of the preceding month.
5. Subject to the Claims Procedure rules below, decisions of the Plan Administrator shall be final on the issue of eligible expenditures and such decisions shall be based on Code Section 213(d) and the regulations thereunder, as interpreted by the IRS or court rulings or directives concerning the deductibility of medical expenses for Federal Income Tax purposes, which interpretations shall be controlling for purposes of determining reimbursement eligibility under this Plan.
6. Other than establishing this Plan and providing funding for the Plan, the Employer does not assume any responsibility for any aspect of any Participant's health care. Participant questions shall be directed to the Plan Administrator.
7. Each Participant shall be notified by the Plan Administrator of his or her account balance at the time a deposit is made to his or her account. The Plan Administrator shall provide each Participant with a quarterly statement setting forth the Participant's account balance and earnings and disbursements for the quarter. Additionally, the Plan Administrator shall provide a Participant with a statement of account balance in conjunction with each reimbursement distribution.
8. Funds in a Participant's account at the end of each year shall be rolled into the following year.
9. Reimbursement is available for the Participant, the Participant's spouse, the Participant's tax dependents as defined in Internal Revenue Code Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof, and any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained age twenty-seven (27). For purposes of this Plan, such qualified tax dependents and children shall collectively be referred to as "dependents." Submission of a request for reimbursement on behalf of someone other than the Participant shall be deemed a representation by the Participant that the request for reimbursement is made on behalf of a spouse or dependent.
10. Any act, practice, or omission by a Participant that constitutes fraud or an intentional misrepresentation of material fact is prohibited by the terms of the Plan and the Plan may rescind coverage as a result.

Death Benefit

If a Participant dies prior to exhausting his vested account balance, the Participant's surviving spouse and/or dependents are eligible to be reimbursed under this Plan for their eligible medical expenses until the vested account balance is exhausted. In the event of the death of the Participant, the Participant's spouse, and all of the Participant's qualifying dependents, any funds remaining in the account shall be forfeited. Forfeitures shall be applied as elected by the Employer in the Plan Adoption Agreement.

Plan Amendments

The Employer has the authority to amend this Plan at any time, in whole or in part. Participants will be notified of any Plan changes. Any amendment to the Plan shall not adversely affect the rights of existing Participants. Changes imposed by the Internal Revenue Service, either by law change, regulations, or rulings, will be effective immediately and without notice.

Involuntary Access to Funds

Funds in a Participant's Plan account are not assignable by a Participant, either in law or in equity, or subject to estate tax, or to execution, levy, attachment, garnishment, or any other legal processes.

Plan Termination

In the event the Employer elects to terminate this Plan, which it may do, in its sole discretion, at any time and for any reason, amounts credited to Participants' accounts will remain in the Participants' accounts and Participants will continue to utilize their accounts as set forth in this Plan Document until their accounts are exhausted.

HIPAA Compliance

1. Disclosure of Summary Health Information to the Employer

In accordance with the Standards for Privacy of Individually Identifiable Health Information (the "Privacy Standards") issued and pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), the Plan may disclose Summary Health Information to the Employer, if the Employer requests the Summary Health Information for the purpose of (a) obtaining premium bids from health plans for providing health insurance coverage under this Plan or (b) modifying, amending or terminating the Plan.

"Summary Health Information" may be individually identifiable health information and it summarizes the claims history, claims expenses or the type of claims experienced by individuals in the Plan, but it excludes all identifiers that must be removed for the information to be de-identified, except that it may contain geographic information to the extent that it is aggregated by five-digit zip code.

2. Disclosure of Protected Health Information ("PHI") to the Employer for Plan Administration Purposes

In order that the Employer may receive and use a Participant's individually identifiable health information or PHI (including electronic PHI) for "Plan Administration" purposes, the Employer agrees to:

- a. Not use or further disclose PHI other than as permitted or required by the Plan Documents or as Required by Law (as defined in the Privacy Standards);
- b. Ensure that any agents, including a subcontractor, to whom the Employer provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Employer with respect to such PHI;

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- c. Not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer, except pursuant to an authorization which meets the requirements of the Privacy Standards;
- d. Report to the Plan any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which the Employer becomes aware, including any security incident or actual or suspected breach that may compromise PHI;
- e. Make available PHI in accordance with Section 164.524 of the Privacy Standards (45 CFR 164.524);
- f. Make available PHI for amendment and incorporate any amendments to PHI in accordance with Section 164.526 of the Privacy Standards (45 CFR 164.526);
- g. Make available the information required to provide an accounting of disclosures in accordance with Section 164.528 of the Privacy Standards (45 CFR 164.528);
- h. Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services ("HHS"), or any other officer or employee of HHS to whom the authority involved has been delegated, for purposes of determining compliance by the Plan with Part 164, Subpart E, of the Privacy Standards (45 CFR 164.500 et seq);
- i. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI;
- j. If feasible, return or destroy all PHI received from the Plan that the Employer still maintains in any form and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and
- k. Ensure that adequate separation between the Plan and the Employer, as required in Section 164.504(f)(2)(iii) of the Privacy Standards (45 CFR 164.504(f)(2)(iii)), is established as follows:
 - i. The employees, or classes of employees, or other persons under control of the Employer who are identified in the Plan Adoption Agreement, shall be given access to the PHI to be disclosed.
 - ii. The access to and use of PHI by the individuals described in subsection (i) above shall be restricted to the Plan Administration functions that the Employer performs for the Plan.
 - iii. In the event any of the individuals described in subsection (i) above do not comply with the provisions of the Plan Documents relating to use and disclosure of PHI, the Plan Administrator shall impose reasonable sanctions as necessary, in its discretion, to ensure that no further non-compliance occurs. Such sanctions shall be imposed progressively (for example, an oral warning, a written warning, time off without pay and termination), if appropriate, and shall be imposed so that they are commensurate with the severity of the violation.

"Plan Administration" activities are limited to activities that would meet the definition of payment or health care operations, but do not include functions to

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modify, amend or terminate the Plan or solicit bids from prospective issuers. "Plan Administration" functions include quality assurance, claims processing, auditing, monitoring and management of carve-out plans, such as vision and dental. It does not include any employment-related functions or functions in connection with any other benefit or benefit plans.

3. Disclosure of Certain Enrollment Information to the Employer

Pursuant to Section 164.504(f)(1)(iii) of the Privacy Standards (45 CFR 164.504(f)(1)(iii)), the Plan may disclose to the Employer information on whether an individual is participating in the Plan or is enrolled in or has disenrolled from a health insurance issuer or health maintenance organization offered by the Plan to the Employer.

4. Disclosure of PHI to Obtain Stop-loss or Excess Loss Coverage

The Employer hereby authorizes and directs the Plan, through the Plan Administrator or its third party administrator, to disclose PHI to stop-loss carriers, excess loss carriers or managing general underwriters (MGUs) as directed by the Employer for underwriting and other purposes in order to obtain and maintain stop-loss or excess loss coverage related to benefit claims under the Plan, provided that genetic information will not be used for underwriting purposes. Such disclosures shall be made in accordance with the Privacy Standards. The Employer certifies that such disclosures are for Plan administration purposes and that any third party to whom the Employer directs disclosure from the Plan has agreed to also comply with this amendment, as set out in Section 2.b.

5. Other Disclosures and Uses of PHI

With respect to all other uses and disclosures of PHI, the Plan shall comply with the Privacy Standards.

Claims Procedure

A Participant, spouse or dependent (the "Claimant") shall apply for Plan benefits in writing on a form provided by the Plan Administrator, or in such other manner as prescribed by the Plan Administrator. A communication regarding benefits that is not made in accordance with these procedures will not be treated as a claim under these procedures. Claims shall be evaluated by the Plan Administrator or such other person or entity designated by the Plan Administrator and shall be approved or denied in accordance with the terms of the Plan and Plan Adoption Agreement. All references to the Plan Administrator shall include any such delegate. No Claimant shall be entitled to benefits unless the Plan Administrator or its delegate determines in its discretion that the Claimant is entitled to benefits.

1. Claims

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 30 days after receipt of the claim. This period may be extended one time by the Plan for up to 15 days, provided that the Plan Administrator both determines that such an extension is necessary due to matters beyond the control of the Plan and notifies the Claimant, prior to the expiration of the initial 30-day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. If such an extension is necessary due to a failure of the Claimant to submit the information necessary to decide the claim, the notice of extension shall specifically describe the required information, and the Claimant shall be afforded at least 45 days from receipt of the notice within which to provide the specified information and the period for making the benefit determination shall be tolled from the date on which the notice of extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information, or the deadline to submit the additional information, if earlier.

2. Notice of Denial

If the claim is denied in whole or in part, the Claimant will receive a written notice that includes:

- a. The specific reason or reasons for the denial;
- b. Reference to the specific Plan provision(s) on which the denial is based;
- c. A description of any additional material or information needed from the Claimant in connection with the claim and the reason such material or information is needed;
- d. An explanation of the claims review procedures and the applicable time limits, including a statement concerning the Claimant's right to bring a civil action following an adverse determination on review;
- e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
- f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request); and
- g. Any other information required by law.

3. Right to Request Review: Internal Appeal

The Claimant must make a written request for review to the Plan Administrator within 180 days of the initial denial of the claim. If a written request for review is not made within such 180 day period, the Claimant shall forfeit his or her right to review. The Claimant's written request for review may (but is not required to) include issues, comments, documents, and other records the Claimant wants considered in the review. All the information the Claimant submits will be taken into account on review, even if it was not reviewed as part of the initial decision. The appeal will be conducted by a person different from the person who made the initial decision. No deference will be given to the initial decision. The Claimant may ask to examine or receive free copies of Plan documents, records, and other information relevant to the claim by asking the Plan Administrator.

The Claimant will be given the identity of medical or vocational experts if requested, whose advice was obtained by the Plan in connection with the Claimant's initial claim denial, if any, even if their advice was not relied upon in making the initial decision. Where an adverse determination is based in whole or in part on a medical judgment, including determinations with regard to whether a particular treatment, drug or other item is experimental, investigational, or not medically necessary or appropriate, the Plan will consult with a health care professional who has experience in the field of medicine involved in the medical judgment to decide the Claimant's appeal. The Plan Administrator reserves the right to delegate its authority to make decisions.

4. Decision Upon Review: Internal Appeal

The Plan Administrator shall make a determination within a reasonable period of time, but not later than 60 days after receipt by the Plan of the Claimant's request for review of adverse determination.

5. Notice of Denial of Internal Appeal

If the decision on the appeal is denied, the Claimant will receive a written notice that includes:

 Health Reimbursement Arrangement for Active Employees

- a. The specific reason or reasons for the denial;
 - b. Reference to the specific Plan provisions on which the denial is based;
 - c. A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits;
 - d. A statement explaining any voluntary appeal procedures offered by the Plan and the Claimant's right to bring a civil action;
 - e. A statement regarding any internal rule, guideline, protocol or other criterion that was relied upon in making the adverse determination (or a statement that a copy will be provided free upon request);
 - f. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment that led to this determination (or a statement that a copy will be provided free upon request); and
 - g. Any other information required by law.
6. External Appeal Process

Where required by law, a Claimant may be able to file an external appeal with an independent review organization. The independent review organization may overturn the Plan's decision, and the independent review organization's decision will be binding on the Plan. A Claimant must file a claim for external review within four (4) months of the date the Claimant receives the internal appeal denial notice. Filing a request for external review will not affect a Claimant's ability to bring a legal claim in court. When a Claimant files a request for external review, the Claimant will be required to authorize release of any medical records that may be required to be reviewed for the purpose of reaching a decision on the external review. Additional information on the external review process, where applicable, will be included in the internal appeal determination notice, or the Claimant may contact the Plan Administrator to request such additional information.

IN WITNESS WHEREOF, this Plan has been executed this ___ day of _____, 20 ___, by **MidAmerica Administrative & Retirement Solutions, Inc.**

**MIDAMERICA ADMINISTRATIVE &
RETIREMENT SOLUTIONS, INC.**

By: _____

Its: SVP Business Development

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

Health Reimbursement Arrangement VEBA Trust

ADOPTION AGREEMENT

for

Lakeland School Corporation

This Adoption Agreement is executed on this, the _____ day of _____, 20____, by and between _____, the Employer, and _____ as the Trustee, and sets forth the designations required by the Trust.

1. Trust Administrator: **MidAmerica Administrative and Retirement Solutions, Inc.** is hereby designated as the Trust Administrator.
2. Custodian. **American United Life** is hereby designated as Custodian of the Trust assets.

By:

GRANTOR: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

TRUSTEE*: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

TRUSTEE*: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

IRS Circular 230 Notice: We are required to advise you no person or entity may use any tax advice in this communication or any attachment to (i) avoid any penalty under federal tax law or (ii) promote, market or recommend any purchase, investment or other action.

Health Reimbursement Arrangement VEBA Trust
for



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EMPLOYEE BENEFIT TRUST

THIS TRUST AGREEMENT is made this _____ day of _____, 20____ by and between _____ (the "Employer") and _____, as Trustee ("Trustee").

W I T N E S S E T H:

WHEREAS, the Employer has adopted Benefit Plans and Programs for Employees and Former Employees of the Employer, and

WHEREAS, the Employer desires to establish a Trust to secure and hold funds that will be contributed by the Employer and transferred from other voluntary employees' beneficiary associations of the Employer within the meaning of Section 501(c)(9) of the Internal Revenue Code of 1986, as amended (the "Code"), and held for the benefit of the employees and their eligible dependents under and in accordance with the Employer's Employee Benefit Plans and Programs, and

WHEREAS, the Employer intends that the Trust established by this Agreement (the "Trust"), when taken together with the Plans, shall constitute a "Voluntary Employees' Beneficiary Association" under Section 501(c)(9) of the Code, and

WHEREAS, the Employer desires the Trustee to hold and administer the Trust, and the Trustee is willing to hold and administer such Trust, pursuant to the terms of this Agreement, and

WHEREAS, the Employer, by action of its duly authorized officer or governing body, has designated the Trustees to serve as the trustees for the Trust,

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. **NAME AND PURPOSE.** The name of this Trust, and the Trust Account established pursuant to this Trust, shall be the _____ Employee Benefit Trust Account. The exclusive purpose of this Trust is to provide a source of funds for the Employer's employee welfare benefit obligations.
2. **COMPLIANCE WITH LAWS.** This Trust is intended to meet all the requirements of Section 501 of the Internal Revenue Code and shall be interpreted in accordance with the laws of the State in which the Employer is located.
3. **ACCEPTANCE.** The Trustee accepts the Trust and agrees to perform the obligations imposed on it by the terms and conditions set forth in this Trust document.
4. **RECEIPT OF CONTRIBUTIONS.** The Trustee is accountable to the Employer for the funds contributed to it by the Employer. The Trustee is not obliged to collect any contributions from the Employer.
5. **TRANSFER OF FUNDS.** The Trustee is accountable to the Employer for the funds transferred to it by the Employer from a Voluntary Employees' Beneficiary Association established by the Employer. The Trustee is not obligated to collect any transferred funds from the Employer.

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6. BENEFICIARIES. The Trust assets, including any earnings accruing on them, shall be held solely for the purpose of providing funding for payment of the Employer's employee welfare benefit obligations and for payment of Trust expenses as provided for herein. It shall be impossible at any time for any part of the Trust to be used for or diverted to purposes other than to provide the benefits identified and contemplated under the Plans referenced herein for the exclusive benefit of covered employees and their dependents as provided in Internal Revenue Code Section 501(c)(9). No portion of the principal or income of this Trust shall revert to the Employer.
7. INVESTMENT POWERS. Subject to applicable State law and its fiduciary responsibility, the Trustee has full discretion and authority with regard to the investment of the Trust assets, except with respect to an asset under the control or direction of a properly appointed investment manager, or with respect to an asset subject to Employer direction of investment.
8. ADMINISTRATION. The administration of the Trust shall be provided by the Trust Administrator designated by the Employer in the Adoption Agreement for this Trust. By its agreement to serve as Trustee, the Trustee accepts the Employer's designation of the Trust Administrator. The Employer may designate another Trust Administrator at any time, with proper notice to the Trustee and subject to the Trustee's approval. The Trust Administrator shall be responsible for all administrative aspects of the Trust, including the filing of all reports and tax returns, if any, required of the Trust.
9. CUSTODIAN. The Employer shall appoint a Custodian of the Trust Assets. The Custodian shall be designated and appointed in the Adoption Agreement. The Custodian shall invest the Trust assets as directed by the Trustee. The Custodian shall not have any discretion as to the investment of the Trust assets and shall at all times follow the direction and instruction of the Trustee. So long as the Custodian invests the Trust assets pursuant to the instructions of the Trustee, the Custodian shall not have any liability for following the Trustee's instructions.
10. RECORDS AND STATEMENTS. The records of the Trustee, Custodian, and Trust Administrator, pertaining to the Trust, must be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing.
11. FEES AND EXPENSES FROM FUND. The Trustee and Trust Administrator may receive reasonable annual compensation as may be agreed upon from time to time between the Employer and the Trustee and the Trust Administrator. The Trustee will pay, from the Trust Fund, all fees and expenses reasonably incurred by the Trust to the extent such fees and expenses are for the ordinary and necessary administration and operation of the Trust unless the Employer pays such fees and expenses directly. The above notwithstanding, the Trustee shall not be entitled to compensation if the Trustee is also the Employer.
12. PARTIES TO LITIGATION. Any final judgment entered in any court proceeding involving the Trust will be binding on the Employer, Trustee, Trust Administrator, and the Custodian.
13. PROFESSIONAL AGENTS. The Trustee may employ and pay from the Trust Fund reasonable compensation to, agents, attorneys, accountants and other persons, to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant, or other person selected by it, any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.
14. DISTRIBUTION OF CASH OR PROPERTY. The Trustee may make distributions from the Trust

in cash or property, or partly in each, at its fair market value as determined by the Trustee. No distributions shall be made from this Trust other than for the payment of benefits identified under the Plans, except that payments of reasonable expenses for the administration of the Trust shall be permitted in accordance with paragraph 11 above.

15. DISTRIBUTION DIRECTIONS. If no one claims a payment or distribution made from the Trust, the Trustee shall return the payment to the corpus of the Trust.
16. THIRD PARTY / MULTIPLE TRUSTEES. No person dealing with the Trustee is obligated to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to the terms of this Trust. Each person dealing with the Trustee may act upon any notice, request, or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and is not liable to any person in so acting. If more than two persons act as Trustee, a decision of the majority of such persons controls with respect to any decision regarding the administration or investment of the Trust Fund or of any portion of the Trust Fund with respect to which such persons act as Trustees. However, the signature of only one Trustee is necessary to effect any transaction on behalf of the Trust.
17. RESIGNATION. The Trustee may resign its position at any time by giving 30 days written notice in advance to the Employer. If the Employer fails to appoint a successor Trustee within 60 days of its receipt of the Trustee's written notice of resignation, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed its acceptance of appointment with the former Trustee.
18. REMOVAL. The Employer, by giving 30 days' written notice in advance to the Trustee, may remove any Trustee. In the event of the resignation or removal of a Trustee, the Employer must appoint a successor Trustee if it intends to continue the Trust. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons shall act as Trustee.
19. INTERIM DUTIES AND SUCCESSOR TRUSTEE. Each successor Trustee succeeds to the title to the Trust vested in his predecessor by accepting in writing his appointment as successor Trustee and by filing the acceptance with the former Trustee and the Employer without the signing or filing of any further statement. The resigning or removed Trustee, upon receipt of acceptance in writing of the Trust by the successor Trustee, must execute all documents and do all acts necessary to vest the title of record in any successor Trustee. Each successor Trustee has and enjoys all of the powers, both discretionary and ministerial, conferred under this Agreement upon his predecessor. A successor Trustee is not personally liable for any act or failure to act of any predecessor Trustee, except as required under applicable law. With the approval of the Employer, a successor Trustee, with respect to the Plan, may accept the account rendered and the property delivered to it by a predecessor Trustee without incurring any liability or responsibility for so doing.
20. VALUATION OF TRUST. The Trustee must value the Trust Fund as of each Accounting Date to determine the fair market value of the Trust. The Trustee also must value the Trust Fund on such other valuation dates as directed in writing by the Employer. Accounting Date shall mean the last day of the Employer's fiscal year.
21. RECORDS AND REPORTS. The Trustee and the Trust Administrator shall create and maintain records as may be required by Treasury Regulation Section 1.501(c)(9)-5. All records relating to the terms and operation of the HRA Plan, Health and Welfare Plan(s), and Trust must be maintained for at least the plan year to which the records relate and for an eight (8) year period thereafter.

22. TERMINATION OF TRUST. This Trust shall terminate when all Trust funds have been expended for the fulfillment of the Employer's welfare benefit obligations to its employees, and the Employer notifies the Trustee and all other interested parties that the Employer will not be providing any additional funds to the Trust.
23. IRREVOCABLE. This Trust is irrevocable by the Employer.
24. SUCCESSORS and ASSIGNS. This Trust Agreement and the rights and duties hereunder shall not be assignable by either of the parties hereto. The assets held under this Trust shall not be subject to the rights of the creditors of the Employer, the Trustees, or the Custodian, and shall be exempt from execution, attachment, prior assignment, or any other judicial relief or order for the benefit of creditors or other third persons.
25. AMENDMENTS. This Trust Agreement may be amended from time to time by an instrument in writing executed by duly authorized officers of the Employer and Trustee.
26. NO THIRD PARTY BENEFIT. This Agreement is intended for the exclusive benefit of the parties to this Agreement and nothing contained in this Agreement shall be construed as creating any rights or benefits in or to any other party.
27. INCORPORATION OF ADOPTION AGREEMENT. The Trust Adoption Agreement, any Appendix thereto, and any future modifications, are incorporated in this Trust Document and made a part thereof as though specifically set forth herein.
28. EMPLOYER REPRESENTATION. The Employer represents and warrants that:
- (A) it is a State or political subdivision of a State or agency or instrumentality of the foregoing within the meaning of Code Section 414(d);
 - (B) it has authority under State law to enter into, maintain, and establish this Trust and the Plan(s).
 - (C) the funding of the Trust is from employer contributions, contributions of employees of the Employer, or funds transferred from another voluntary employees' beneficiary association of the Employer within the meaning of Code Section 501(c)(9);
 - (D) the Trust is exempt from taxes under Code Section 501(c)(9); and
 - (E) the Trust and Plan is a governmental plan as defined in Code Section 414(d), established for the exclusive benefit of the employees of the Employer.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be SIGNED, SEALED, and DELIVERED on the date set forth above.

By:

Grantor: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

Trustee: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

Trustee: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

MidAmerica Master Service Agreement

This MidAmerica Service Agreement (the “**Agreement**”), effective as of _____ (the “**Effective Date**”), is by and between MidAmerica Administrative & Retirement Solutions, LLC (“**MidAmerica**”) and _____ (“**Employer**”).

Recitals

MidAmerica provides health and dependent care expense reimbursement administrative services to its customers, including processing participant claims for eligible health and dependent care expense reimbursements, as more fully described on the attached **Exhibit A** (as more specifically defined on **Exhibit A**, the “**Services**”). Employer desires to access the Services, and MidAmerica desires to provide Employer access to the Services, subject to the terms and conditions set forth in this Agreement.

Terms

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Certain Definitions.**

“**Account**” means an account of a Participant in the Plan **including without limitation Debit Card accounts.**

“**Adoption Agreement**” means the accompanying agreement to the Plan Document which outlines plan specific details.

“**Card Provider**” means a Debit Card issuer.

“**Card Transaction**” means a transaction by a Participant making use of the Debit Card issued by a Card Provider.

“**Debit Card**” means a Payment Card to be issued by Card Provider through the Journey Platform and used by Participants in the Plan.

“**Debit Card Claims**” means the claims received through payment with a Debit Card issued by a Card Provider.

“**Employer Data**” means information, data, and other content, in any form or medium, that is received, directly or indirectly from Employer by or through the Services.

“**Fee Schedule**” means the schedule of Fees set forth on the attached Schedule 1.

“**Fees**” means fees for Services, as set forth on the Fee Schedule.

“**Ineligible Expense**” means any expense other than a valid Participant health and dependent care expense under the Plan.

“**Ineligible Person**” means any Person other than a Participant in the Plan.

“**Intellectual Property Rights**” means any and all registered and unregistered rights granted, applied for, or otherwise now or hereafter in existence under or related to any patent, copyright, trademark, trade secret, database protection, or other intellectual property rights laws, and all similar or equivalent rights or forms of protection, in any part of the world.

“**Journey Platform**” means the administrative platform MidAmerica utilizes to facilitate Health Reimbursement Arrangement plan and Flexible Spending Arrangement plan operations inclusive of the debit card, mobile application, and online tools.

“**Losses**” means any and all losses, damages, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys’ fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“**MidAmerica Materials**” means the Services, MidAmerica Systems, related documentation, and any and all other information, data, documents, materials, and other content, hardware, software, and other technologies and inventions that are provided or used by MidAmerica in connection with the Services.

“**MidAmerica Systems**” means the information technology infrastructure used by or on behalf of MidAmerica in performing the Services, including all computers, software, hardware, databases, electronic systems (including database management systems), and networks.

“**Participant**” means any active or retired employee of an Employer that is a Plan participant.

“**Payment Card**” means a debit card or a stored-value card.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability entity, governmental authority, unincorporated organization, trust, association, or other entity.

“**Plan**” means the Employer’s health care benefit plan.

“**Plan Document**” means an Internal Revenue Service (“IRS”) compliant document satisfying any document requirements and outlines the requirements of the plan as dictated by the IRS.

“**Plan Sponsor**” means Employer.

2. Services. MidAmerica agrees to provide to Employer the Services described on Exhibit A, subject to the terms and conditions of this Agreement, including the following:

2.1 Access and Use; Fees. Subject to and conditioned on Employer’s compliance with the terms and conditions of this Agreement, MidAmerica agrees to provide the Services to Employer, on a non-exclusive, non-transferable basis during the Term, for use by Employer internally in accordance with the terms and conditions herein. MidAmerica may from time to time in its reasonable discretion engage third party subcontractors to perform Services (each, a “**Subcontractor**”).

2.2 Changes. MidAmerica reserves the right, in its reasonable discretion, to make changes to the Services and MidAmerica Materials that it reasonably deems necessary to: (a) maintain or enhance: (i) the quality or delivery of MidAmerica’s services to its customers; (ii) the competitive strength of or market for MidAmerica’s services; or (iii) the Services’ cost efficiency or performance; or (b) to comply with applicable law.

2.3 Suspension or Termination of Services. MidAmerica may suspend, terminate, or otherwise deny Employer’s, any Participant’s, or any other Person’s access to or use of the Services or MidAmerica Materials, without incurring any resulting obligation or liability, if: (a) MidAmerica receives a judicial or other governmental demand, order or request that requires MidAmerica to do so; or (b) MidAmerica determines, in its reasonable discretion, that: (i) Employer has failed to comply with any material term of this Agreement; (ii) Employer or any Participant is involved in any fraudulent, misleading, or unlawful activities; or (iii) this Agreement expires or is terminated. This Section 2.3 does not limit any of MidAmerica’s other rights or remedies.

2.4 Erroneous Payments. If MidAmerica makes any payment under this Agreement to an Ineligible Person, or if more than the correct amount is paid by MidAmerica to an Ineligible Person, MidAmerica will use commercially reasonable efforts to recover any such payment made to or on behalf of an Ineligible Person or any overpayment.

3. Employer Obligations.

3.1 Information to MidAmerica.

(a) The Employer shall furnish the information requested by MidAmerica as determined necessary by MidAmerica for it to perform its functions hereunder, including information concerning the Plan, the Employer, the Participants, and the eligibility of individuals to participate in and receive Plan benefits (“**Contribution Billing Reports**”). Such information shall be provided to MidAmerica at the time and in the manner agreed to by the Employer and MidAmerica. MidAmerica shall have no responsibility with regard to benefits paid in error due to the Employer’s failure to timely provide or update such information. MidAmerica shall be entitled to rely on the completeness and accuracy of all information provided by the Employer, its delegates or employees.

(b) The Employer shall be responsible for providing Contribution Billing Reports to MidAmerica. The Contribution Billing Reports by the Employer shall specify the effective date for each Participant who is added to or terminated from participation in the Plan. The Employer shall be responsible for ensuring the accuracy of its Contribution Billing Reports and shall bear the burden of proof in any dispute relating to the accuracy of its Contribution Billing Reports. MidAmerica shall

have no liability, to the Employer and to any Participant, as a consequence of an inaccurate Contribution Billing Report. MidAmerica shall not have any obligation to credit the Employer for any claims expenses or fees incurred or paid to MidAmerica as a consequence of the Employer failing to review Contribution Billing Reports for accuracy. MidAmerica shall be entitled to assume that all information provided by the Employer is complete and accurate and is under no duty to question the completeness or accuracy of such information.

3.2 Liability for Payment of Card Claims; Ineligible Expenses.

(a) The Employer is responsible for all Ineligible Expenses, and all ineligible and unauthorized transactions paid with Debit Cards issued by any Card Provider. In no event will any Card Provider or MidAmerica be liable for any such transactions. In the event a Debit Card issued by Card Provider is used for an Ineligible Expense, the Employer will credit the applicable Account related to such Debit Card, and the Employer will use its best efforts to recover the funds from the applicable Participant that incurred such Ineligible Expense. The Employer will bear all Losses arising in connection with any uncollectible amounts from Participants.

(b) In the event that the Employer requests certain restricted merchant category codes be made available for use by Participants, the Employer will assume liability for, and will indemnify and hold harmless MidAmerica, and its affiliates, against any and all related Losses incurred by MidAmerica that arise in connection therewith, including without limitation Losses that arise fraudulently or inadvertently as a result of actions by the Participant, in addition to all fees associated with such Losses.

(c) MidAmerica will be entitled to recoup or otherwise recover Ineligible Expenses by offset against future claims arising under the Plan, including without limitation future Debit Card Claims.

3.3 Claims Appeals. The Employer shall make final determination regarding any claim for benefits on coverage that is appealed, including (a) any question of eligibility or entitlement of the claimant for coverage under the Plan; (b) any question with respect to the amount due; or (c) any other appeal.

3.4 Employer's Obligation to Maintain Sufficient Funds for Benefit Payments. The Employer is obligated and agrees to pay to MidAmerica, no later than 5 days in advance of the distribution date an amount sufficient to fund all current distribution obligations under the Plan, unless the Plan has already been fully funded. If the plan offers debit card, an amount equal to or greater than 10% of annual plan obligations must be provided prior to the start of the plan year, payments must be provided within 3 days after the debit card funding report is released, unless the Plan has already been fully funded. MidAmerica has no obligation to fund any payments under any Plan that is not appropriately funded (including Debit Card Claims or other claims) until such monies are received by MidAmerica. Employer is responsible for any and all third-party costs incurred by Card Provider or MidAmerica as a result of insufficient funding of the Plan. MidAmerica is entitled to terminate any Account that is not funded, and also is entitled to inactivate any Debit Card. Even if an Account is funded, MidAmerica may cap or limit the related Debit Card usage.

3.5 Effect of Employer Failure or Delay. MidAmerica is not responsible or liable for any delay or failure of performance caused in whole or in part by Employer's delay in performing, or failure to perform, any of its obligations under this Agreement.

3.6 Corrective Action and Notice. If Employer becomes aware of any actual or threatened improper or unauthorized use of any Account, any Debit Card, any Services, any MidAmerica Materials, or otherwise related to the Plan, by any Participant or any other Person, Employer shall immediately: (a) take all reasonable and lawful measures within its control that are necessary to stop the activity or threatened activity and to mitigate its effects (including, where applicable, by discontinuing and preventing any unauthorized access to the Plan, the Services and MidAmerica Materials); and (b) notify MidAmerica of any such actual or threatened activity.

3.7 Compliance with Law. The Employer is responsible for the Plan's compliance with all applicable federal and state laws and regulations. The Employer acknowledges and agrees that MidAmerica is not providing tax or legal advice, and that the Employer shall be solely responsible for determining the legal and tax status of the Plan, and for ensuring compliance therewith.

4. Fees and Payment. Employer shall pay to MidAmerica Fees for the Services as set forth on the Fee Schedule, in accordance with the terms set forth in Section 4 below.

4.1 Fees.

(a) The Fee Schedule, attached hereto as Schedule 1 shall remain in effect in the amounts described in Fee Schedule during the Initial Term (defined below) of three (3) years. Thereafter, during any Renewal Term (defined below), MidAmerica is entitled to

change the Fee Schedule, and any changes to the Fee Schedule will be identified in a notice supplied by MidAmerica to the Employer at least sixty (60) days prior to the effective date of such increased Fees. If Employer does not agree to such fee changes, Employer may terminate this Agreement. Upon the effectiveness of such increase as provided herein, the Fee Schedule will be deemed amended accordingly, as set forth in such notice.

(b) MidAmerica will charge Fees for Services in accordance with the Fee Schedule and will bill Fees to the Employer or to the Participants as provided in the Fee Schedule, or as specifically requested by the Employer in writing, subject to approval by MidAmerica in its discretion. Fees may be paid by Participants or by the Employer, subject to the terms of the Plan. If the Plan provides for payment by Participants, MidAmerica will charge Fees to the Participant's Account. If the Plan provides for payment by the Employer, MidAmerica will charge Fees to the Employer for payment. If Fees are billed to the Employer, but either (i) the Employer does not pay such Fees within sixty (60) days from the date of the fee invoice, or (ii) the Employer requests MidAmerica to pay the Fees from Plan contributions and MidAmerica approves such request, the Fees will be paid out of previous Plan contributions and, if necessary, allocated to Participant Accounts. If Fees are Employer paid, such Fees shall be invoiced to the Employer on a quarterly basis by MidAmerica following the end of the quarter.

4.2 Payment Procedures. All payments hereunder shall be made in US dollars. Employer and Participants (as applicable) shall make payments to the address or account specified in the Welcome Kit., or such other address or account as MidAmerica may specify in writing from time to time.

4.3 No Deductions or Setoffs. All amounts payable to MidAmerica under this Agreement shall be paid by Employer or Participants (as applicable) to MidAmerica in full without any setoff, recoupment, counterclaim, deduction, debit, or withholding for any reason.

5. Confidentiality.

5.1 Confidential Information. In connection with this Agreement each party (as the "**Disclosing Party**") may disclose or make available Confidential Information to the other party (as the "**Receiving Party**"). Subject to Section 5.2, "**Confidential Information**" means information in any form or medium (whether oral, written, electronic, or other) that the Disclosing Party identifies in writing as "CONFIDENTIAL", and all information consisting of the Disclosing Party's technology, trade secrets, know-how, business operations, plans, strategies, and customers. Without limiting the foregoing: all MidAmerica Materials are the Confidential Information of MidAmerica. Confidential Information does not include information that: (a) was rightfully known to the Receiving Party without restriction on use or disclosure prior to such information's being disclosed or made available to the Receiving Party in connection with this Agreement; (b) was or becomes generally known by the public other than by the Receiving Party's or any of its representatives' noncompliance with this Agreement; (c) was or is received by the Receiving Party on a non-confidential basis from a third party that was not or is not, at the time of such receipt, under any obligation to maintain its confidentiality; or (d) was or is independently developed by the Receiving Party without reference to or use of any Confidential Information.

5.2 Protection of Confidential Information. As a condition to being provided with any disclosure of or access to Confidential Information, the Receiving Party shall: (a) not access or use Confidential Information other than as necessary to exercise its rights or perform its obligations under and in accordance with this Agreement; (b) except as may be permitted by and subject to its compliance with Section 5.4, not disclose or permit access to Confidential Information other than to its representatives who: (i) need to know such Confidential Information for purposes of the Receiving Party's exercise of its rights or performance of its obligations under and in accordance with this Agreement; (ii) have been informed of the confidential nature of the Confidential Information and the Receiving Party's obligations under this Section 5.2; and (iii) are bound by confidentiality and restricted use obligations at least as protective of the Confidential Information as the terms set forth in this Section 5; (c) safeguard the Confidential Information from unauthorized use, access, or disclosure using at least the degree of care it uses to protect its sensitive information and in no event less than a reasonable degree of care; (d) promptly notify the Disclosing Party of any known unauthorized use or disclosure of Confidential Information and cooperate with Disclosing Party to prevent further unauthorized use or disclosure; and (e) ensure its representatives' compliance with, and be responsible and liable for any of its representatives' non-compliance with, the terms of this Section 5.

5.3 Compelled Disclosures. If the Receiving Party or any of its representatives is compelled by applicable law to disclose any Confidential Information then, to the extent permitted by applicable law, the Receiving Party shall: (a) promptly, and prior to such disclosure, notify the Disclosing Party in writing of such requirement so that the Disclosing Party can seek a protective order or other remedy or waive its rights under Section 5.2; and (b) provide reasonable assistance to the Disclosing Party in opposing such disclosure or seeking a protective order or other limitations on disclosure.

5.4 Sensitive Information. Notwithstanding anything to the contrary herein, MidAmerica may communicate confidential, protected, privileged or otherwise sensitive information to the Employer through a named contact ("Named Contact") or as otherwise designated by the Employer, and Employer specifically agrees to indemnify MidAmerica and hold it harmless from any claim for the improper use or disclosure of any

protected health information or sensitive personal information by MidAmerica where such information is used or disclosed in a manner consistent with its duties and responsibilities hereunder.

(a) MidAmerica will comply with the terms of the HIPAA Business Associate Addendum ("BAA") set forth on the attached Exhibit C.

6. Intellectual Property Rights. Nothing in this Agreement grants any right, title, or interest in or to (including any license under) any Intellectual Property Rights in or relating to, the Services, MidAmerica Materials, or third-party materials, whether expressly, by implication, estoppel, or otherwise. All right, title, and interest in and to the Services, the MidAmerica Materials, and any third-party materials are and will remain with MidAmerica and the respective rights holders in any third-party materials. All right, title, and interest in and to MidAmerica Intellectual Property Rights and all the MidAmerica Materials are and will remain with MidAmerica. Employer has no right, license, or authorization with respect to any MidAmerica Materials or Intellectual Property Rights, except as expressly set forth in this Agreement subject to and in accordance with the terms of this Agreement. All such rights in and to the MidAmerica Materials and Intellectual Property Rights are expressly reserved by MidAmerica. Employer hereby irrevocably grants all such rights and permissions in or relating to Employer Data as are necessary or useful to MidAmerica, its Subcontractors, and the MidAmerica personnel to perform the Services under this Agreement.

7. Representations and Warranties.

7.1 Mutual Representations and Warranties. Each party represents and warrants to the other party that: (a) it is duly organized, validly existing, and in good standing as a corporation or other entity under the laws of the jurisdiction of its incorporation or other organization; (b) it has the full right, power, and authority to enter into and perform its obligations and grant the rights, licenses, consents, and authorizations it grants or is required to grant under this Agreement; (c) the execution of this Agreement by its representative whose signature is set forth at the end of this Agreement has been duly authorized by all necessary corporate or organizational action of such party; and (d) when executed and delivered by both parties, this Agreement will constitute the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms.

7.2 Disclaimer. Except as expressly set forth in Section 7.1, all Services and all MidAmerica materials provided by MidAmerica are provided "as is." MidAmerica specifically disclaims all implied warranties of merchantability, fitness for a particular purpose, title, and all warranties arising from course of dealing, usage, or trade practice. Without limiting the foregoing, MidAmerica makes no warranty of any kind that the Services or MidAmerica materials, or any products or results of the use thereof, will meet Employer's or any other person's requirements, operate without interruption, achieve any intended result, be compatible or work with any software, system, or other services, or be secure, accurate, complete, free of harmful code, or error free. All third-party materials are provided "as is" and any representation or warranty of or concerning any third-party materials are excluded and MidAmerica shall have no liability or obligation with respect thereto and are strictly between Employer and the third-party owner or distributor of the third-party materials.

8. Indemnification.

8.1 MidAmerica Indemnification. Subject to the limitations set forth in Section 9 below, MidAmerica shall indemnify, defend, and hold harmless Employer and its affiliates, and each of its and their respective officers, directors, employees, agents, and successors (each, an "**Employer Indemnitee**") from and against any and all Losses incurred by such Employer Indemnitee resulting from any action by a third party (other than an affiliate of an Employer Indemnitee) that arise out of or result from MidAmerica's breach of any of its representations, warranties, covenants, or obligations under this Agreement.

8.2 Employer Indemnification. Without limiting any other obligations of Employer under this Agreement, Employer shall indemnify, defend, and hold harmless MidAmerica and its Subcontractors and affiliates, and each of its and their respective officers, directors, employees, agents, successors, and assigns (each, a "**MidAmerica Indemnitee**") from and against any and all Losses incurred by such MidAmerica Indemnitee resulting from any action by a third party (other than an affiliate of a MidAmerica Indemnitee) that arise out of or result from: (a) Employer Data, including any processing of Employer Data by or on behalf of MidAmerica in accordance with this Agreement; (b) Employer's breach of any of its representations, warranties, covenants, or obligations under this Agreement; or (c) negligence or more culpable act or omission (including recklessness or willful misconduct) by Employer or any third party on behalf of Employer in connection with this Agreement.

8.3 Indemnification Procedure. Each party shall promptly notify the other party in writing of any action for which such party believes it is entitled to be indemnified pursuant to Section 8.1 or 8.2. The party seeking indemnification (the

"Indemnitee") shall cooperate with the other party (the "Indemnitor") at the Indemnitor's sole cost and expense. The Indemnitor shall promptly assume control of the defense and shall employ counsel reasonably acceptable to the Indemnitee to handle and defend the same, at the Indemnitor's sole cost and expense. The Indemnitee may participate in and observe the proceedings at its own cost and expense with counsel of its own choosing. The Indemnitor shall not settle any action on any terms or in any manner that adversely affects the rights of any Indemnitee without the Indemnitee's prior written consent, which shall not be unreasonably withheld or delayed. If the Indemnitor fails or refuses to assume control of the defense of such action, the Indemnitee shall have the right, but no obligation, to defend against such action, including settling such action after giving notice to the Indemnitor, in each case in such manner and on such terms as the Indemnitee may deem appropriate. The Indemnitee's failure to perform any obligations under this Section 8.3 will not relieve the Indemnitor of its obligations under this Section 8, except to the extent that the Indemnitor can demonstrate that it has been prejudiced as a result of such failure.

9. Limitations of Liability. MidAmerica will not be liable for any: (a) loss of profit or diminution in value; (b) impairment, inability to use or loss, interruption or delay of the Services; (c) consequential, indirect, or punitive damages, regardless of whether foreseeable, or (d) any erroneous information provided by an employer, indemnitee, or their willful misconduct or negligence.

9.1 Exclusion of Prior Plans and Services. If Employer previously received from any other Person any services similar to the Services, MidAmerica shall not be responsible for any failure of the prior plan document or administrative services to comply with the requirements for an employer-provided medical reimbursement plan under IRC Sections 105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as described in IRS Notice 2002-45 and Revenue Ruling 2002-41, under IRC Section 125 Cafeteria Plan and regulations issued thereunder for flexible spending arrangements, other applicable law, or the prior plan. MidAmerica also is not responsible for the accuracy and completeness of participant and payroll data provided by the Employer or any third-party provider. Nothing herein will prevent the assertion of any claim directly against any third party by MidAmerica.

10. Term and Termination.

10.1 Initial Term. The initial term of this Agreement commences as of the Effective Date and, unless terminated earlier pursuant any of the Agreement's express provisions, will continue in effect until three (3) years from such date (the "**Initial Term**").

10.2 Renewal Term. This Agreement will automatically renew for successive two (2) year term[s] unless earlier terminated pursuant to this Agreement's express provisions, or either party gives the other party written notice of non-renewal at least 120 days prior to the expiration of the then-current term (each a "**Renewal Term**" and, collectively, together with the Initial Term, the "**Term**").

10.3 Termination. In addition to any other express termination right set forth elsewhere in this Agreement:

- a) MidAmerica may terminate this Agreement, effective on written notice to Employer, if Employer:
 - (i) fails to pay any amount when due hereunder, and such failure continues more than sixty (60) days after MidAmerica's delivery of written notice thereof; or (ii) breaches any of its obligations under this Agreement;
- (b) either party may terminate this Agreement, effective on written notice to the other party, if the other party breaches this Agreement, and such breach: (i) is incapable of cure; or (ii) being capable of cure, remains uncured sixty (60) days after the non-breaching party provides the breaching party with written notice of such breach;
- (c) either party may terminate this Agreement, effective immediately upon written notice to the other party, if the other party: (i) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (ii) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (iii) makes or seeks to make a general assignment for the benefit of its creditors; or (iv) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business; and
- (d) Employer may terminate this Agreement for its convenience, for any reason, with or without cause, including that sufficient funds to complete this Agreement are not appropriated by the Village, upon thirty (30) days written notice to MidAmerica. Upon termination, Employer shall remit payment for all services delivered to it and all expenses incurred by MidAmerica prior to receipt of the termination notice.

(e) Notwithstanding the foregoing, no termination by Employer will be effective unless within thirty (30) days of its notice of termination a successor administration for the Plan is in effect or the entire plan is being terminated.

10.4 Effect of Termination. Upon any termination of this Agreement, except as expressly otherwise provided in this Agreement and except as set forth in Section 10.5: (a) all rights, licenses, consents, and authorizations granted by either

party to the other hereunder will immediately terminate; (b) Employer shall immediately cease all use of any Services and MidAmerica Materials; (c) notwithstanding anything to the contrary in this Agreement, with respect to information and materials then in its possession or control, MidAmerica may also retain Employer Data in its backups, archives, and disaster recovery systems until such Employer Data is deleted in accordance with applicable record retention requirements; (d) MidAmerica may disable all Employer and Participant access to the Services and the MidAmerica Materials.

10.5 Transition Upon Termination. Upon the termination, or cancellation of this Agreement for any reason except plan termination, the parties will use commercially reasonable efforts to agree upon terms for transition of services for a period of up to 120 days after such event ("Transition Period") in order to enable Customer to transition to an alternative solution with a successor administrator for the Plan. During any Transition Period, the parties shall continue to comply with all terms and conditions of this Agreement, including Employer's payment of all Fees for Services and MidAmerica Materials. Employer will bear all costs and expenses of any such transition.

10.6 Surviving Terms. The provisions set forth in the following sections, and any other right or obligation of the parties in this Agreement that, by its nature, should survive termination or expiration of this Agreement, will survive any expiration or termination of this Agreement: Sections 5, 7.2, 8, 9, 10.4, 10.5, 10.6, and 11.

11. Miscellaneous.

11.1 Further Assurances. On a party's reasonable request, the other party shall, at the requesting party's sole cost and expense, execute and deliver all such documents and instruments, and take all such further actions, as may be necessary to give full effect to this Agreement.

11.2 Notices. Any notice, request, consent, claim, demand, waiver, or other communications under this Agreement have legal effect only if in writing and addressed to a party as set forth on **Exhibit B** attached (or to such other address or such other person that such party may designate from time to time in accordance with this Section 11.2). Notices sent in accordance with this Section 11.2 will be deemed effectively given: (a) when received, if delivered by hand, with signed confirmation of receipt; (b) when received, if sent by a nationally recognized overnight courier, signature required; (c) when sent, if by facsimile or email, (in each case, with confirmation of transmission), if sent during the addressee's normal business hours, and on the next business day, if sent after the addressee's normal business hours; and (d) on the **tenth (10th)** day after the date mailed by certified or registered mail, return receipt requested, postage prepaid.

11.3 Entire Agreement. This Agreement, together with any BAA and Exhibits, constitutes the sole and entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

11.4 Assignment. Employer shall not assign or otherwise transfer any of its rights or obligations without MidAmerica's prior written consent. For purposes of the preceding sentence, and without limiting its generality, any merger, consolidation, or reorganization involving Employer will be deemed to be a transfer of rights, obligations, or performance under this Agreement for which MidAmerica's prior written consent is required. Any purported assignment, delegation, or transfer in violation of this Section 11.4 is void. MidAmerica may assign this Agreement, or some or all of its rights and obligations hereunder may be assigned to (a) an affiliate of MidAmerica, or to any of its successors through merger, reorganization, or sale of assets, and/or (b) any Subcontractor of MidAmerica. MidAmerica may, by letter or other writing, agree to extend this Agreement to any other Plan of the Employer, or Plans sponsored by affiliates of the Employer. Subject to the foregoing, this Agreement is binding upon and inures to the benefit of the parties hereto and their respective successors and permitted assigns.

11.5 Force Majeure. In no event will either party be liable or responsible to the other party, or be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by any circumstances beyond such party's reasonable control (a "**Force Majeure Event**"), including acts of God, flood, fire, earthquake or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of this Agreement, national or regional emergency, strikes, labor stoppages or slowdowns or other industrial disturbances, passage of law or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota, or other restriction or prohibition or any complete or partial government shutdown, or national or regional shortage of adequate power or telecommunications or transportation. Either party may terminate this Agreement if a Force Majeure Event continues substantially uninterrupted for a period of thirty (30) days or more. In the event of any failure or delay caused by a Force Majeure Event, the affected party shall give prompt written notice to the other party stating the period of time the occurrence is

expected to continue and use commercially reasonable efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

11.6 Amendment and Modification; Waiver. No amendment to or modification of this Agreement is effective unless it is in writing and signed by each party. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

11.7 Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

11.8 Governing Law; Submission to Jurisdiction. This Agreement is governed by and construed in accordance with the internal laws of the State of Illinois without giving effect to any choice or conflict of law provision or rule that would require or permit the application of the laws of any jurisdiction other than those of the State of Illinois. Any legal suit, action, or proceeding arising out of or related to this Agreement or the licenses granted hereunder will be instituted exclusively in the federal courts of the United States in Illinois or in the Eighteenth Judicial Circuit Court, DuPage County, Illinois and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

11.9 Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MIDAMERICA ADMINISTRATIVE & RETIREMENT
SOLUTIONS, LLC

By: _____

Name: Trenton Teesdale, CEBS

Title: SVP Business Development

By: _____

Name: _____

Title: _____

EXHIBIT A SERVICES

MidAmerica will provide administrative services on behalf of Employer, including processing Participant claims for eligible health and dependent care expense reimbursements, as set forth below.

Set forth below is a list of standard services (collectively, the “**Services**”) offered by MidAmerica to administer the Health Reimbursement Arrangement or Flexible Spending Arrangement for active or retired employees, as applicable, of Employer that are sponsored by the Employer. MidAmerica may, in its discretion, modify and/or customize such Services for any Employer.

Health Reimbursement Arrangement Only:

- Post contributions to participant accounts in accordance with the terms of the Plan and any additional information provided by the Plan Sponsor.
- Deposit funds to the selected funding choices of the Plan based on the latest allocation instructions.
- Daily valuation of the funding choices, including earnings, for the Plan and each Plan participant's account.
- Daily post and process all transfers among the funding choices to the appropriate Plan and Plan participant account, if applicable.
- Daily post and process all distributions, forfeitures, and withdrawals from the appropriate Plan participant account.
- Prepare quarterly or annual (dependent on plan design) participant statements of account balances and distribute to each participant.
- Prepare annual year-end reports to the Plan Sponsor. The Plan Sponsor and Plan participants will have access to account and Plan level information daily through Journey Platform
- HRA claim reimbursements are disbursed daily. Claim payment can be issued via check or direct deposit to participants.
- To monitor and support the program on an ongoing basis, MidAmerica will provide the following additional services at no additional cost:
 - A quarterly review of the investment performance experienced by the Plan, if necessary
 - Periodic meetings with employees to explain the program and answer questions, if necessary
 - Additional supplies of employee brochures to explain the program to newly eligible employees
 - Implementation and compliance support provided on an as-needed basis

Flexible Spending Arrangement Only:

- Upon receiving instructions from the Employer with regard to a Participant's FSA change in status or other event that permits an allowable election change under IRS regulations and the Plan Document, MidAmerica shall make the requested change in the participant's election as soon as practicable.
- FSA benefit payments shall be made to the Participant every Friday and issued via check or direct deposit.

Both Plan Types:

- MidAmerica shall make health and dependent care expense payment and reimbursement options available to Plan participants by providing a payment card or by using the 'Submit a Claim' option on the MidAmerica Journey website (www.mymidamericajourney.com), mobile app, or submitting a manual claim form found at www.mymidamerica.com.

- MidAmerica shall notify Plan participants with regard to any claims that are denied due to inadequate substantiation or data submission and provide an adequate period of time for the participant to resubmit the claim.
- Participant Services Call Center is available to Plan participants to communicate with a service representative who can answer questions about the Plan and participants' accounts.
- Dedicated Account Manager is available for the Plan Sponsor who can answer questions about the Plan and participants' accounts.

For purposes hereof, "**Plan**" and "**Plan Sponsor**" have the meanings set forth in Section 1 of the attached Master Service Agreement.

Services Not Included:

- The Employer's compliance with Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") and/or HIPAA.

**EXHIBIT B
NOTICE ADDRESSES**

If to MidAmerica: MidAmerica Administrative & Retirement Solutions
2855 Interstate Drive, Suite 115
Lakeland, FL 33805

If to Employer:

EXHIBIT C
BUSINESS ASSOCIATE ADDENDUM

THIS HIPAA BUSINESS ASSOCIATE ADDENDUM (“Addendum”) supplements and is made a part of the MidAmerica Service Agreement (“Agreement”) by and between MidAmerica Administrative & Retirement Solutions (“MidAmerica”), which is acting as the Business Associate to a health plan covered by the HIPAA Privacy & Security Rule, and _____ (“Covered Entity”), and is effective as of _____ (the “Addendum Effective Date”).

RECITALS:

WHEREAS, Covered Entity wishes to disclose certain information to MidAmerica pursuant to the terms of the Agreement, some of which may constitute Protected Health Information (“PHI”) (as hereinafter defined); and

WHEREAS, the parties intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to the Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”) and regulations promulgated thereunder by the U.S. Department of Health and Human Services (“HIPAA Privacy & Security Rule”) and other applicable laws; and

WHEREAS, the HIPAA Privacy & Security Rule (as hereinafter defined) requires the parties to enter into a contract containing specific requirements prior to the disclosure of PHI;

NOW THEREFORE, in consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. **Definitions.**

Unless otherwise defined, terms used in this Addendum have the same meaning as those terms in the HIPAA Privacy & Security Rule.

“**Business Associate**” means MidAmerica.

“**Covered Entity**” means

“**HIPAA Privacy & Security Rule**” shall mean the Standards for Privacy of Individually Identifiable Health Information or the HIPAA Security Standards found at 45 CFR Parts 160-164.

“**Protected Health Information**” or “**PHI**” means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

“**Designated Record Set**” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

“**Treatment**” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

“**Payment**” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

“**Health Care Operations**” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

2. **Obligations of Business Associate.**

2.1 **Use or Disclosure of PHI.** MidAmerica agrees not to use or disclose PHI, other than as permitted or required by the Agreement or as Required By Law.

2.2 **Prohibited Uses and Disclosures.** MidAmerica shall not use PHI other than as permitted by the HIPAA Privacy & Security Rule or this Addendum. MidAmerica shall not disclose PHI in any manner that would

constitute a violation of the Privacy Rule if disclosed by the Covered Entity, except that MidAmerica may disclose PHI in a manner permitted pursuant to this Addendum.

2.3 Appropriate Safeguards. MidAmerica shall implement appropriate safeguards as are necessary to protect the confidentiality of PHI or to prevent its use or disclosure of PHI other than as permitted by this Addendum or the HIPAA Privacy & Security Rule.

2.4 Reporting of Improper Use or Disclosure. MidAmerica shall report to Covered Entity any use or disclosure of PHI other than as provided for by this Addendum of which it becomes aware. MidAmerica further agrees to mitigate, to the extent possible, the harmful effects of the unauthorized disclosure.

2.5 Disclosure to Agents. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), MidAmerica agrees to ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of MidAmerica agree to the same restrictions, conditions, and requirements that apply to MidAmerica with respect to such information.

2.6 Access to PHI. MidAmerica agrees to provide individuals with access to their PHI, as held in a Designated Record Set by MidAmerica, in order to meet the requirements under 45 CFR 164.524.

2.7 Amendment of PHI. MidAmerica agrees to make any amendment(s) to PHI it holds in a Designated Record Set, as directed by the Covered Entity pursuant to 45 CFR 164.526.

2.8 Accounting Rights. MidAmerica agrees to document and provide a description of any disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. MidAmerica agrees to provide such information to Covered Entity, or to an individual at the direction of the Covered Entity, in order for Covered Entity to comply with the accounting requirements in 45 CFR 164.528.

2.9 Governmental Access to Records. MidAmerica shall make its internal practices, books and records relating to the use and disclosure of PHI available to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining Covered Entity's compliance with the HIPAA Privacy & Security Rule within a reasonable time of a request for the same.

2.10 Covered Entity's Right to Restrict. MidAmerica agrees to comply, upon communication by Covered Entity, with any restrictions to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522.

2.11 HIPAA Security Standards. MidAmerica agrees to comply with the HIPAA Privacy & Security Rule with respect to any Electronic PHI ("EPHI") that MidAmerica holds on behalf of the Plan.

a. MidAmerica agrees to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to EPHI to prevent use or disclosure of PHI other than as provided for by the Addendum.

b. MidAmerica agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required in the HIPAA Privacy & Security Rule.

c. MidAmerica agrees to ensure that any agent, including a subcontractor, to whom it provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

d. MidAmerica agrees to report to Covered Entity any security incident under the HIPAA Privacy & Security Rule of which it becomes aware, including the identities of any individual whose EPHI was breached.

2.12 Responsibilities If Security Breach. MidAmerica shall notify Covered Entity immediately if there is a breach by either MidAmerica or one of its agents of unsecured PHI, as defined in, and consistent with, the HITECH Act and any regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. Such notification shall:

a. Be made in writing to the Covered Entity's Privacy Officer or other designated party.

b. Be made within sixty (60) days of discovery.

c. Include the names of the individuals whose information was breached, the circumstances surrounding the breach, the date of the breach and date of discovery, the information breached, any steps the individuals should take to protect themselves, the steps MidAmerica (or its agent) is taking to investigate the breach, mitigate losses, and protect against future breaches, and a contact person for more information. If requested by MidAmerica, Covered Entity shall allow MidAmerica to approve the content of any notification in advance.

If requested by Covered Entity, MidAmerica shall notify the individuals involved, or the media or the US Department of Health and Human Services, as applicable, in accordance with the HITECH Act, and regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. For purposes of this provision, MidAmerica is considered an independent contractor of Covered Entity.

3. Permitted Uses and Disclosures by Business Associate.

3.1 Disclosures Generally. Except as otherwise provided in this Addendum, MidAmerica may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Agreement, provided that such use or disclosure would not violate the HIPAA Privacy & Security Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

3.2 To Carry Out Covered Entity Obligations. To the extent MidAmerica is to carry out one or more of Covered Entity's obligations under Subpart E of 45 CFR Part 164, MidAmerica agrees to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.

3.3 Management and Administration.

a. MidAmerica may use PHI for the proper management and administration of MidAmerica or to carry out the legal responsibilities of MidAmerica.

b. MidAmerica may disclose PHI for the proper management and administration of MidAmerica, provided that disclosures are: (a) required by law or (b) MidAmerica obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies MidAmerica of any instances of which it is aware in which the confidentiality of the information has been breached.

3.4 Data Aggregation and De-Identification. Except as otherwise limited in this Addendum, MidAmerica may use PHI to provide Data Aggregation services to Covered Entity or to de-identify PHI. Once information is de-identified this Addendum shall not apply.

3.5 Required By Law. MidAmerica may use or disclose PHI as required by law.

4. Termination.

4.1 Material Breach. A breach by MidAmerica of any material provision of this Addendum shall constitute a material breach of the Agreement and shall provide grounds for termination of the Agreement by Covered Entity. In the event of such breach, Covered Entity shall provide MidAmerica with written notice of the breach and thirty (30) days in which to cure the breach. If the breach is not cured within thirty (30) days, Covered Entity shall terminate the Agreement.

4.2 Effect of Termination. Upon termination of the Agreement for any reason, MidAmerica shall return or destroy all PHI that MidAmerica or its agents or subcontractors still maintain in any form, and shall retain no copies of such PHI. If return or destruction is not feasible, MidAmerica shall continue to extend the protections of Section 2 of this Addendum to such information, and limit further use or disclosure of such PHI to those purposes that make the return or destruction of such PHI infeasible.

5. Amendment.

5.1 Amendment to Comply with Law. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HIPAA Privacy & Security Rule and other applicable laws relating to the security or confidentiality of PHI. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum.

embodying written assurances consistent with the standards and requirements of HIPAA, the HIPAA Privacy & Security Rule or other applicable laws.

5.2 Amendment of Addendum. This Addendum may be modified or amended by mutual agreement of the parties at any time without amendment of the Agreement.

6. **Conflicts**. The terms and conditions of this Addendum will override and control any conflicting term or condition of the Agreement. All non-conflicting terms and conditions of the Agreement will remain in full force and effect.

7. **Relationship of Parties**. The parties intend that MidAmerica is an independent contractor and not an agent of Covered Entity.

Covered Entity Health Plan

Name of Employer: _____

Signature: _____

Print Name: _____

Title: _____

Date: _____

MidAmerica Administrative & Retirement Solutions

Signature: _____

Print Name: Trenton Teesdale, CEBS

Title: SVP Business Development

Date: _____

**SCHEDULE 1
FEE SCHEDULE**

MidAmerica will charge Administrative fees for its services in accordance with the Adoption Agreement or previous Service Agreement, as defined therein, and will bill these fees as described in Section 4 of this Agreement.

| Standard Fees | | | |
|--|---|---------------------------|---|
| Item | Description | Cost | Unit Measure |
| Minimum Monthly/Quarterly Administrative Fee | Should the monthly/quarterly per-participant fee be less than this amount, the monthly/quarterly minimum will be charged in lieu of the per participant charge. | varies | As listed in Adoption Agreement or previous Service Agreement |
| Platform Fee | Cost for providing MidAmerica's platform benefits and features. Platform fee shall be paid by: * No dual Platform Fee for Participants who are enrolled in both a HRA and FSA plan. <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$1.00* | Per Participant per month |
| Distribution Fee | Cost for processing non-Platform distribution request. Distribution fee shall be paid by: <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$5.00 | Per distribution request |
| Ancillary Fees | | | |
| Item | Description | Cost | Unit Measure |
| Returned Card Fee | Cost for undeliverable cards returned. Returned card fee shall be paid by: <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$5.00 | Per card, per occurrence |
| Dependent, Replacement, or Additional Card Fee | Cost per dependent, replacement (i.e. lost/stolen) or additional card issued. Fee shall be paid by: <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$5.00 | Per card |
| Lost or Stolen Card Investigation | Cost for investigative reports and research on lost or stolen cards. Lost or stolen card investigation fees shall be paid by: <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$25.00 | Per report, per occurrence |
| Chargeback Disputes | Cost for research on disputed transactions. Fees associated with chargeback disputes shall be paid by: <input type="checkbox"/> Employer or <input type="checkbox"/> Participant | \$25.00 | Per disputed transaction submitted |
| Card Embossing Cancellation | Cost for cancellation of card orders that have already been submitted to the card issuer and are in the production process. Card embossing cancellation fees shall be paid by Employer or Participant, depending on which party initiated the initial request. | \$5.00 | Per card, per occurrence |
| Card Redirect | Cost for a redirect request to pull a card and mail to a different address other than the address supplied. Redirected cards are shipped via US mail, unless otherwise specified. Express delivery fees apply if express delivery is requested. Costs associated with a card redirect request shall be paid by Participant. | \$5.00 | Per card, per occurrence |
| Failed ACH Transfer (FSA and Unfunded HRA only) | Cost for failed ACH transfers. This fee is in addition to banking related fees associated with the failed transaction. | \$50.00 Plus bank fees | Per failed ACH transaction |
| Failure to Maintain Minimum Funding (FSA and Unfunded HRA only) | Cost for failure to maintain minimum funding requirements. | \$20.00 | Per each day the balance falls below minimum |
| Negative Minimum Balance (FSA and Unfunded HRA only) | Cost for any day in which the Employer has a negative balance, plus interest, applied daily at an annual rate of 25%. | \$200.00 plus interest | Per day, per occurrence |

Unallocated Fixed Contract Application, Acceptance, & New Business Agreement

American United Life Insurance Company®

Version 1.0 -- 04/2008

P. O. Box

Indianapolis, Indiana 46206-0368

Contract Number _____

Contract Effective Date _____

Contract Suffix Number _____

Plan Sponsor's State of Domicile _____

The Proposed Contractholder identified below hereby applies to American United Life Insurance Company (AUL) for the Group Annuity Contract Number identified above. This completed form must be approved by the AUL Corporate Office before a group annuity contract will be issued.

Contract Type: Unallocated Fixed-Only (15FP)**Select Governmental or Non-Governmental Plan Sponsor (select only one):** Governmental (non-registered) Private Sector (registered)**Select Plan Type (select only one):**
 (1) 3121 or Special Pay 401(a) (3) 3121 or Special Pay or Employer-Sponsored 401(a)/403(b) (7) 3121
 457(b) (R) HRA Trust/VEBA (S) HSA (T) GASB 45 OPEB Trust/VEBA
Select Product Type (select only one): E0 E1 R2 E0B E1B R2B**Select Business Type (select only one):** Start-up Takeover**General Information**

| | | |
|---|-----------|---------|
| Proposed Contractholder: | | |
| Employer's Identification Number (EIN): | | |
| Executive Contact: | Phone # : | Fax # : |
| Executive Contact's Address: | | |
| Executive Contact's Email Address: | | |
| Administrative Contact: | Phone # : | Fax # : |
| Administrative Contact's Address: | | |
| Administrative Contact's Email Address: | | |

Producer Information

| | |
|---------------------------------|--------------|
| Primary Producer: | Primary B/D: |
| Primary Producer Address: | |
| Primary Producer Email Address: | |
| Primary Phone: | Primary Fax: |

TPA Information

MidAmerica, Administrative & Retirement Solutions, Inc.

2855 Interstate Drive, Suite 115

Lakeland, FL 33805

800.430.7999

Investment Option Selection

The AUL Fixed Interest Account(FIA) (I2) will be the only annuity investment option made available.

Withdrawal Charge

A withdrawal charge will not be applied under this contract.

Summary of Billable Expenses

Currently, there are none.

Contract Termination Provisions

Upon termination of the contract, the FIA Withdrawal Value must be taken in 5 equal annual installments. A cash lump-sum payment of monies invested in the FIA is not an available option. This restriction applies to all Contribution sources.

AUL Recordkeeping/Administrative Services Agreement

The Proposed Contractholder hereby requests **only** investment recordkeeping for assets held in the applied-for Contract, and does not request any other recordkeeping or administrative services. AUL will only maintain recordkeeping of assets at a contract/plan-level. Furthermore, AUL will not be providing statements, confirmations, or any other reporting to the Contractholder.

The Proposed Contractholder hereby acknowledges and agrees that, as Plan Fiduciary, it has the sole responsibility for assuring that the Plan complies with all applicable state and federal law, including ERISA, the Internal Revenue Code, and securities laws, both in form and in operation.

The Proposed Contractholder hereby acknowledges and agrees that MidAmerica Administrative & Retirement Solutions, Inc. is the Third Party Administrator (TPA) and Plan Administrator, and that, other than in this Unallocated Contract Application, Acceptance, and Agreement form, AUL shall accept direction and instructions regarding both the Plan and the Contract only from MidAmerica, and shall not accept direction and instructions directly from the Contractholder.

Facsimile/Electronic Media Acceptance Agreement

Instructions provided to AUL and its agents to execute, cancel, or otherwise proceed with transactions including those related to, but not limited to, enrollments, loan applications, distributions, and correspondence will be accepted via facsimile, copy, or via other electronic media. This agreement does not include retirement plan adoption agreements, group annuity contracts, amendments thereto, the annual census, and Notice, Election & Release or Contract Settlement Agreement documents.

This agreement includes instructions from the TPA, Plan Sponsor, Plan Administrator, and/or Contractholder. The Contractholder and TPA will indemnify and hold harmless AUL for all claims, losses, liabilities and expenses, including legal fees and expenses, resulting from any action taken or not taken by AUL in good faith in accordance with this agreement.

Preliminary Agreement for the Group Annuity Contract

- (1) Upon the date a contribution is made to the Contract following the Proposed Contractholder's receipt of the Contract (but no earlier than 60 days after the Contract Date of Issue), if AUL does not receive a signed acceptance of the Contract at its Corporate Office by that date, the Proposed Contractholder shall be deemed to have accepted the Contract and any accompanying amendment to the Contract by the making of such contribution. The Contract and any accompanying amendment shall be effective as of the effective dates shown on the Contract and amendment.
- (2) If the Contract is not accepted or deemed accepted, and if the Proposed Contractholder notifies AUL at its Corporate Office in writing that it will not accept the Contract, the following amount shall be paid in a single sum to the Proposed Contractholder on a mutually agreed-upon date: any contributions to the Contract which have been allocated to AUL's general asset account, plus interest credited thereon as determined pursuant to the Contract, which remain in AUL's general asset account as of such date of payment. AUL shall make such payment only upon receipt at its Corporate Office of a proper form signed by the Proposed Contractholder and, if applicable, by the employer sponsoring the retirement plan for which the Contract is to be a funding vehicle, releasing AUL, its agents, and its employees from any and all liability arising out of such payment by AUL.
- (3) This Preliminary Agreement shall terminate when:
 - (A) the signed Contract acceptance is received by AUL at its Corporate Office; or
 - (B) the Contract is deemed accepted under Section (1) above; or
 - (C) payment is made by AUL pursuant to Section (2) above.

Electronic Contribution Processing and Employee Data Gathering

The Employer/Plan Sponsor/TPA has elected to send contributions and employee information electronically using tools provided by AUL. The Employer/Plan Sponsor agrees to allow AUL to debit its checking account for the allocable contribution amount shown on each of its contribution listings submitted to AUL. Additionally, the Employer/Plan Sponsor/TPA agrees that AUL can rely on information provided through the electronic data transmission vehicles. To establish electronic data transmission accounts, you must first complete an Electronic Data Transmission Account Profile available from AUL.

Fiduciary Acceptance

Any reference to Contractholder in this Application, Acceptance, and Agreement should be read as Proposed Contractholder until the applied-for group annuity contract goes into effect.

I, the undersigned, as TPA/Plan Administrator of the _____ Plan ("Plan"), hereby appoints AUL as the TPA/Plan Administrator's agent for the sole purpose of executing the Plan's investment instructions through the OneAmerica TeleServe® and Account Services systems. It is understood that AUL will execute the Plan's investment instructions received through the OneAmerica TeleServe® and Account Services systems effective as of the close of business on the valuation date, as referenced in your contract, in which AUL receives the request. It is further understood that AUL has no direction or authority to alter or decline to execute any Plan's investment instructions received through the OneAmerica TeleServe® or Account Services systems, unless such instructions are impossible to execute. If any such instructions are impossible to execute, AUL will so notify the TPA/Plan Administrator before the instructions are accepted by OneAmerica TeleServe® or Account Services. All investment instructions received and executed through the OneAmerica TeleServe® or Account Services system will be confirmed in writing to the TPA/Plan Administrator within ten business days.

The Contractholder, TPA/Plan Administrator, and AUL hereby agree by signing below, that they will be bound by the terms of this Application, Acceptance, and Agreement as of the date of AUL's acceptance. The terms of the Preliminary Agreement are superseded by the terms of the applied-for Contract as issued by AUL, and the Contract is accepted or is deemed accepted under the provisions of the Preliminary Agreement. If an amendment accompanies the issued contract, the Contractholder must sign and date the amendment and return a copy to AUL.

Electronic acceptance of this Application, Acceptance, and Agreement by AUL, Indianapolis, Indiana indicates that AUL has reviewed its contents along with all other required materials and has accepted its terms, and is equivalent to AUL's written signature.

NON-REGISTERED FIXED ANNUITY OFFERING REPRESENTATION
(For governmental applicants with an HRA or a GASB 45 OPEB Plan)

The undersigned Employer and Trustee(s) understand that American United Life Insurance Company (AUL), in reliance on the following representations and warranties, will offer a non-registered fixed annuity contract to the Employee Benefit Trust or the VEBA Trust entered into by and between the Employer and the Trustee, dated _____, in connection with certain benefit plans offered by the Employer for the exclusive benefit of its employees. Such offer is based upon the governmental plan exception to securities registration under Section 3(a)(2) of the Securities Act of 1933.

REPRESENTATIONS AND WARRANTIES

EMPLOYER

The Employer hereby represents and warrants that:

- (1) the Employer is a State, or political subdivision of a State, or agency or instrumentality of a State or political subdivision, within the meaning of Section 414(d) of the Internal Revenue Code of 1986 ("Code");
- (2) the Employer has authority under applicable State laws and regulations to enter into, maintain, and establish said Employee Benefit Trust or VEBA Trust (and benefit plan(s) thereunder);
- (3) any contributions to the Trust shall be made exclusively by the Employer or its employees and be held for the exclusive benefit of the employees;
- (4) the Employee Benefit Trust is exempt from taxes under Code Section 115, or the VEBA Trust is exempt from taxes under Code Section 501(c)(9); and
- (5) the Employee Benefit Trust or the VEBA Trust (and benefit plan(s) thereunder) is a governmental plan as defined in Code Section 414(d), established for the exclusive benefit of the employees of the Employer.

TRUSTEE

The Trustee hereby represents and warrants that:

- (1) the Employee Benefit Trust or the VEBA Trust was established to secure and hold funds to be contributed by the Employer under certain benefit plans sponsored by the Employer;
- (2) the Trust assets will be held for the exclusive benefit of the Employer's employees, and no portion of the corpus or income of the Trust will revert to the Employer or otherwise divert to third parties, except to pay for reasonable administrative expenses incurred by the Trust;
- (3) the Employee Benefit Trust is exempt from taxes under Code Section 115, or the VEBA Trust is exempt from taxes under Code Section 501(c)(9); and
- (4) the Employee Benefit Trust or the VEBA Trust (and benefit plan(s) thereunder) is a governmental plan as defined in Code Section 414(d), established for the exclusive benefit of the employees of the Employer.

IN WITNESS WHEREOF, the undersigned have executed this Representation on the signature page below, on the date(s) set forth on the signature page below.

Application for, and Acceptance of, the Contract:**APPLICATION TO THE AMERICAN UNITED LIFE INSURANCE COMPANY FOR
A GROUP ANNUITY CONTRACT**

_____ (hereinafter called the Applicant) hereby applies for Group Annuity Contract Number G _____. This application is made a part of said contract, which is hereby approved and its provisions and conditions accepted. This application is executed in duplicate, one counterpart being attached to said contract, and the other being returned to American United Life Insurance Company. It is agreed that this application supersedes any previous application for said contract.

STATE NOTIFICATION

All states excluding those states listed below: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

In Colorado, any person who knowingly provides false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company commits a crime. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

In Florida, any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

In Louisiana, Pennsylvania, and Tennessee, any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

In Maine and Washington, any person who knowingly provides false, incomplete or misleading information to an insurance company for the purpose of defrauding the company commits a crime. Penalties may include imprisonment, fines or denial of insurance benefits.

In New Jersey and Virginia, any person who includes any false or misleading information on any application for an insurance policy is subject to criminal and civil penalties.

In Florida: Does this group annuity contract replace any existing group annuity contract?

_____ Yes _____ No

If yes, submit any required replacement forms.

By signing and completing the information below, the following parties hereby agree to this Unallocated Contract Application, Acceptance, and New Business Agreement.

Dated at _____ on _____

APPLICANT/PROPOSED CONTRACTHOLDER/PLAN FIDUCIARY

Signature: _____
Printed Name: _____
Title: _____
Date: _____

AUL RETIREMENT SERVICES OFFICER

Signature: _____
Printed Name: _____
Title: _____
Date: _____

TPA/PLAN ADMINISTRATOR

Signature: _____
Printed Name: _____
Title: _____
Date: _____

SOLICITING PRODUCER

Signature: _____
Printed Name: _____
Title: _____
Date: _____

Florida License ID No. (for Florida Applications)

ID No. _____

For governmental employers applying for a fixed group annuity contract to be used with an HRA or a GASB 45 OPEB Plan, by signing and completing the information below, the following parties hereby agree to the "Non-Registered Fixed Annuity Offering Representation" above.

"EMPLOYER" (with respect to Employer representations only)

Dated: _____

By: _____

TRUSTEE(S) (with respect to Trustee representations only)

Dated: _____

By: _____

Name: _____

Dated: _____

By: _____

Name: _____

Dated: _____

By: _____

Name: _____