

Document title:

# **Progress Energy Accidental Death & Dismemberment Insurance Plan**

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**HRI-SUBS-00014**

Applies to: Eligible employees of Progress Energy Carolinas, Inc.; Progress Energy Florida, Inc. (non-bargaining unit employees); Progress Energy Service Company, LLC

Keywords: human resources information; benefits booklets

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Accidental Death and Dismemberment Insurance Plan  
Progress Energy, Inc.  
Summary Plan Description  
Employer Identification No. 56-2155481, Plan No. 525  
Effective January 1, 2009

This booklet is a Summary Plan Description (SPD) for the Progress Energy Accidental Death and Dismemberment Insurance Plan (the "Plan"). The Plan is sponsored by Progress Energy, Inc. and provides information on the following options:

- Employee Accidental Death & Dismemberment (AD&D) insurance
- Dependent Accidental Death & Dismemberment (AD&D) insurance

This Plan is sponsored by Progress Energy, Inc. and is available only to eligible non-bargaining employees of Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., and Progress Energy Service Company, LLC, (participating subsidiaries of Progress Energy, Inc.).

If there are any inconsistencies between this booklet and the insurance contract, the terms and conditions of the contract will govern. In no case does this document imply or guarantee any right of future employment.

The Plan Sponsor reserves the right to amend or terminate the Plan or any Plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

## **Reference Form**

FRM-SUBS-00298 Choice Benefits Change Form

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**The Prudential Insurance Company of America**  
**Newark, New Jersey**

has issued Contract LG-24541-NC  
Progress Energy Accidental Death and Dismemberment Insurance Plan  
(Employee and Dependent coverage, herein called the Plan) to

**Progress Energy, Inc.**  
**Raleigh, North Carolina**

The Plan provides benefits as described on the following pages for certain groups of Plan participants and eligible dependents covered under the Plan. This booklet summarizes the principal provisions of the Plan. The Accidental Death and Dismemberment and Business Travel Accident benefits and provisions described in the following pages are subject in all respects to the terms and conditions of the insurance contract between The Prudential Insurance Company of America and Progress Energy, Inc.

**Eligibility**

The Plan covers employees and their dependents who meet the eligibility requirements specified herein and who are employed by a participating subsidiary. A subsidiary is a participating subsidiary if it is within Progress Energy's controlled group and if it, with the approval of Progress Energy, Inc., has elected by action of its Board of Directors to participate in this Plan. The term "controlled group" shall mean the group of companies as defined in Section 1563(a) of the Internal Revenue Code (the "Code"). A participating subsidiary may only participate in the Plan for so long as it is a member of Progress Energy's controlled group. A participating subsidiary may elect to withdraw from participation in the Plan at any time.

Leased employees as defined in Section 414(n) of the Code and independent contractors are not covered by the Plan.

**New employees**

Regular, full-time non-bargaining employees of Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., and Progress Energy Service Company, LLC (participating subsidiaries of Progress Energy, Inc.) are eligible for employee Accidental Death & Dismemberment (AD&D) insurance coverage on the first day of employment or reclassification to regular, full-time non-bargaining employment status.

**Dependents**

If you are eligible for employee AD&D coverage, you may elect dependent AD&D coverage on your spouse or domestic partner and eligible children. Eligible dependents for the dependent AD&D options are:

- Your spouse or domestic partner <sup>1</sup>
- Unmarried children under age 19 who:
  - Are your biological children and are mainly supported<sup>2</sup> by you, regardless of whether or not they live with you; or
  - Live with you, have been placed with you for legal adoption, whether or not the adoption has become final, and are mainly supported<sup>2</sup> by you or your spouse or domestic partner; or
  - Live with you, are your stepchildren or domestic partner's children, are mainly supported<sup>2</sup> by you or your spouse or domestic partner, and you and/or your spouse or domestic partner is responsible to provide the type of coverage available under this Plan<sup>3</sup> and your spouse or domestic partner does not have employer-sponsored coverage available; or
  - Live with you, are your foster children, are mainly supported<sup>2</sup> by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan<sup>3</sup>; or
  - Live with you, are your ward under a legal guardianship appointment or for whom you have legal custody under a valid court decree, are mainly supported<sup>2</sup> by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan<sup>3</sup>; or
  - Are your or your spouse's or domestic partner's biological or adopted children who meet the following requirements:
    - receive over one-half of their support<sup>2</sup> during the year from you, your spouse or domestic partner, or the child's parent from whom you or your spouse are divorced or legally separated; and
    - live for more than one-half of the year with you, your spouse or domestic partner, or the child's parent from whom you or your spouse or your domestic partner is divorced or legally separated; and
    - you or your spouse or domestic partner are required by a legal separation agreement, divorce decree, qualified medical child support order, or court order to be legally responsible to provide the type of coverage available under this Plan<sup>3</sup>; and
    - if applicable, your stepchild's parent (who is your spouse or your domestic partner) does not have employer-sponsored coverage available.

- Your unmarried children under age 25, who are mainly supported<sup>2</sup> by you or your spouse or domestic partner, who are full-time students<sup>4</sup> in an accredited/licensed school, college, or university (you may be required to furnish proof of your dependent’s student status to the benefits administrator twice a year). Under no circumstances will an individual taking courses through a correspondence school be considered a full-time student.
- Your unmarried children (regardless of age<sup>5</sup>):
  - Who are incapable of self-support because of mental retardation or physical disability, provided they
  - became disabled on or before age 19 (or before age 25 for full-time students), and
  - Who either live with you or live in a long-term care facility and are mainly dependent upon you or your spouse or domestic partner for support and care, and
  - for whom you can provide proof of their incapacity, residency, and dependency.

<sup>1</sup>Your domestic partner is eligible only if you both satisfy the criteria described in the Declaration of Domestic Partner Relationship and have submitted a Declaration of Domestic Partner Relationship to the Employee Service Center. The *Guide to Benefits for Domestic Partners* and forms are available through ProgressNet or the Employee Service Center at 1-800-546-5705 or [employee.service@pgnmail.com](mailto:employee.service@pgnmail.com)). **Your divorced spouse may not be covered under this Plan unless the two of you remarry; likewise, your former domestic partner may not be covered unless you re-establish a domestic partner relationship with this individual.**

<sup>2</sup>To determine if you provide more than half of a child’s support, you must first determine the total support provided for that child. Total support includes amounts spent to provide food, lodging, clothing, education, medical and dental care, recreation, transportation and similar necessities.

<sup>3</sup>You may be required to sign an affidavit attesting to the fact that you are responsible to provide the type of coverage available under this Plan.

<sup>4</sup>Children who are full-time students, as defined by the school they attend, continue to be eligible for coverage during semester breaks and absences due to illness or injury for up to 120 days. To continue coverage beyond the 120 days due to illness or injury, documentation of the need for the absence and satisfactory evidence of intent to return to full-time attendance must be submitted to the Employee Service Center for consideration.

<sup>5</sup>For children who are disabled, you must notify the Employee Service Center and provide the necessary documentation.

Under no circumstances can a child or spouse or domestic partner be eligible for Dependent coverage if he or she is on active duty in the armed forces.

**Note: Employees who cover ineligible dependents are in violation of the Company’s Code of Ethics and may be subject to disciplinary action up to and including termination of employment. They may also be required to pay damages and costs to the Company, including any benefit payments made with respect to an ineligible dependent.**

*Employment of both spouses or domestic partners*

**You cannot elect spouse or domestic partner coverage if both you and your spouse or domestic partner is employed by a participating subsidiary of Progress Energy, Inc. In addition, only one of you can elect to cover your dependent children. These restrictions also apply if your spouse or domestic partner is a bargaining unit employee of Progress Energy Florida, Inc.**

**Leaves of absence**

If you make the required contributions, you may continue AD&D coverage on yourself and your eligible dependents while you are on a leave as permitted in the Employee Handbook for:

- Newborn care
- Adoption/foster care
- Any other absence that qualifies under the Family and Medical Leave Act
- Military service
- Long-term disability

### **New employee enrollment**

As a regular, full-time non-bargaining employee you are automatically covered under the \$50,000 Basic AD&D option effective on your hire date or date reclassified to regular, full-time non-bargaining employee status. You must enroll through ProgressNet or submit an enrollment form to the Employee Service Center within 30 days of hire or reclassification date to elect optional employee coverage. If you elect optional coverage, the coverage will be effective on the date your form is signed (or the date of enrollment through ProgressNet). If you are absent due to illness or injury on the day the coverage is scheduled to begin, coverage will become effective when you return to work on a regular, full-time basis.

You must also submit an enrollment form to the Employee Service Center or enroll through ProgressNet within 30 days of employment or reclassification date to cover your spouse or domestic partner and children.

### **Changing your elections**

The AD&D options you elect as a new employee will be in effect for the remainder of the calendar year, and you cannot change your coverage until annual enrollment unless you have a qualifying change in your family or employment status.

### *Annual benefits enrollment*

You may change your AD&D elections each year during annual benefits enrollment. Proof of good health is not required to increase coverage under the employee or dependent options. Elections made during annual benefits enrollment are effective January 1 through December 31 of the upcoming year. If you are absent due to illness or injury on the day your employee coverage is scheduled to increase, the increase will be effective when you return to work on a regular, full-time basis.

### *Qualifying events*

If you have a qualifying change in your family or employment status during the year, you may be able to change your coverage at that time. Some qualifying events are:

- Your marriage or fulfillment of all Progress Energy domestic partner relationship requirements
- Legal separation, annulment, divorce or termination of domestic partner relationship
- Birth, adoption or placement for adoption, or change in custody of your child
- Death of your spouse or domestic partner or other dependent
- Your child loses or regains dependent status (including a dependent child who is no longer a full-time student, or who returns to school or college as a full-time student)
- You or your spouse or domestic partner take or return from an unpaid leave of absence
- Your spouse's/domestic partner's employer conducts open enrollment and your spouse or domestic partner changes his or her benefit elections
- You, your spouse or domestic partner, or dependent changes from part-time to full-time employment or from full-time to part-time employment
- Your spouse or domestic partner or dependent becomes employed or unemployed

You must complete a Choice Benefits Change Form (FRM-SUBS-00011) within 30 days of the event if you have a qualifying change in your family or employment status and want to change any of your AD&D elections. If the change form is submitted within 30 days of the qualifying change, the new election will be effective as of the date the change form is signed. If the Employee Service Center does not receive your change form within 30 days of the qualifying event, you cannot change your elections until the next annual benefits enrollment. However, if the qualifying event is due to loss of dependent status (e.g., divorce or a child who is no longer a full-time student or who exceeds the maximum age), the termination of coverage will be effective on the date of the qualifying event. ***All changes must be consistent with the qualifying event.***

Accidental Death and Dismemberment (AD&D) coverage provides a benefit if you or an eligible dependent die or are seriously injured in a covered accident. You may choose from several levels of AD&D coverage for yourself, your spouse or domestic partner, and your children. There are no pre-existing condition limitations for AD&D coverage and proof of good health is not required.

**AD&D options**

You may choose from the following options:

<b>Employee</b>	<b>Spouse or domestic partner</b>	<b>Children</b>
Basic Coverage of \$50,000 (fully paid by Progress Energy)	No Coverage \$ 10,000 \$ 25,000 \$ 50,000	No Coverage \$ 10,000 \$ 25,000 \$ 50,000
Optional Coverage (employee paid)	\$ 100,000 \$ 200,000 \$ 300,000 \$ 400,000 \$ 500,000	\$ 100,000
\$ 25,000 + Basic    \$500,000 + Basic		
\$ 50,000 + Basic    \$600,000 + Basic		
\$100,000 + Basic    \$700,000 + Basic		
\$200,000 + Basic    \$800,000 + Basic		
\$300,000 + Basic    \$900,000 + Basic		
\$400,000 + Basic    \$1,000,000 + Basic		
Business Travel Accident Coverage of \$250,000 (fully paid by Progress Energy)	No Coverage	No Coverage

**Cost**

Your employer pays the full cost of the \$50,000 Basic Employee AD&D coverage and Business Travel Accident coverage. You pay the full cost of the Optional Coverage.

You pay the full cost of coverage for your spouse or domestic partner and children. The child option you elect will cover each of your eligible children. The cost will be the same no matter how many children you have.

Payroll deductions for employee and dependent AD&D coverage are taken on a before-tax basis. For new employees, deductions will begin with the paycheck following processing of the enrollment form.

Please note that AD&D premiums for your domestic partner or your domestic partner's eligible children are taken on an after-tax basis. Please see the Guide to Benefits for Domestic Partner for additional information.

Accidental Death and Dismemberment coverage is provided 24 hours a day 365 days a year. It includes covered accidents occurring on or off the job or while traveling by train, airplane, automobile, or other public or private transportation. The benefits provided are payable in addition to any other individual or group insurance that may be in effect at the time of the accident.

**Schedule of benefits**

The Plan pays a percentage of the amount of coverage elected when a covered loss is incurred. No more than 100% of your amount of insurance under this coverage will be paid if more than one loss results from injuries sustained in a single accident. The loss must occur within 365 days of the accident.

"Loss" means, with regard to hands and feet, the actual severance through or above the wrist or ankle joint; with regard to eyes, speech, or hearing, entire and irrecoverable loss of sight, speech, or hearing; with regard to thumb and index finger, actual severance through or above metacarpophalangeal joints; with regard to paralysis (quadriplegia, paraplegia, hemiplegia), the complete and irreversible loss of the use of such limbs; with regard to a coma, a profound state of unconsciousness from which you cannot be aroused, even by powerful stimulation, as determined by your physician.

<b>Loss of</b>	<b>Benefit payable (% of insured amount)</b>
Life	100%
Both hands or both feet Sight in both eyes One hand and one foot One hand or one foot and sight of one eye Speech and hearing in both ears Quadriplegia (total and irreversible paralysis of all four limbs)	100%
Paraplegia (total and irreversible paralysis of both lower limbs)	75%
One hand or one foot Sight of one eye Speech Hearing in both ears Hemiplegia (total and irreversible paralysis of arm and leg on the same side of the body)	50%
Thumb and index finger same hand	25%
Coma (profound state of unconsciousness from which you cannot be aroused, even by powerful stimulation, as determined by your physician)	1% up to 11 months

**Exclusions**

The Plan will not pay if the loss is caused by the following:

- Intentionally self-inflicted injuries
- Suicide, or an attempt to commit suicide, while sane or insane
- Sickness, whether the loss results directly or indirectly from the sickness
- Medical or surgical treatment of sickness, whether the loss results directly or indirectly from the treatment
- Any infection from an accidental cut or wound, but this does not include:
  - A pyogenic infection resulting from an accidental cut or wound
  - A bacterial infection resulting from accidental ingestion of a contaminated substance
- Travel or flight in any vehicle used for aerial navigation. This includes getting in, out, on or off any such vehicle. This applies only if you are riding as a passenger in any aircraft not intended or licensed for the transportation of passengers.

- Being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a doctor
- War, or any act of war (declared or undeclared) and includes resistance to armed aggression
- An accident that occurs while a covered individual is serving on full-time active duty for more than 30 days in any armed forces (does not include Reserve or National Guard active duty for training)
- Commission of or attempt to commit a felony
- Participation in these hazardous sports: scuba diving, bungee jumping, skydiving, parachuting, hang gliding or ballooning

### **Additional Benefits**

#### **Seat belt**

An additional benefit will be payable for loss of life as a result of an accident in a four-wheel vehicle while using a seat belt (unaltered lap restraint or lap and shoulder restraint). The amount payable will be equal to the lesser of 10% of your amount of insurance or \$20,000.

Verification that the seat belt or lap and shoulder restraint was in use and properly fastened at the time of loss is required by an official report of the accident through certification by the investigating officers.

#### **Supplemental restraint (air bag) system**

An additional benefit will be payable for loss of life as a result of an accident in a four-wheel vehicle equipped with a factory-installed supplemental restraint system. For the air bag benefit to be payable the person who incurs the loss must have been sitting in a seat protected by an air bag. A supplemental restraint system is defined as an air bag system intended to add protection to the head and chest areas. The amount payable will be equal to the lesser of 10% of your amount of insurance or \$20,000.

Verification that the supplemental restraint system was installed and active and that the seat belt or lap and shoulder restraint was in use and properly fastened at the time of loss is required by an official report of the accident through certification by the investigating officers.

*Losses not covered under the seat belt and supplemental restraint (air bag) system additional benefit:* A loss is not covered under this additional benefit if it results from driving or riding in any four wheel vehicle used in a race or a speed or endurance test, or for acrobatic or stunt driving.

#### **Return of remains**

The additional benefit for return of remains only applies if there is a loss of life and such loss occurs outside a 150-mile radius of home. It is payable for covered expenses incurred to return the body home to the United States or Canada. Covered expenses include embalming, cremation, a coffin, and transportation of the remains. The amount payable for return of the remains is the lesser of \$2,500 or the actual expense.

#### **Felonious assault**

The insured amount is increased by 5% of the insured coverage amount for a covered loss sustained by an employee as a result of a felonious assault, whether on or off the job. The term "felonious assault" is defined as a physical attack by another person resulting in bodily harm to you. Felonious assaults do not include moving violations as defined under the applicable state motor vehicle laws.

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**Spouse or domestic partner training**

Upon your death, a training benefit is payable for your covered spouse or domestic partner for a professional or trades training program if your spouse or domestic partner enrolls within 30 months after the date of your death. The training must be for the purpose of obtaining an independent source of support or enriching your spouse's/domestic partner's ability to earn a living. Proof of enrollment must be provided to the Claims Administrator/Insurance Company. The amount of this benefit will be the lesser of:

- \$25,000; or
- 10% of the employee's insured amount; or
- the actual tuition (excluding room and board).

**Child education**

If an employee dies within 365 days of a covered accident, a special education benefit is payable for each eligible dependent child equal to the lesser of:

- \$25,000; or
- 10% of the employee's insured amount; or
- actual annual tuition (excluding room and board).

This special education benefit is payable annually for up to four consecutive years to any covered child who is eligible for this benefit (up to age 23 if a full-time student in an accredited school).

A covered child is eligible for the special education benefit if the dependent is enrolled at the time of the accidental death as a full-time student in any institution of higher learning beyond the 12th grade or is in the 12th grade and enrolls as a full-time student in an institution of higher learning within 365 days following the accidental death.

If the employee had child coverage at the time of the accident but did not have a covered child who was eligible for the special education benefit at the time of death, an additional \$1,000 will be payable to the beneficiary.

**Day care benefit**

If an injury sustained by an employee or covered spouse or domestic partner results in death within 365 days of the date of accident, a day care benefit for each covered eligible dependent child under the age of seven will be paid. A dependent child is eligible if he or she is enrolled in a licensed day care facility within 90 days from the date of the accidental death. Proof of enrollment must be provided to the Claims Administrator/Insurance Company. Payment will be equal to the lesser of:

- 5% of the insured amount per year; or
- \$7,500 annually; or
- the actual annual cost

The day care benefit will be paid each year for four consecutive years, but not beyond the date the child reaches age seven.

An additional \$2,000 will be payable to the beneficiary if the employee had child coverage at the time of the accident but did not have a covered child eligible for this benefit at the time of death.

**Survivor's benefit (Critical Period Payments)**

If the employee dies as a result of a covered accident and has elected dependent accident coverage, the surviving spouse or domestic partner or surviving children, if any, will receive 1/2% of the applicable insured amount each month for twelve consecutive months following the employee's death.

**Enhanced benefit for children**

If an insured dependent child sustains a covered loss, other than loss of life, an additional amount will be added to the amount payable for the loss so that the total amount payable equals the amount that would be payable for the child's loss of life, but not more than \$50,000.

**Escalator clause**

The loss of life benefit is increased at a biennial rate of 3% to a maximum of 15%. The first increase will become effective on the second anniversary of enrollment, with future increases on the same day every second year thereafter.

**Common disaster**

If the employee and covered spouse or domestic partner both die as the result of injuries from the same accident and within 365 days of the accident, the spouse's/domestic partner's loss of life benefit will be increased to equal the amount of the employee's loss of life benefit, under the Optional AD&D coverage.

**Europ Assistance USA (EA)**

Through Europ Assistance USA, employees and their dependents have access on a 24-hour basis to a full range of professional, qualified personal assistance services if they need emergency medical or legal help while traveling 100 miles or more away from home or in another country. The services may be used for travel both on and off the job.

If you need emergency medical or legal assistance while traveling abroad, or if you are more than 100 miles from home within the United States, call 1-800-368-7878 (toll-free). **You should tell the representative you are covered through Progress Energy, contract number 24541, membership number 036.**

For a brochure about this program, click [here](#).

Europ Assistance USA provides the following services:

- Emergency Medical Assistance
- Emergency Travel Assistance
- Pre-Trip Information

These services are described below:

*Emergency Medical Assistance*

• Medical Referral/Medical Monitoring

When EA is notified of a medical emergency resulting from an accident or sickness of an employee, its medical staff will attempt to establish communication with local attending medical personnel in order to attempt to obtain a full understanding of the employee's situation and to monitor his or her condition. In addition, EA will continue to monitor the status of the employee's case by telephone through contacts with attending medical personnel and will remain in communication with the employee and the employee's family.

Upon request, EA will use its best efforts to provide the name, address and telephone number of physicians (including both general practitioners and specialists), hospitals, dentists, and dental clinics in the area in which the employee is traveling.

EA will not be responsible for determining the appropriate medical specialty for handling the employee's particular problem, nor for providing medical diagnosis or treatment. EA cannot guarantee the quality of the medical service provider or the medical facility and the final selection of a medical service provider or medical facility shall be the responsibility of the employee.

• Guarantee of Medical Expenses

In order to avoid out-of-pocket expenses for an employee, EA will deal directly with the billing department of the medical provider and attempt to arrange for the bills to be sent to the appropriate insurance carrier. If treatment or discharge is being denied without a deposit, EA will arrange for the deposit by debiting a credit card or receiving a bank wire from either the employee or his or her family.

- Medically Necessary Evacuation/Repatriation

In the event of a medical emergency, when a physician designated by EA in consultation with a local attending physician determines that it is medically necessary for an employee to be transported under medical supervision to the nearest hospital or treatment facility or be repatriated to his/her place of residence for treatment, EA will arrange for the transport under proper medical supervision.

All decisions as to the medical need for evacuation and/or repatriation, the means and/or timing of any evacuation, the medical equipment and the medical personnel to be used and the final destination are medical decisions which will be made by physicians designated by EA in consultation with a local attending physician based on medical factors. Their decisions shall be conclusive in determining the need for such services.

- Repatriation of Remains

In the event an employee dies while traveling, EA will arrange for all necessary government authorizations, for a container appropriate for transportation, and for the return of the remains to the employee's place of residence for burial.

- Return of Dependent Children

If an eligible employee, traveling alone with his or her children, is hospitalized and as a result they are left unattended, EA will arrange for their return home with an appropriate escort, if necessary. Dependent children must be under the age of 18. If the children have return tickets, EA will have the tickets changed.

- Return of Traveling Companion

If an eligible employee's traveling companion loses previously made travel arrangements due to a delay caused by the employee's medical emergency, EA will arrange for the traveling companion's travel arrangements by the most direct route to the companion's destination.

- Visit by a Family Member or Friend

If the eligible employee is traveling alone and must be hospitalized for more than seven consecutive days, EA will arrange transportation for a member of the employee's immediate family or a friend designated by the employee from his or her home to the place where the employee is hospitalized.

- Return of Vehicle

In the event an eligible employee becomes ill or injured and cannot continue his or her trip in his or her vehicle and there is no other driver available, EA will arrange for transportation of the vehicle to the nearest appropriate rental agency or place of residence.

- Prescription Assistance

Should an eligible employee have an unexpected need for prescription medication or eyeglasses while traveling or if an eligible employee loses, forgets, or uses all of his or her prescription medication, EA will attempt to locate the medication locally. Additionally, EA will arrange for the prescription or eyeglasses to be delivered or obtained by the employee.

*Emergency Travel Assistance*

- Emergency Message Relay

Eligible employees may send and receive emergency messages toll-free 24 hours a day through the EA Customer Service Center. This service is staffed by multilingual professionals and is available to employees for contact with relatives, friends and business associates. This service offers unlimited usage as long as messages are related directly to an emergency situation.

- Emergency Travel Arrangements  
EA will make new reservations for airlines, hotels, and other travel services in the event of an emergency or need for an eligible employee and dependents to return home prior to the scheduled date.
- Emergency Cash  
EA will advance up to \$250 in emergency funds to eligible employees with **satisfactory guarantee of reimbursement**. A satisfactory guarantee of reimbursement is the ability to debit an eligible employee's card and then arrange for the delivery of the advance.
- Legal Assistance/Bail  
EA will assist employees in the location of local attorneys and will advance up to \$5,000 in bail funds, where permitted by law, with satisfactory guarantee of reimbursement. A satisfactory guarantee of reimbursement is the ability to debit an eligible employee's card and then arrange for the delivery of the advance.
- Location of Lost Items  
EA will assist employees in the location of lost documents and personal items. Airlines, government authorities and credit card issuers are among those who will be contacted, if necessary.
- Interpretation/Translation  
The multilingual staff at the EA Customer Service Center in Washington, D.C. will assist employees with foreign language and interpretation problems over the telephone.

*Pre-Trip Information*

The following services are available to eligible employees prior to departure or while traveling.

- Visa, Passport and Inoculation Requirements  
EA will provide information concerning Visa, inoculation, passport or immunization requirements of the foreign countries in which eligible employees will be traveling.
- Cultural Information  
EA will provide information concerning cultural information and other events, if available, in the areas in which the eligible employee is traveling.
- Temperature and Weather Conditions  
EA will provide eligible employees with weather forecasts and temperatures for major cities around the world as well as domestic and international ski condition reports for major ski areas, if available.
- Embassy and Consular Referrals  
EA will provide eligible employees with the address and telephone number of the nearest Consulate or Embassy, as appropriate.
- Foreign Exchange Rates  
EA will provide information of foreign exchange rates between the US dollar and most major currencies. The rates are updated Monday through Friday and may vary slightly from rates posted by local financial institutions. The rates provided by EA are meant as general guidelines.
- Travel Advisories  
When requested, EA will provide travel advisories to eligible employees as the U. S. Department of State updates them, if available.

**Business Travel Accident Insurance**

Regular, full-time and regular, part-time non-bargaining employees are covered by Business Travel Accident (accidental death and dismemberment) insurance while on Company business working outside their regular work territory. This coverage includes traveling from home to the Company business destination and returning home. Business Travel does not include commuting between your home and your regular place of work. Progress Energy pays the full cost of coverage for you.

**Coverage Amount**

The benefit is determined based on the type of loss you experience within one year of a covered accident, as per the following schedule of benefits.

If, within one year from the date of an accident covered by the Plan, you experience a loss as listed below, the Claims Administrator/Insurance Company will pay the applicable benefit shown below. If you sustain more than one such loss as the result of one accident, only the largest benefit amount will be paid. This amount will not exceed \$250,000.

Loss	Benefit Amount
Loss of Life	\$250,000
Loss of Both Hands	\$250,000
Loss of Both Feet	\$250,000
Loss of Entire Sight of Both Eyes	\$250,000
Loss of One Hand and One Foot	\$250,000
Loss of One Hand and Entire sight of One Eye	\$250,000
Loss of One Foot and Entire Sight of One Eye	\$250,000
Loss of Speech and Hearing (both ears)	\$250,000
Loss of One Hand	\$125,000
Loss of One Foot	\$125,000
Loss of Entire Sight of One Eye	\$125,000
Loss of Speech	\$125,000
Loss of Hearing (both ears)	\$125,000
Loss of Thumb and index Finger of the Same Hand	\$ 62,500

Loss of a hand or foot means complete severance through or above the wrist or ankle joint. Loss of sight means the total, permanent loss of sight of the eye. The loss of sight must be unrecoverable by natural, surgical or artificial means. Loss of a thumb and index finger means complete severance through or above the metacarpophalangeal joints (the joints between the fingers and the hand).

**Beneficiary Designation**

Unless the Employee Service Center is notified in writing, the beneficiary of the accidental death provision of the Business Travel Accident insurance policy will be the same as the employee's designated Basic Employee Life Insurance beneficiary. Part-time employees may contact the Employee Service Center to name a beneficiary. However, if no beneficiary is named, benefits will be paid in the order shown:

- Spouse
- Child(ren) in equal shares
- Parents in equal shares
- Brothers and sisters in equal shares
- Estate

If you have Optional coverage, you can name the same or different beneficiaries for optional and Basic coverage.

**Exclusions**

Some exclusions or limitations apply. Benefits will not be paid for an insured's loss which:

- (1) is caused by or results from the insured's own:
  - (a) intentionally self-inflicted injury, suicide or any attempted suicide;
  - (b) voluntary intoxication, self-administration of any drug or chemical substance not prescribed by, and taken according to the directions of a doctor (accidental ingestion of a poisonous substance is not excluded);
  - (c) participation in a riot or insurrection;
  - (d) engaging in any illegal or criminal enterprise or activity;
  
- (2) is caused by or results from:
  - (a) declared or undeclared war or act of war;
  - (b) an act of terrorism;
  - (c) an accident which occurs while the insured is on active duty service in any Armed Forces. (Reserve or National Guard active duty for training is not excluded unless it extends beyond 30 days.);
  - (d) aviation, except as specifically provided in the Plan;
  - (e) sickness, disease, bodily or mental infirmity or medical or surgical treatment thereof, bacterial or viral infection, regardless of how contracted. This does not include bacterial infection that is the natural and foreseeable result of an accidental cut or wound or accidental food poisoning.
  - (f) nuclear reaction or the release of nuclear energy. However, this exclusion will not apply if the loss is sustained within 180 days of the initial incident and: (i) the loss was caused by fire, heat, explosion or other physical trauma which was a result of the release of nuclear energy; and (ii) the covered person was within a 25-mile radius of the site of the release either:
    - 1) at the time of the release; or
    - 2) within 24 hours of the start of the release.
  - (g) Accidental bodily injuries occurring while the insured is flying in any aircraft being used for field or crop dusting or spraying, seeding, fire fighting, sky writing, pipe-line inspection, aerial photography, hunting, exploration, racing or endurance tests, or exhibition stunt flying.

**Aggregate Limits**

Coverage is \$250,000 per employee with an aggregate amount of \$5,000,000. Aggregate Limits of Liability are shown above. The Claims Administrator/Insurance Company will not be liable for any amount over such limit for any one accident under the applicable Plan. If the total amount of benefits to be paid to all covered persons is more than the applicable Aggregate Limit of Liability, the benefit amount payable for a specific covered person's loss under the Plan will be determined as a proportionate share of the Aggregate Limit of Liability.

**Death benefits - employee**

Benefits for employee AD&D and Business Travel Accident coverage will be paid to your designated beneficiary in the event of your death. Your beneficiary for AD&D and Business Travel Accident coverage will be the same as for your employee group life Insurance unless you designate otherwise.

If you name more than one primary beneficiary for employee AD&D coverage, you should designate the fractional benefit (in percentages) to be payable to each. Do not show amounts in dollars. The percentages must add up to 100% for the primary beneficiaries if you name more than one primary beneficiary.

You may also name one or more contingent beneficiaries who would receive the benefits if the primary beneficiary dies before you. The percentages must equal 100% for the contingent beneficiaries if you name more than one contingent beneficiary.

You can name a guardian for a minor as your designated beneficiary under the AD&D Plan as long as the guardianship was legally established prior to the designation. Also you cannot name an individual as the administrator of your estate. You may name as your beneficiary:

- One or more individuals including minors (however, if you name a minor as your beneficiary, proceeds may be held in trust until the beneficiary has reached the age of majority or be paid to a court appointed guardian)
- Your estate
- An endowment or other organization having an official who is appointed to receive and disburse funds
- The administrator of your estate (but not an individual)
- A trustee under a trust agreement

You may change your beneficiary designation at any time. The current beneficiary's consent is not necessary to change the designation. Beneficiary forms should be legible and contain the full name, date of birth, address, and relationship of the beneficiary to you. Show relationship as "non-relative" if the beneficiary is not related to you.

If you die while insured under this Plan and you have not named a beneficiary for your AD&D coverage or your employee life insurance, or if your beneficiary is not alive at the time of your death, benefits under the AD&D Plan may be paid in the order shown:

- Spouse
- Child(ren) in equal shares
- Parents in equal shares
- Brothers and sisters in equal shares
- Estate

**Death benefits - dependent**

The employee is automatically the beneficiary for the dependent AD&D death benefit; however, a beneficiary other than the employee may be designated.

**Dismemberment benefits**

Dismemberment benefits are payable to the employee for both the employee and dependent coverage.

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**Filing a claim**

The beneficiary should notify the Employee Service Center to claim benefits under the Plan. The Employee Service Center will certify coverage under the Plan, request the required documentation from the beneficiary, and file the claim with the Claims Administrator/Insurance Company.

**Examination**

The Claims Administrator/Insurance Company has the right to have a claimant examined, at the Claims Administrator/Insurance Company's expense, as often as reasonably needed while a claim is pending.

**Determination of benefits**

The Claims Administrator/Insurance Company shall notify you of the claim determination within 45 days of the receipt of your claim. This period may be extended by 30 days if such an extension is necessary due to matters beyond the control of the Plan. A written notice of the extension, the reason for the extension and the date by which the Plan expects to decide your claim shall be furnished to you within the initial 45-day period. This period may be extended for an additional 30 days beyond the original 30-day extension if necessary due to matters beyond the control of the Plan. A written notice of the additional extension, the reason for the additional extension and the date by which the Plan expects to decide on your claim shall be furnished to you within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to your failure to submit information necessary to decide the claim, the period for making the benefit determination by the Claims Administrator/Insurance Company/Insurance Company will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from the Claims Administrator/Insurance Company of your denial. The notice will be written in a manner calculated to be understood by you and shall include:

- the specific reason(s) for the denial,
- references to the specific plan provisions on which the benefit determination was based,
- a description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- a description of the Claims Administrator's/Insurance Company's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following your appeals, and
- if the denial was based on an internal rule, guideline, protocol, or similar criterion, the notice will either state it or state that a copy will be provided free of charge.

## **Appeals of adverse determination**

### *First appeal*

If your claim for benefits is denied, you or your representative may appeal your denied claim in writing to the Claims Administrator/Insurance Company within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to and the right to obtain copies of all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file and any new information submitted to support the appeal will be conducted by the Claims Administrator/Insurance Company, utilizing individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

The Claims Administrator/Insurance Company shall make a determination on your claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to an additional 45 days if the determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the Claims Administrator/Insurance Company expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the claim on appeal is denied in whole or in part, you will receive a written notification from the Claims Administrator/Insurance Company of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include:

- the specific reason(s) for the adverse determination,
- references to the specific plan provisions on which the determination was based,
- a statement that you are entitled to receive upon request and free of charge reasonable access to and make copies of all records, documents and other information relevant to your benefit claim upon request,
- a description of the Claims Administrator's/Insurance Company's review procedures and applicable time limits,
- a statement that you have the right to obtain upon request and free of charge, a copy of internal rules or guidelines relied upon in making this determination, and
- a statement describing any appeals procedures offered by the Plan, and your right to bring a civil suit under ERISA.

### *Second appeal*

If the first appeal of your benefit claim is denied in whole or in part, you or your representative may make a second voluntary appeal of your denial in writing to the Claims Administrator/Insurance Company within 180 days of the receipt of the written notice of denial. You may submit with your second appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of all documents, records and information relevant to your claim free of charge.

Upon receipt of a second appeal, the Claims Administrator/Insurance Company will again conduct a full review of the claim file and any additional information submitted. This claim decision will be made by using individuals not involved in the initial benefit determination or in the first appeal.

The Claims Administrator/Insurance Company shall make a determination on your second claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to 45 days if the Claims Administrator/Insurance Company determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date by which the Claims Administrator/Insurance Company expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

Your decision to submit a benefit dispute to this voluntary second level of appeal will have no affect on your right to any other benefits under this Plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the Plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the Plan agrees that any statute of limitations or other defense based on timeliness is tolled during the time that the appeal is pending.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from the Claims Administrator/Insurance Company of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied upon appeal.

**Events requiring termination of coverage**

Employee and dependent accidental death and dismemberment coverage will end when one of the following events occurs:

- You die or terminate employment with a participating subsidiary for any reason including retirement
- You are no longer classified as a regular, full-time non-bargaining employee or long-term disability recipient
- You fail to make the necessary contributions
- The participating subsidiary with which you are employed chooses not to participate in a particular benefit or leaves the controlled group of companies
- Your employment status changes from an employee of a participating subsidiary to Progress Energy Florida, Inc. bargaining unit employee. (*Progress Energy Florida, Inc. bargaining unit employees are eligible for benefits under the FlexPower program.*)
- The master policy is terminated

In addition to the above, spouse or domestic partner and children accidental death and dismemberment coverage will end when the dependent no longer meets the eligibility requirements of the Plan. **Employees who cover ineligible dependents are in violation of the Company's Code of Ethics and may be subject to disciplinary action up to and including termination of employment.**

Benefits will be payable if an individual should die or become dismembered as a result of a covered accident within 31 days of termination of coverage.

**AD&D coverage after your employment is terminated**

Coverage cannot be continued if lost due to retirement.

*Portability option*

The portability option allows you to continue Optional AD&D coverage on yourself and your eligible dependents only **if you elect to continue your employee Optional life insurance coverage**. You will be billed directly by the Claims Administrator/Insurance Company and insurance coverage rates will be based on your age and the corresponding rates at each annual renewal period. Coverage on you and your spouse or domestic partner reduces to 60% when you reach age 65 (e.g., from \$100,000 to \$60,000) to 50% when you reach age 70 (e.g., from \$60,000 to \$50,000), and terminates when you reach age 80.

The following guidelines apply:

- Portability only applies to Optional life and Optional AD&D insurance coverage. Basic Employee Life and AD&D Insurance and Business Travel Accident coverage is not portable since it is fully paid by Progress Energy.
- Dependent Life and AD&D coverage may only be ported if you elect to port your Optional Employee Life Insurance coverage.
- An employee must be actively at work on the day prior to termination of employment.
- A dependent must not be in the hospital or confined to the home on the day prior to termination.
- The minimum amount that may be ported is \$20,000 and the maximum amount is \$500,000 (plus any adjustments due to the escalator clause). You will have the option to continue your existing amount of coverage or elect a lesser amount depending on your needs.
- There is no evidence of insurability requirement for AD&D. If an employee elects Optional coverage and is approved for Optional coverage under the optional life, then additional AD&D coverage may be elected as well.
- Your spouse or domestic partner must be under age 80 and your children must be under age 19 (or under age 23 if full-time students).

**Application forms**

Portability is only applicable upon termination of employment. You can obtain Portability Election forms by contacting the Employee Service Center at 1-800-546-5705.

For portability information, contact Prudential at 800-778-3827.

**Plan identification**

The official name of the Plan is the Progress Energy Accidental Death & Dismemberment Insurance Plan. This Plan is a part of the Progress Energy, Inc. Life, AD&D and Business Travel Accident Plan, Plan number 525. The employer identification number (EIN) issued by the Internal Revenue Service for Progress Energy, Inc. is 56-2155481.

The Plan Sponsor's address is:

Progress Energy, Inc.  
PO Box 1551, PEB 16ESC  
Raleigh, NC 27602-1551

**Costs and funding**

The Plan is fully-insured and partially funded by the Progress Energy Employee Benefits Trust. Premiums for employee AD&D coverage under the Plan are funded in part by the participating subsidiaries and in part by Plan participants. Premiums for dependent AD&D coverage are paid for by contributions from Plan participants. Premiums for Business Travel Accident coverage are paid by the participating subsidiaries.

The Plan trustee is:

State Street Bank and Trust Company  
One Enterprise Drive  
North Quincy, MA 02171

Benefits are provided by contract number LG-24541-NC issued to the Plan sponsor by The Prudential Insurance Company of America.

**Administration**

The Plan is a welfare plan as defined by the Employee Retirement Income Security Act of 1974 (ERISA) as amended. The Plan year ends on December 31 of each year and the Plan operates and maintains records on a calendar-year basis.

**Plan Administrator**

A Plan Administrator has been appointed, as required by law, to be responsible for the operation of the Plan. The Plan Administrator has delegated to the Claims Administrator/Insurance Company overall responsibility for the operation and administration of the Plan. The Claims Administrator/Insurance Company has the exclusive right in its sole discretion to interpret the Plan and to decide any and all matters arising thereunder, including but not limited to matters related to eligibility for benefits and application of Plan limitations.

The Plan Administrator does not have the authority to deviate from the provisions of the Plan or to approve any exceptions to the Plan. The Plan Administrator has a fiduciary obligation under applicable law to apply the provisions of the Plan as it is written.

Call or write referring to the Plan identification numbers if it should become necessary to contact the Plan Administrator.

The **Plan Administrator** is:

Progress Energy Service Company, LLC  
PO Box 1551, PEB 16ESC  
Raleigh, NC 27602-1551

The Employee Service Center provides administrative services for plan participants and can be reached at the address above, by calling 1-800-546-5705 or by email at [employee.service@pgnmail.com](mailto:employee.service@pgnmail.com).

**Claims Administrator/Insurance Company**

The Claims Administrator/Insurance Company, also referred to as the Insurance Company, is:

The Prudential Insurance Company of America  
Prudential Plaza  
Newark, NJ 07101

The Prudential Insurance Company of America as Claims Administrator/Insurance Company has the sole discretion to interpret the terms of the Group Contract, to make factual findings, and to determine eligibility for benefits. The decision of the Claims Administrator/Insurance Company shall not be overturned unless it is found to be arbitrary and capricious.

**Participating employers**

Employees of the following participating subsidiaries of Progress Energy, Inc. are covered by this Plan, subject to all eligibility requirements stated herein.

Progress Energy Carolinas, Inc.  
Progress Energy Florida, Inc. (non-bargaining employees)  
Progress Energy Service Company, LLC

**Agent for service of legal process**

Legal process can be served upon the Plan's Agent, Sponsor, or Administrator and/or the supervising official of the insurance department of the state in which you reside.

The Plan's Agent for service of legal process is:

Vice President - Human Resources  
Progress Energy Service Company, LLC  
PO Box 1551  
Raleigh, NC 27602-1551

**Continuation of the Plan and Plan amendments**

The Plan Sponsor reserves the right to amend or terminate the Plan or any Plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

The following statement is provided in compliance with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

**Receiving information about your Plan and benefits**

As a participant in the Progress Energy Accidental Death and Dismemberment Insurance Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- examine without charge at the Plan Administrator's office and at other specified locations such as worksites, all Plan documents governing the Plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration
- obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated summary plan descriptions. The Plan Administrator may make a reasonable charge for the copies
- receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report

**Prudent actions by Plan fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

**Enforcing your rights**

Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**Claims Administrator/Insurance Company** - The company which administers the Plan.

**Hospital** - An acute care facility accredited by the Joint Commission on Accreditation of Hospitals

**Long-term disability recipient** – A regular, full time employee whose employment status was reclassified to long-term disability and who is eligible to receive benefits under his or her employer-sponsored long-term disability plan

**Plan year** - The calendar year

**Regular, full-time employee** - An employee hired for an indefinite period of time to work 40 or more hours per week

**Regular, part-time employee** - An employee who is regularly scheduled to work 20-39 hours per week. These employees are paid for actual hours worked.