



A member of the American Fidelity Group[®]

2000 North Classen Boulevard, Oklahoma City, Oklahoma 73106

**EXCESS LOSS INSURANCE REINSURANCE AGREEMENT
Non-Participating**

PLEASE READ CAREFULLY

Reinsured Name:

Principal Address:

Reinsurance Agreement Number:

Effective Date:

Expiration Date:

YOUR Designated Third-Party Administrator:

This Reinsurance Agreement is issued in consideration of YOUR Application/Schedule and the payment of premiums. The attached Application/Schedule and a copy of YOUR Employee Welfare Benefit Plan on file with US form a part of this Reinsurance Agreement.

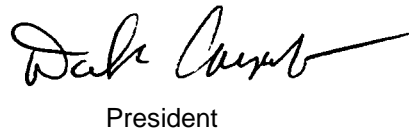
All periods of coverage will begin and end at 12:01 a.m. Standard Time at YOUR Principal Address.

This Reinsurance Agreement is governed by the laws of the state of YOUR Principal Address except to the extent which it is pre-empted by ERISA.

This Reinsurance Agreement is issued by US at OUR Underwriting Offices as of the Effective Date.



Secretary



President

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SECTION I DEFINITIONS

Actively at Work means that an employee is performing the ordinary duties of his or her job and is not confined to a hospital or other health care facility, or as defined by the Plan Document, or absent from the workplace because of any illness or accident. Ordinarily, scheduled vacation time is considered to be Actively at Work.

Aggregate Reimbursement Percentage means the percentage at which Eligible Expenses, in excess of YOUR Annual Aggregate Attachment Point, will be reimbursed by US.

Annual Aggregate Attachment Point means, for the Reinsurance Agreement Period or any portion of the Reinsurance Agreement Period, the Plan Benefits covered by this Reinsurance Agreement and wholly retained by YOU. It is not considered for reimbursement under this Reinsurance Agreement, and is the greater of:

1. the sum of Monthly Aggregate Factor amounts for each month of the Reinsurance Agreement Period, determined by multiplying the total number of Covered Units by the Monthly Aggregate Factor amounts;
2. the Minimum Annual Aggregate Attachment Point shown in the Application/Schedule.

The maximum per Covered Person which may be applied annually to the Annual Aggregate Attachment Point, (i.e. Individual Claim Limit) is shown in the Application/Schedule.

Application/Schedule means the Excess Loss Reinsurance Application/Schedule signed by YOU and attached to this Reinsurance Agreement. The Application/Schedule is subject to acceptance by US and, if accepted, will become a part of this Reinsurance Agreement.

Benefit Period means the period of time during which covered expenses must be incurred by a Covered Person and Paid by YOU to be eligible for reimbursement under this Reinsurance Agreement. This period does not alter the Reinsurance Agreement Effective Date or Reinsurance Agreement Period. It does not waive this Reinsurance Agreement's eligibility requirements.

COBRA Continuee means a Covered Unit that elects to extend its group health coverage under the Plan as entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

Company (WE, US, OUR) means American Fidelity Assurance Company.

Covered Family means an employee and his or her dependents covered under the Plan.

Covered Person means an individual covered under the Plan.

Covered Unit means an employee, an employee with dependents, or such other defined unit as agreed upon between YOU and US, as shown in the Application/Schedule.

Disabled Persons are those persons who are or become unable to perform the same lifestyle functions as a person of similar age and sex who is in good health.

Eligible Expenses means the eligible charges payable under YOUR Plan and for which the Covered Person is liable to pay. It does not include expenses specifically excluded or limited by this Reinsurance Agreement, YOUR Application/Schedule for this Reinsurance Agreement, or any Endorsements.

Endorsement means a written amendment or addendum that alters the terms of this Reinsurance Agreement.

Experimental or Investigational means medical services, supplies or treatments provided or performed in a special setting for research purposes, under a treatment protocol or as part of a clinical trial (Phase I, II or III). The covered service will also be considered Experimental/Investigational if the Covered Person is required to sign a consent form which indicates the proposed treatment or procedure is part of a scientific study or medical research to determine its effectiveness or safety. Medical treatment, which is not considered standard treatment by the majority of the medical community or by Medicare, Medicaid or any other government financed programs or the National Cancer Institute regarding malignancies, will be considered Experimental/Investigational. A drug, device or biological product is considered Experimental/Investigational if it does not have FDA approval or it has FDA approval only under an interim step in the FDA process, i.e., an investigational device exemption or an investigational new drug exemption.

HIPAA refers to Public Law 104-191, otherwise known as the Health Insurance Portability and Accountability Act of 1996.

Incurred means:

1. with respect to medical services or supplies, the date on which the services are rendered or supplies are received by the Covered Person; and
2. with respect to disability income benefits, the date each periodic benefit payment becomes payable to the Covered Person (not the date the disability commences).

Individual Claim Limit means the maximum amount of Payments for Eligible Expenses that will be counted for any one Covered Person under Aggregate Excess Loss. The Individual Claim Limit is shown in the Application/Schedule.

Large Claim (LC) means Paid or pending claims reaching, or with the potential to reach, 50% of the Specific Attachment Point or a PCL.

Minimum Annual Aggregate Attachment Point means the lowest amount of total Payments YOU must make under YOUR Plan before YOU are eligible for reimbursement under Aggregate Excess Loss coverage. The Minimum Annual Aggregate Attachment Point is shown in the Application/Schedule.

Monthly Aggregate Factor means the factor(s) which is/are multiplied by the number of Covered Units for each Reinsurance Agreement Month to determine the Annual Aggregate Attachment Point. The Monthly Aggregate Factor(s) is/are shown in the Application/Schedule.

Paid (Payment) means that a claim has been adjudicated by the TPA and the funds are actually disbursed by the Plan prior to the end of the Benefit Period. Payment of a claim is the unconditional and direct payment of a claim to a Covered Person or their health care provider(s). Payment will be deemed made on the date that both:

1. the payor directly tenders payment by mailing (or by other form of delivery) a draft or check; and
2. the account upon which the payment is drawn contains, and continues to contain, sufficient funds to permit the check or draft to be honored by the institution upon which it is drawn.

Plan (Employee Welfare Benefit Plan) means the self-insured health care plan YOU have agreed to make available to YOUR employees and their eligible dependents.

Plan Benefits means the health benefits covered by the Plan during the Reinsurance Agreement Period which are:

1. Incurred on or after the Effective Date of this Reinsurance Agreement; and
2. Incurred while this Reinsurance Agreement is in force; and
3. Incurred and Paid during the Reinsurance Agreement Period.

Plan Benefits will also include those health benefits covered by the Plan during the Reinsurance Agreement Period which are Paid during any Run-Out Period or incurred during any Run-In Period applicable to this Reinsurance Agreement.

Plan Benefits do not include:

1. deductibles of the Plan;
2. co-insurance or co-payment amounts of the Plan;
3. expenses that are not covered by the Plan or this Reinsurance Agreement;
4. amounts recoverable from any other source; or
5. amounts Paid under a previous Reinsurance Agreement or arrangement of excess loss coverage, whether issued by US or another entity.

Plan Document means the written instrument which describes the Plan and names the fiduciaries or trustees who jointly and separately have authority to control and manage the operations and administration of the Plan. The Plan Document must be in effect on the Effective Date of this Reinsurance Agreement. The Plan Document shall be attached to and made a part of this Reinsurance Agreement. Any changes to the Plan Document must be approved by US. (See the "Changes to YOUR Plan" provision.)

Potentially Catastrophic Loss (PCL) means a Paid or pending claim that has the potential to be catastrophic. PCL's include, but are not limited to the conditions listed in Exhibit I.

Premium Due Date is the first day of each calendar month. If the Effective Date of the Reinsurance Agreement is other than the first day of a calendar month, the first month's premium will be pro-rated.

Reinsurance Agreement means this Excess Loss Reinsurance Agreement issued by US to YOU.

Reinsurance Agreement Month means, for the first Reinsurance Agreement Month, the period beginning on the Effective Date of this Reinsurance Agreement and ending on the corresponding date of the following month. Subsequent Reinsurance Agreement Months begin on the corresponding date of each calendar month and continue until the corresponding date of the next month to the Reinsurance Agreement Expiration Date.

Reinsurance Agreement Period means the time period beginning on the Effective Date and ending on the Expiration Date.

Reinsured (Plan Sponsor, YOU or YOUR) means the Plan Sponsor, named on the face page, to whom this Reinsurance Agreement is issued.

Run-In Limit means the maximum benefit amount paid by YOU under YOUR Plan for Eligible Expenses incurred by a Covered Person during the Run-In Period which will be applied toward payment under this Reinsurance Agreement.

Run-In Period means the period of time shown in the Application/Schedule immediately prior to the first day of a Reinsurance Agreement Period during which Eligible Expenses incurred by a Covered Person, which are paid by YOU during the Reinsurance Agreement Period, will be considered when determining benefit payments under this Reinsurance Agreement.

Run-Out Period means the period of time shown in the Application/Schedule immediately following this Reinsurance Agreement's Expiration Date during which Plan benefits paid by YOU for Eligible Expenses incurred by a Covered Person during the Reinsurance Agreement Period will be considered when determining benefit payments under this Reinsurance Agreement.

Specific Attachment Point means the amount which is retained and Paid by YOU during the Reinsurance Agreement Period. It is not considered for reimbursement under this Reinsurance Agreement. The Specific Attachment Point applies separately to each Covered Person. The Specific Attachment Point is shown in the Application/Schedule.

Specific Lifetime Maximum Reimbursement means the maximum amount WE will reimburse YOU with respect to any Covered Person under this and prior or later Reinsurance Agreements issued by US. The Lifetime Maximum excludes the Specific Attachment Point amount. The Lifetime Maximum will not exceed the lesser of:

1. the amount shown in the Application/Schedule; or
2. the lifetime amount set forth in the Plan.

Specific Reimbursement Percentage means the percentage at which Eligible Expenses, in excess of YOUR Specific Attachment Point, will be reimbursed by US.

Third-Party Administrator (TPA) means a firm having a written agreement with YOU to process Plan benefits and provide administrative services.

The term Third-Party Administrator, as used in this Reinsurance Agreement, does not refer to the Plan Administrator used in the Employee Retirement Income Security Act (ERISA) of 1974, as amended, unless YOU have specifically appointed the Third-Party Administrator as such.

Usual and Customary Charges means the common charge for the same or comparable service or supply in the geographic area in which the service or supply is furnished. Usual and Customary Charges are determined based upon:

1. the amount of resources expended to deliver the treatment;
2. the complexity of the treatment rendered; and
3. charging protocols and billing practices generally accepted by the medical community.

SECTION II SPECIFIC EXCESS LOSS COVERAGE

WE will reimburse YOU for Plan Benefits Paid in excess of the Specific Attachment Point, not to exceed the Specific Lifetime Maximum amount shown in the Application/Schedule.

WE will reimburse YOU after YOU have provided an acceptable proof of loss and satisfactory proof of Paid Plan Benefits.

The Specific Excess Loss benefit applies to a Reinsurance Agreement Period or fraction thereof (due to termination). As determined with regard to each Covered Person, it is the lesser of:

1. the Specific Lifetime Maximum; or
2. eligible Plan Benefit Payments made with regard to a Covered Person, less the Specific Attachment Point, the result of which is then multiplied by the Specific Reimbursement Percentage.

If, for any reason, YOUR Specific Excess Loss coverage terminates before the end of the Reinsurance Agreement Period:

1. all coverage under the Reinsurance Agreement will end immediately;
2. the Run-Out Period, if any, will not apply; and
3. the Specific Attachment Point shown in the Application/Schedule will continue to apply and it will not be reduced.

SECTION III AGGREGATE EXCESS LOSS COVERAGE

The Aggregate Excess Loss benefit for the Reinsurance Agreement Period, or fraction thereof (due to termination), is the Plan Benefit Payments made for Eligible Expenses during the Reinsurance Agreement Period less:

1. the greater of the Minimum Annual Aggregate Attachment Point or the calculated Annual Aggregate Attachment Point; and less
2. the Specific Excess Loss benefits which have been or will be reimbursed by US under the Specific Excess Loss coverage; and less
3. any payments which exceed any limitations of coverage under this Reinsurance Agreement or which are excluded under this Reinsurance Agreement; multiplied by
4. the Aggregate Reimbursement Percentage.

In no event will the Aggregate Excess Loss benefit exceed the Maximum Aggregate Reimbursement specified under Aggregate Excess Loss Coverage in the Application/Schedule.

If for any reason, YOUR Aggregate Excess Loss coverage terminates before the end of the Reinsurance Agreement Period:

1. all coverage under the Reinsurance Agreement will end immediately;
2. the Run-Out Period, if any, will not apply; and
3. the Minimum Annual Aggregate Attachment Point shown in the Application/Schedule will continue to apply and will not be reduced.

SECTION IV REIMBURSEMENT OF ADDITIONAL COVERAGES

Plan Benefits which YOU have Paid under YOUR Prescription Drug Card Plan will be considered for reimbursement under Specific Excess Loss Coverage only if shown as included on the Application/Schedule.

Plan Benefits which YOU have Paid under YOUR Prescription Drug Card Plan, Vision Plan, Dental Plan, and/or Weekly Income Plan will be considered for reimbursement under Aggregate Excess Loss Coverage only if shown as included on the Application/Schedule. The most WE will reimburse YOU for Plan Benefits YOU Pay under YOUR Weekly Income Plan, if included for reimbursement, is shown in the Application/Schedule.

SECTION V LIMITATIONS

Actively at Work

WE will not reimburse expenses incurred by individuals who, on the latter of the Effective Date of their coverage under YOUR Plan or the Effective Date of this Reinsurance Agreement:

1. are not Actively at Work, unless the Actively at Work requirement has been waived by way of endorsement; or
2. are Disabled Persons, unless disclosed and accepted by US; or
3. are excluded by name by way of an attachment to the Application/Schedule or by Endorsement.

Disabled Persons

Expenses incurred will not be eligible to satisfy the Specific Attachment Point or the Annual Aggregate Attachment Point until the day next following the date:

1. the Covered Person, with respect to an employee, returns to work on a full-time basis as defined in YOUR Plan; or
2. the Covered Person is no longer considered a Disabled Person; or
3. the Covered Person meets the eligibility requirements of YOUR Plan.

This limitation only applies to Covered Persons whose coverage under YOUR Plan is effective on or after the Effective Date of this Reinsurance Agreement.

Newborn Children

Newborn children of employees who have previously enrolled and continue to cover their eligible dependents under the Plan, and employees who have not previously enrolled for dependent coverage, will be eligible for newborn child coverage as defined within the Plan.

Non-Disclosed Losses

If YOU fail to disclose any required health information on:

1. a Covered Person when YOU make application for this Reinsurance Agreement; or
2. on an employee, or a dependent of an employee, of a company YOU acquire or become affiliated with, when such subsidiary or affiliate will be included in YOUR Plan,

then:

1. WE will not reimburse YOU for any Plan Benefits Paid related to the illness or condition that was required to be disclosed;
2. such Paid Plan Benefits may not be used towards satisfaction of the Specific Attachment Point for such Covered Person; and
3. such Paid Plan Benefits may not be used towards satisfaction of YOUR Annual Aggregate Attachment Point.

Retired Employees

WE will reimburse Paid Plan Benefits for retired employees and their dependents, who are eligible under the Plan, only if such persons are indicated as included in the Application/Schedule.

COBRA Continuees

With respect to those persons qualifying as COBRA Continuees, and continuing coverage under YOUR Plan as such, prior to, on or after the Effective Date of this Reinsurance Agreement, WE will reimburse Paid Plan Benefits for such individuals only if YOU make timely notification to such individuals of their rights to COBRA continuation coverage.

Drug or Alcohol Abuse

If YOUR Plan covers treatment of drug or alcohol abuse, Plan Benefits reimbursable under this Reinsurance Agreement for such treatment will be limited to the amount stated in the Application/Schedule.

Medicare Benefits

With respect to Covered Persons who are eligible for coverage under Medicare, any benefit reimbursable to YOU under this Reinsurance Agreement shall be reduced by the amount of any similar Medicare benefit paid or reimbursable so that the total reimbursements hereunder with respect to a Covered Person or his or her dependents shall not exceed 100% of such person's actual expenses otherwise reimbursable under this Reinsurance Agreement.

Liability for Reimbursement

WE shall not be liable under this Reinsurance Agreement to directly reimburse any Covered Person or provider of professional or medical services for any benefits that YOU have agreed to provide under the terms of the Plan. OUR sole liability is to YOU, in accordance with the terms of this Reinsurance Agreement. YOU may not assign any Excess Loss benefits to Covered Persons or providers of services.

**SECTION VI
EXCLUSIONS**

WE will not reimburse YOU for any loss or expense caused by or resulting from:

1. expenses incurred while the Plan is not in force with respect to the Covered Person, or for a person not covered under the Plan;
2. expenses covered by Plan changes made prior to OUR written approval of such changes;
3. expenses which result from any prescription card service, mail order prescription plan or any pre-paid prescription drug plan, dental, vision, or weekly income benefits, unless specifically included on the Application/Schedule and approved by US.

4. liability or obligations assumed by YOU under any contract or service agreement other than the Plan;
5. expenses for services or supplies which are in violation of any law;
6. expenses for services or supplies billed above the Usual and Customary Charges for the area where provided, or which are greater than the Plan benefits;
7. expenses resulting from or caused by war, whether declared or undeclared, civil war, invasion, hostilities, riot, or resistance to armed aggression;
8. expenses for the care and treatment of accidental bodily injury or sickness that arise from work or profit, including self-employment;
9. cost of the administration of claims, including cost of investigation, payments, or other service(s) provided by YOUR TPA, consulting fees and/or expenses of any litigation;
10. expenses from an act resulting in a criminal or illegal act;
11. any amount used to satisfy deductibles or coinsurance amounts under the Plan;
12. expenses incurred in connection with suicide or attempted suicide or any self-inflicted injury or illness, whether the Covered Person was sane or insane when he or she committed the act;
13. expenses or costs resulting from noncontractual damages, court costs and legal fees, including but not limited to compensatory, exemplary and punitive damages, fines or statutory penalties;
14. medical expenses in connection with Experimental or Investigational surgery or treatment as defined in this Reinsurance Agreement;
15. payments recoverable through YOUR Plan's Coordination of Benefits or similar provision;
16. expenses incurred by an employee or dependent of an employee of any affiliated or subsidiary company not included in the Application/Schedule, unless added by Endorsement;
17. legal expenses and fees including legal expenses and fees incurred on behalf of any Covered Person in obtaining medical treatment or expenses incurred in connection with a judgment or settlement arising out of YOUR negligence in providing, arranging, or failing to provide or arrange a benefit to a Covered Person;
18. payments YOU make under YOUR Plan for services and supplies which are not included in YOUR Plan or which are outside the requirements of YOUR Plan Document or this Reinsurance Agreement;
19. payments YOU make under YOUR Plan for persons who must submit proof of good health and who have failed to do so;
20. expenses incurred after the Expiration Date; or
21. in the event the Reinsurance Agreement is terminated before the Expiration Date, expenses incurred after the date of such termination;
22. expenses incurred by any COBRA Continuee whose COBRA continuation coverage was not offered in a timely manner;
23. YOUR TPA's failure to provide timely payment to providers which results in non-receipt of any discounted fees for services or supplies. WE will reimburse only for the amount of the discounted amount had timely payment been made by YOUR TPA.

SECTION VII PREMIUMS AND FACTORS

Payment of Premiums

No coverage under this Reinsurance Agreement will be in effect until the first premium is paid. For coverage to remain in effect, each subsequent premium must be paid on or before the Premium Due Date. YOU are responsible for the payment of premiums. Payment of the premium to YOUR TPA does not constitute payment of the premium to US. Premium is not considered paid until the premium check is received at OUR Underwriting Office and sufficient funds are transferred from YOUR account into OUR account.

Upon termination of this Reinsurance Agreement, or coverage hereunder, if the earned premium exceeds the premium paid, YOU will pay the excess to US; if less, WE will return to YOU the unearned portion of premium paid, subject to the minimum premium, if any, shown in the Application/Schedule.

Grace Period

A Grace Period of 31 days from the due date will be allowed for the payment of each premium after the first premium payment. During the Grace Period, the coverage will remain in effect, provided the premium is paid before the end of the Grace Period. If YOU do not pay the premium during the Grace Period, this Reinsurance Agreement will terminate without further notice, retroactive to the date for which premiums were last paid.

Changes in Premium Rates or Factors

WE may change YOUR premium rates and/or Monthly Aggregate Excess Loss Factors on any of the following dates:

1. The date when the terms of this Reinsurance Agreement are changed.
2. The date YOU add or delete subsidiary or affiliated companies or divisions with OUR approval.
3. The date YOU change YOUR Plan with OUR written approval.

WE reserve the right to recalculate the premium rates and/or the Monthly Aggregate Excess Loss Factors retroactively for the Reinsurance Agreement Period:

1. if there is more than 10% variance between:
 - a. the number of Covered Units on any premium due date; and
 - b. the number of Covered Units on the Reinsurance Agreement Effective Date;or
2. if there is more than 10% variance between:
 - a. the average monthly Paid claims under the Plan for the last two months of the 12-month period immediately prior to the Effective Date of this Reinsurance Agreement; and
 - b. the average monthly Paid claims under the Plan for the first 10 months of the 12-month period immediately prior to the Effective Date of this Reinsurance Agreement;or
3. with respect to a Plan whose excess loss coverage arrangement for the period immediately prior to the Effective Date of this Reinsurance Agreement contained a run-out period (a period of time following the expiration of an excess loss coverage arrangement during which claims would be reimbursed for losses incurred during the excess loss coverage arrangement period and Paid during the extended period of time), if the claims paid during such run-out period of the prior excess loss coverage arrangement are more than 15% of the claims paid during the period of time beginning on the effective date of such prior excess loss coverage arrangement and the Effective Date of this Reinsurance Agreement, whether the prior excess loss coverage arrangement was one of Our policies or another carrier's.

SECTION VIII TERMINATION

This Reinsurance Agreement and all coverage hereunder will end upon the earliest of the following:

1. At the end of any period for which the premium is paid, if the subsequent premium is not paid as provided in the Grace Period provision.
2. On the date YOU tell US YOU want to cancel this Reinsurance Agreement, provided YOU have given US at least 31 days advance written notice. If YOU cancel within 30 days after the Effective Date, YOU may ask for a full refund of the premium. If YOU do so, the Reinsurance Agreement will terminate on the Effective Date. If YOU cancel the Reinsurance Agreement after more than 30 days, WE may keep the premium earned to the date of termination.
3. The Expiration Date of this Reinsurance Agreement.
4. On the Effective Date if, within 60 days after the Effective Date:
 - a. YOU fail to provide US any information or materials requested by US; or
 - b. YOU fail to comply with any condition imposed by US when this Reinsurance Agreement is issued.If so, WE will return the premium paid by YOU, less the amount of any reimbursements WE made to YOU before the time the Reinsurance Agreement was terminated. If the amount reimbursed to YOU exceeds the premium paid to US, YOU will pay US the difference.
5. The date the Plan terminates.
6. The date the administrative agreement between YOU and YOUR TPA terminates, unless WE consent in writing to YOUR naming of a new TPA.

7. The last day of the third consecutive month during which YOU fail to maintain the Minimum Plan Enrollment as stated in the Application/Schedule, unless WE agree in writing to continue coverage;
8. The date YOU:
 - a. suspend active business operations; or
 - b. are placed in bankruptcy or receivership; or
 - c. dissolve.
9. Any date on which YOU do not pay claims or make funds available to pay claims as required by the Plan.

Concealment or Fraud

This entire Reinsurance Agreement will be void:

1. if, before or after a claim or loss, YOU or YOUR TPA have concealed or misrepresented any material fact or circumstance concerning this Reinsurance Agreement, including any claim; (This includes failure to provide the required disclosure of health history of Disabled Persons, Large Claims or Potentially Catastrophic Losses.) or
2. in any case of fraud by YOU or YOUR TPA relating to this coverage.

SECTION IX REINSTATEMENT

WE may, at OUR option, approve YOUR request to reinstate this Reinsurance Agreement. YOU shall submit to US any forms and data WE may require, including YOUR representation as to losses incurred or Paid as of the date of YOUR request for reinstatement. If this Reinsurance Agreement is reinstated, YOU shall pay to US the premiums due from the date this Reinsurance Agreement terminated.

SECTION X CLAIM PROVISIONS

Administration of Claims Under YOUR Plan

WE have no duty to settle or adjust claims filed under YOUR Plan. YOU must retain and pay a TPA at all times. No one, including YOU, may pay benefits for YOUR Plan unless named as the TPA on YOUR Application/Schedule and approved by US. WE will not reimburse YOU for Plan Benefits resulting from benefits paid by someone not authorized to do so.

YOU must make available sufficient funds to pay benefits when due.

The TPA shall:

1. supervise the administration and adjustment of all claims and verify the accuracy and computation of all claims, in accordance with the Plan;
2. maintain accurate records of all claim payments;
3. maintain separate records of expenses not covered; and
4. provide US, on or before the 15th day of each Reinsurance Agreement Month, the following data for the preceding Reinsurance Agreement Month:
 - a. number of Covered Persons and/or Covered Units; and
 - b. a total of claims paid.

Management of Large Claims (LC's) and Potentially Catastrophic Losses (PCL's)

Notice of LC - YOU or YOUR TPA must notify US of any LC (regardless of whether charges have been Paid or are pending payment) within 10 days of the date the claim exceeds or it appears that the claim will reach or exceed the defined limits for a LC.

Notice of PCL - YOU or YOUR TPA must notify US of any PCL within 10 days of receiving any information indicating that the claim (regardless of whether charges have been Paid or are pending payment) is potentially catastrophic. (See Exhibit I of this Reinsurance Agreement.)

Failure to Notify - If for any reason a LC or PCL is not properly submitted to the TPA, YOU shall promptly notify the TPA of the claim. In the event YOU or YOUR TPA fails to follow the notification requirements set forth in this provision, YOUR losses related to such LC or PCL will not be considered for reimbursement under this Reinsurance Agreement.

If YOU receive information that any claim may be or become a PCL, YOU will immediately notify YOUR TPA.

Notice of Claim

Specific Excess Loss - YOU must give written notice of claim to US within 30 days of the date YOU become aware of claims, with respect to a Covered Person, that have reached 50% of the Specific Attachment Point; however, LC's and PCL's should be reported within the time frame specified in the previous paragraph.

Aggregate Excess Loss - YOU must give written notice of claim to US within 30 days of the date YOU become aware of claims that have reached the Annual Aggregate Attachment Point.

YOUR failure to furnish written notice within 30 days will not invalidate or reduce any claim if it was not reasonably possible to provide written notice within such time. However, written notice must be furnished as soon as possible, but in no event later than one year after the date written notice is first required.

YOU or YOUR TPA shall submit on a timely basis all proofs of claims, reports and supporting documents WE may request.

Proof of Loss

Written proof of loss must be submitted within 60 days after the date of loss. Late proof will be accepted only if it is shown to have been furnished as soon as reasonably possible and within one year of the date of loss.

Payment of Claims

Amounts payable under this Reinsurance Agreement will be paid upon receipt and acceptance by US of all the required material. Required material shall include proof of loss and proof of payment for eligible Expenses under the Plan and any reasonably requested supporting documentation. WE will have sole authority to reimburse or deny claims under this Reinsurance Agreement.

Benefit Determination

Determination of benefits under YOUR Plan is YOUR sole responsibility. WE have no duty to settle or adjust claims filed under the Plan with YOU or YOUR TPA. WE have the right to review each claim YOU submit to US for reimbursement, to determine if YOU are entitled to reimbursement. Only WE have the authority to reimburse losses covered by this Reinsurance Agreement.

Recoveries/Subrogation

YOU are required to investigate and prosecute all valid claims that YOU may have against third parties arising out of any claim for which benefits were Paid by the Plan. YOU or YOUR TPA shall account to US for all amounts recovered. If YOU fail to pursue any action against a third party and WE have made benefit payments under this Reinsurance Agreement, WE will be subrogated to all of YOUR rights to make recoveries. YOU are required to cooperate fully and do all things necessary and required for US to pursue any action to recover against the third party.

Any amounts recovered by YOU, YOUR TPA, or the Covered Person in such action shall be used first to reimburse US for any benefit payments made on behalf of any Covered Person, and then to reimburse the expenses of recovery. Any amounts recovered by US shall be used to reimburse US for any amount that WE may have paid or become liable to reimburse to YOU under the terms of this Reinsurance Agreement, and then to reimburse the expenses of collection. All remaining amounts shall be paid to YOU. If WE have reimbursed YOU for all or part of a particular loss and YOU or YOUR Plan later recover for that loss from a third party, YOU must repay US to the extent of OUR reimbursements, regardless of whether this Reinsurance Agreement is still in force on the date YOU recover.

In the event YOU or YOUR TPA do not consider a third party to be liable for certain claims Paid under YOUR Plan but WE do, WE shall be subrogated to all of YOUR rights to make recoveries for such claims.

Notice of Appeal

Any objection, notice of legal action, or complaint received on a claim processed under YOUR Plan on which it reasonably appears an Excess Loss benefit will be payable to YOU under this Reinsurance Agreement shall be brought to the immediate attention of OUR Underwriting Office.

SECTION XI GENERAL PROVISIONS

Taxes

If premium taxes should be assessed against YOU with respect to claims Paid under YOUR Plan, YOU shall hold US harmless from any tax liability.

Entire Contract

This entire contract consists of:

1. this Reinsurance Agreement, including any Endorsements;
2. YOUR Application/Schedule and any attachments thereto, a copy of which is attached to this Reinsurance Agreement; and
3. a copy of YOUR Plan.

All statements made by YOU or any Covered Person are, in the absence of fraud, understood to be representations and not warranties. Such statements will not be used to contest coverage unless contained in the Application/Schedule or any attachments to the Application/Schedule.

In case of a conflict between the Plan and this Reinsurance Agreement, this Reinsurance Agreement will prevail. WE have relied on the information YOU provided to issue this Reinsurance Agreement. YOU represent such information is accurate. Should WE later learn such information was not correct, or in case of a substantial change in such information, WE may modify the Reinsurance Agreement as of the Effective Date to reflect the correct information. Or, WE may terminate the Reinsurance Agreement on written notice as of the next premium due date.

Reinsurance Agreement Nonparticipating

This Reinsurance Agreement does not entitle YOU to share in OUR earnings.

Records and Review

YOU and/or YOUR TPA must:

1. keep appropriate records regarding administration of YOUR Plan; (YOUR records include records held by YOUR TPA.)
2. allow US to review and copy, during normal business hours, all records affecting OUR liability under this Reinsurance Agreement;
3. maintain records of all Covered Persons under the Plan during the Reinsurance Agreement Period and for a period of seven years after the termination of this Reinsurance Agreement; and
4. maintain a separate record of any and all amounts YOU pay that exceed or are not covered by the benefits under YOUR Plan.

As a result of any audit, WE may readjust premiums, attachment points or reimbursements to YOU as may be necessary to reflect YOUR and OUR original intent in issuing this Reinsurance Agreement.

Clerical Error

If YOU or WE make a clerical error keeping records or calculating premiums or claims pertaining to this Reinsurance Agreement, it will not invalidate this Reinsurance Agreement. A clerical error will not expand OUR obligations under this Reinsurance Agreement. A clerical error is a mistake in performing a clerical function, and does not include intentional acts or failure to comply with Plan or Reinsurance Agreement provisions. A clerical error is not the failure to disclose the required disclosure of health history of Disabled Persons, Large Claims or Potentially Catastrophic Losses.

Changes to This Reinsurance Agreement

Changes to this Reinsurance Agreement may be made only by a Company officer or OUR Underwriting Office, with OUR approval. Any change must be by written Endorsement.

Changes to YOUR Plan

WE must be notified of any change to the Plan. This notice must be in writing and provided to US at least 31 days prior to the effective date of the change. WE must approve the change in writing before coverage affected by this change will be provided by this Reinsurance Agreement. If WE do not receive advance written notice of the change, or WE decline coverage of the changes under this Reinsurance Agreement, WE will be liable only for benefits provided by the Plan prior to the change YOU must provide US with a copy of YOUR written Plan and all amendments prior to the time the change becomes effective.

Subsidiaries, Affiliated Companies Under YOUR Plan

YOU must notify US in the event YOU acquire a subsidiary or affiliated company that will be included under YOUR Plan. If YOU do acquire a subsidiary or affiliated company that will be included under YOUR Plan, YOU must disclose certain required health history on persons whose coverage YOU will be assuming under YOUR Plan. Failure to do so will subject benefits under this Reinsurance Agreement to certain limitations, as described in "Non-Disclosed Losses," in Section V.

Acquisition of a subsidiary or affiliated company that will be included under YOUR Plan may affect YOUR premium rates and/or Monthly Aggregate Excess Loss Factors, as described in "Changes in Premium Rates or Factors," in Section VII.

YOU must notify US in the event YOU cede or dissolve a subsidiary or affiliated company that was included under YOUR Plan. Failure to do so may subject this Reinsurance Agreement to termination (if Minimum Plan Enrollment is not maintained), or may affect YOUR premium rates and/or Monthly Aggregate Excess Loss Factors, as described in "Changes in Premium Rates or Factors," in Section VII.

Duties and Responsibilities of YOUR Designated Third-Party Administrator (TPA)

YOUR TPA must be approved by US.

WE agree to recognize YOUR TPA as YOUR agent for the administration of YOUR Plan. YOU agree that YOUR TPA will:

1. audit, calculate and pay all claims eligible under the Plan;
2. prepare reports required by US and keep and make available to US data WE may require; and
3. do what is necessary for YOU to comply with the terms of this Reinsurance Agreement.

If YOU give YOUR TPA a Power of Attorney, or revoke a Power of Attorney, neither is binding on US until WE receive it.

YOU will pay YOUR TPA for all administrative functions performed in relation to this Reinsurance Agreement.

YOUR TPA is YOUR agent and not OURS. YOU authorize YOUR TPA to:

1. submit Notice/Proof of Loss;
2. certify the payment of claims;
3. transmit reports and payment of premiums to US; and
4. receive payments from US.

Payments by US to YOUR TPA are payments to YOU.

All premium payments will be made payable to US, not YOUR TPA.

Notice

For the purpose of any notice required from US under the terms of this Reinsurance Agreement, notice to YOUR TPA is notice to YOU and notice to YOU is notice to YOUR TPA.

Disclaimer

WE act only as a provider of Excess Loss Reinsurance coverage to YOUR Plan. WE are not a fiduciary. WE do not assume any duty to perform any of the functions or provide any of the reports required by the Employee Retirement Income Security Act of 1974, as amended.

WE have no right or obligation to pay any Covered Person or provider of professional or medical services. OUR sole liability is to YOU, subject to the terms and conditions of this Reinsurance Agreement. Nothing in this Reinsurance Agreement shall be construed to permit a Covered Person to have a direct right of action against US. WE will not be considered a party to YOUR Plan or to any supplement or amendment to it.

Indemnification, Defense and Hold Harmless

YOU agree to indemnify, defend and hold US harmless from:

1. any liability related to any negligence, error, omission or defalcation by YOUR TPA;
2. any liability related to:
 - a. any dispute involving a Covered Person unless it is a result of OUR sole negligence or intentional wrongful acts; and
 - b. any State premium taxes WE are assessed with respect to funds paid by or to YOU under YOUR Plan. Taxes on amounts paid to US as premiums for this Reinsurance Agreement are excluded.

WE will notify YOU if YOU have obligations. WE may participate in the defense at OUR expense. If YOU do not act promptly, WE may defend and compromise or settle the claim or other matter on YOUR behalf, for YOUR account, and at YOUR risk.

Offset

WE may offset payments due YOU under this Reinsurance Agreement against claim overpayments and premiums due and unpaid.

Assignment

YOU may not assign any of YOUR rights under this Reinsurance Agreement.

Severability

Any clause deemed void, voidable, invalid, or otherwise unenforceable, whether or not such a provision is contrary to public Reinsurance Agreement, will not render any of the remaining provisions of this Reinsurance Agreement invalid.

Insolvency

The insolvency, bankruptcy, financial impairment, receivership, voluntary plan or arrangement with creditors, or dissolution of YOU or YOUR TPA:

1. will not impose upon US any liability or additional duties other than those defined and provided for in this Reinsurance Agreement; (For example, WE will have no responsibility to pay claims for YOUR Plan to ensure reimbursement under this Reinsurance Agreement.) and
2. will not make US liable to YOUR creditors, including Covered Persons.

Claims under YOUR Plan must continue to be funded and Paid within contractual time frames in order to be eligible for reimbursement under this Reinsurance Agreement.

Parties To This Reinsurance Agreement

YOU and WE are the only parties to this Reinsurance Agreement. OUR sole liability under this Reinsurance Agreement is to YOU. This Reinsurance Agreement does not create any right or legal relation between US and a Covered Person under YOUR Plan. This Reinsurance Agreement will not make US a party to any agreement between YOU and YOUR TPA.

Physical Examination and Medical Evidence

WE may require any medical evidence or other information, including a physical examination or health statement, regarding any Covered Person:

1. who submits an enrollment card for coverage under the Plan more than 31 days after completing the waiting period specified in the Plan. Such examination shall be provided without expense to US; or
2. for whom YOU have Paid a claim under the Plan and submitted such claim for reimbursement under this Reinsurance Agreement. Such examination or evidence shall be provided as often as is reasonably necessary.

EXHIBIT I

Potentially Catastrophic Losses (PCL's). Claims which qualify as PCL's are listed below. WE reserve the right to add to or delete from this list of PCL's with 31 days advance written notice to YOU.

HIGH RISK PREGNANCY AND PRE-TERM/NEONATAL

- Premature births - weighing under four pounds and/or less than 36 weeks gestation
- Multiple births (three or more infants) or expected multiple births
- Abnormal respiration/respiratory failure (APNEA)
- Congenital heart defects:
- Ventricular and atrial septal
- Patent ductus arteriosus
- Congenital disorders:
- Spina-Bifida
- Encephalocele
- Cephalohematoma
- Hyaline Membrane Disease
- Birth injuries or major birth traumas
- Congenital Anomalies of Digestive System
- Lack of Expected Normal Physiological Development
- Maternal causes of Prenatal Morbidity and Mortality
- Other conditions originating in the Perinatal Period

CATASTROPHIC DISEASES AND ILLNESSES

- Renal dysfunction/failure, including dialysis treatment
- Cerebral vascular accident (stroke)
- Diabetes with complications

TRAUMA

- Spinal cord injuries
- Coma
- Massive internal injuries
- Traumatic brain injury
- Brain lesion or tumors
- Multiple or serious fractures
- Severe burns (10% or more of the body with 3rd degree burns, or 30% of the body with 2nd degree burns)
- Trauma to the elderly or chronically ill
- Paralysis of any kind

DISEASE OF THE HEART AND PERICARDIUM

- Myocardial infarction
- Myocarditis
- Coronary Artery Disease
- Multiple Bypass
- Cardiomyopathy

CANCER

HIV Positive or AIDS (Acquired Immune Deficiency Syndrome) Related Illnesses, such as:

- Kaposi's sarcoma
- Cytomegalovirus
- Pneumocystis carinii pneumonia

ORGAN, TISSUE, BONE MARROW, OR STEM CELL TRANSPLANT EVALUATION, PROCEDURE OR SURGERY

EXTENDED ILLNESS OR INJURY

- Chronic Liver Disease
 - Multiple Sclerosis or Muscular Dystrophy or Cystic Fibrosis or Cerebral Palsy or Degenerative
 - Muscular Disease
 - Any illness or injury which requires intensive and prolonged treatment (such as nutritional support systems, intravenous therapies, and ventilators)
-
- Continuous hospitalization of 2 weeks or more
 - Amputations
 - Any serious condition which the Employer or the TPA thinks may require Large Claim Management.
 - Home health care greater than 20 days
 - Hospitalization of \$40,000 or more
 - Interim/Cycle hospital billings
 - Hospitalization during pregnancy, prior to delivery, or for high-risk pregnancy.
 - Mental disorders requiring hospital confinement
 - Hepatitis C
 - Multiple hospitalizations of three or more per year.
 - Inpatient admission greater than 10 days.