

**Settlement Agreement between the Secretary of the United States Department of Labor
and Unum Life Insurance Company of America**

THIS SETTLEMENT AGREEMENT ("Agreement") is made and entered into by and between Julie A. Su, Acting Secretary of the United States Department of Labor (the "Secretary"), and Unum Life Insurance Company of America ("Unum") (collectively, the "Parties"). This Agreement is effective as of the date it is signed by the last Party to execute the Agreement (the "Effective Date").

WHEREAS, the Secretary is responsible for the administration and enforcement of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001, *et seq.*;

WHEREAS, Unum sells group life insurance policies to employers ("employers" or "Policyholders") who use such policies to provide life insurance benefits to their employees under "employee benefit plans" as defined in 29 U.S.C. § 1002(3) (the "Plans");

WHEREAS, under such Plans, employees generally may enroll during specific enrollment periods to receive basic life insurance coverage without having to provide evidence of insurability ("EOI") to Unum;

WHEREAS, under some such Plans, EOI is required in certain circumstances, *e.g.* when employees elect to purchase additional coverage that requires EOI or when employees elect coverage outside a specific enrollment period for themselves or their eligible dependent(s);

WHEREAS, the group insurance policies that Unum sells to employers for such Plans provide coverage for those amounts requiring EOI only if the required EOI has been submitted to Unum and approved by Unum;

WHEREAS, the Secretary, through the Boston Regional Office of the Employee Benefits Security Administration of the United States Department of Labor, investigated Unum's administration of group life insurance policies for potential violations of Title I of ERISA (the "Investigation");

WHEREAS, the Investigation determined that in certain instances Unum requires participants to submit EOI to be eligible for coverage, and that Unum has exclusive authority to determine eligibility based on the submitted EOI;

WHEREAS, the Secretary alleges that Unum has a fiduciary duty, pursuant to 29 U.S.C. § 1104(a)(1), to ensure eligibility determinations for coverage requiring EOI are made at or near the time Unum receives premiums for such coverage;

WHEREAS, the Secretary alleges that Unum violated provisions of Title I of ERISA by accepting premiums for coverage requiring EOI without timely determining the participant's eligibility, and then denying claims on the basis that Unum lacked EOI;

WHEREAS, the Investigation also revealed that certain Plans provide life insurance coverage for employees' eligible dependents that do not require EOI, however the eligible dependent's effective date of coverage ("EDOC"; per the Plan terms, the date coverage takes effect following enrollment) is delayed if Unum determines that the dependent is totally disabled at the time of enrollment;

WHEREAS, the Investigation further revealed that if a claim is filed following a dependent's death within two years from the dependent's EDOC, Unum conducts a review of the dependent's medical history to determine if the dependent was totally disabled at the time of the EDOC and thereafter until the date of death ("TD Review"). If Unum determines that the dependent was totally disabled as of the EDOC, per the terms of the Plan, Unum treats the EDOC as delayed (*i.e.*, coverage is not in effect until the dependent ceases to be totally disabled). If the dependent does not cease to be totally disabled prior to the dependent's death, Unum denies the claim and initiates a process by which premiums paid for the coverage are refunded;

WHEREAS, the Investigation revealed that as of July 1, 2017, Unum changed its definition of totally disabled and denies claims after TD Review only where the dependent continued to be confined to home, hospital, or hospice until the dependent's death, and the death occurs within two years of the EDOC;

WHEREAS, the Secretary alleges that Unum has a fiduciary duty, pursuant to 29 U.S.C. § 1104(a)(1), to ensure the Plan is administered consistent with the Plan terms and to clearly disclose when the EDOC may be delayed or when a claim for benefits may be denied as a result of delaying the EDOC.

WHEREAS, the Secretary alleges that Unum violated provisions of Title I of ERISA in connection with delayed effective dates of coverage for dependents by conducting TD Reviews;

WHEREAS, with respect to the Secretary's allegations set forth herein, Unum neither admits nor denies that it is a fiduciary or that it failed to discharge its fiduciary duties, if any, under Title I of ERISA;

WHEREAS, Unum has agreed to resolve the Secretary's claims by abiding by the mutually agreed-upon procedures set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the Parties agree as follows:

EOI Procedures

1. As of 120 days after the Effective Date, Unum shall not deny a claim for benefits under an ERISA-governed group life insurance policy solely on the basis that EOI for the employee or the employee's eligible dependent was not submitted to or approved by Unum where Unum has received the required premiums for 90 days or more for coverage requiring EOI.

2. In the event Unum denies a claim for benefits under an ERISA-governed group life insurance policy based on the lack of EOI for an employee or an employee's eligible dependent where Unum, at the time the claim is submitted, has received premiums for less than 90 days for the coverage requiring EOI, Unum shall, promptly after providing a denial of coverage notice to the beneficiary, direct remittance to the appropriate payee (*i.e.*, the beneficiary, the employee, or the employee's employer) of all premiums deducted and/or remitted by the employer to Unum for that coverage. In the denial of coverage notice to the beneficiary, Unum shall (i) explain the basis for the denial, and (ii) state that any premium amounts owing to the employee will be refunded. Unum's denial of coverage notice shall make clear that if premiums have been remitted to Unum for 90 days or more or if the employee or the employee's eligible dependent did submit EOI, the beneficiary should contact Unum immediately.

3. In the event Unum learns that an employee or the employee's eligible dependent, who enrolled in ERISA-governed life insurance coverage requiring EOI, failed to submit the required EOI, Unum may request that the employee or the employee's eligible dependent submit EOI only if:

- a. Such employee or their eligible dependent is still alive;
- b. Unum makes such request no later than one year from the date on which Unum received the first premium payment for the coverage that requires EOI for such employee or the employee's eligible dependent. Unum cannot request EOI from the employee or eligible dependent if Unum has received premiums for the coverage requiring EOI for more than a year;
- c. With its request for EOI, Unum provides a notice to the employee or the employee's eligible dependent either directly or by providing a notice to the employer to be delivered to the employee or the employee's eligible dependent, which states that:
 - i. The information requested is limited to the health status of the employee or the employee's eligible dependent as of the date that Unum received the first premium payment for the coverage requiring EOI; and
 - ii. Unum is not requesting and will not consider any information regarding a medical issue, diagnosis, new prescription, or any other relevant factual matter arising after the date of Unum's receipt of the employee's or the employee's eligible dependent's first premium payment.
- d. To the extent that Unum has actual knowledge that the employee or their eligible dependent cannot submit EOI, Unum shall work with the employer and/or the employee or their eligible dependent to effect proper submission;

- e. In the event Unum determines that an employee or the employee's eligible dependent is not eligible for the coverage that requires EOI, either based on failure to provide EOI as requested under this paragraph 3 or because the EOI provided under paragraph 3 does not meet the eligibility criteria established under the group life insurance policy, Unum shall promptly direct remittance to the appropriate payee (*i.e.*, the employee or the employee's employer) of all premium amounts Unum received for the coverage requiring EOI; and
- f. The same procedures shall govern the review and processing of EOI submitted under this paragraph 3 as those governing EOI submitted as required under the Plan; further, the same rights of appeal available to employees or the employees' eligible dependents of Unum's eligibility determinations based on EOI shall be available to any employees or their eligible dependents submitting EOI as described under paragraph 3.

4. No later than 120 days after the Effective Date, Unum shall notify all existing ERISA-governed group life insurance policyholders, and any new ERISA-governed group life insurance policyholders that enter into contracts with Unum thereafter that:

- a. The policyholder must not collect any premiums from any employee for coverage applicable to an employee or an employee's eligible dependent, where the group policy requires submission of EOI for such coverage, until the policyholder first confirms that Unum has approved EOI for the employee and/or the employee's eligible dependent, and that;
- b. In the event the policyholder collects premiums from any employee for coverage requiring EOI without first confirming that Unum has received and approved the required EOI, the policyholder may be liable to the beneficiaries of any such employee or the employee's eligible dependent.

TD Reviews and Delayed Effective Date Procedures

5. Unum may continue its practice, in effect since July 1, 2017, of applying the Plan's delayed EDOC for an eligible dependent only in those instances where the eligible dependent was continuously confined to home, hospital, hospice, or other similar health care facility as of the date on which coverage would otherwise have started through the date of the dependent's death.

6. Unum shall only apply the Plan's delayed EDOC provision if the dependent's death occurs less than two years after what would otherwise have been the effective date of coverage. If a dependent's death occurs two or more years after the EDOC, Unum shall not apply the Plan's delayed EDOC provision.

7. When applying the group policy's delayed EDOC provision, Unum may request and review a deceased dependent's medical records only to determine or confirm whether the dependent was continuously confined to home, hospital, hospice, or other similar health care

facility from the date the coverage would otherwise have taken effect through the date of death. In connection with adjudicating claims under the group policy's delayed EDOC provision, Unum shall not request or review the deceased dependent's medical records for any other purpose and shall no longer conduct TD Reviews.

8. Home confinement for purposes of a delayed EDOC are instances where the dependent would have been confined to hospital or hospice but voluntarily elected home confinement, as well as instances where home confinement is ordered by the dependent's medical provider.

9. No later than 120 days after the Effective Date, Unum shall notify all existing ERISA-governed group life insurance policyholders to clarify that Unum, consistent with certain practices in place since 2017, no longer delays the EDOC based on whether a dependent is totally disabled and only delays the EDOC consistent with the terms in paragraphs 5-8 of the Agreement. Unum shall not include the totally disabled provisions in any new ERISA-governed group life insurance policies issued as of or after the Effective Date, including any policies issued upon renewal. Unum shall ensure that the policy language conforms to the requirements set forth in this Agreement.

10. In connection with any policy issued at renewal or to a new customer as of or following the Effective Date, Unum shall disclose that the EDOC may be delayed only in those instances where a dependent is confined to home, hospital, hospice, or other similar health care facility as described herein. Unum will also disclose that if a dependent is continuously confined to home, hospital, hospice, or other similar health care facility from what would have been the EDOC through the date of death, and the dependent dies less than two years from what would have been the EDOC, Unum may deny the claim.

11. Unum shall provide training and guidance, as set forth in this section, to all Unum employees responsible for determining whether the EDOC is delayed.

General Provisions

12. No later than 120 days after the Effective Date, Unum shall revise its internal materials to reflect the procedures set forth in this Agreement.

13. To the extent that Congress, the United States Department of Labor, or the United States Supreme Court issues any statute, rule, regulation, decision, or guidance inconsistent with any provision of this Agreement, Unum, upon the Secretary's express written consent (which shall not be unreasonably withheld), shall be relieved of any obligation to comply with such conflicting provisions of this Agreement and shall be free to modify the policies reflected herein to the extent necessary to comply with any such statute, rule, regulation, decision, or guidance. If one or more provisions of this Agreement is deemed unlawful or unenforceable, the remaining provisions will remain in full force and effect.

14. By entering into this Agreement, the Parties hereto represent that they have been informed by counsel of the effect and purpose of this Agreement and agree to be bound by its

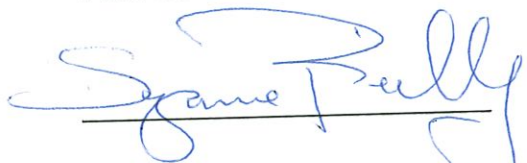
terms. Any attorney signing this Agreement expressly represents that he or she is authorized to execute this Agreement on behalf of the Party represented and that the attorney has fully disclosed any conflicts of interest relating to his or her representation for purposes of executing this Agreement. This Agreement is not binding on any governmental agency other than the United States Department of Labor.

15. In consideration of Unum's implementation of the policies and procedures set forth above, and with the exception of the Secretary's right to seek monetary restitution or a surcharge for past denials of claims, this Agreement operates as a complete and final disposition of all potential allegations or claims for non-monetary relief or otherwise that the Secretary may have against Unum based on, or arising from, this Investigation, up to the Effective Date. This Agreement is executed in settlement of the potential allegations and claims described in this Agreement and will not be construed to otherwise limit the Secretary's authority or to limit the rights of any persons other than the Parties to this Agreement.

16. The Secretary covenants, warrants, and agrees that the Secretary will not institute any action against Unum alleging a violation or breach of the terms of this Agreement, or to enforce any terms of this Agreement, without providing Unum at least 60 days' prior written notice of the alleged violation or breach and the opportunity to cure any such alleged violation or breach within the 60-day period.

17. This Agreement may be executed simultaneously in any number of counterparts. Each executed counterpart (including an executed counterpart delivered by facsimile or email) shall be deemed to be an original, and all such counterparts together shall constitute one and the same agreement.

FOR THE SECRETARY OF LABOR:



Date: 5/31/24

Print Name: Suzanne Berilly

Title: Sr. Trial Attorney

FOR UNUM LIFE INSURANCE COMPANY OF AMERICA



Date: 05/30/2024

Print Name: Lisa Iglesias

Title: Executive Vice President, General Counsel