

**FAT CAT AND ZARD GROUP TERM LIFE INSURANCE
CERTIFICATE OF INSURANCE**

Policyholder: State Employees' Credit Union

Policy Number: 000000002S

Issue Date: May 15, 2014

Covered Persons are insured under the Policy issued to the Policyholder identified above.

This Certificate of Insurance replaces any Certificates that may have previously been issued under the Policy.

This Certificate is not a contract or policy of insurance. The Certificate is merely a summary of the coverage provided by the Policy and is subject to all the terms and conditions of the Policy.

The Policy alone constitutes the agreement under which the insurance is administered. The Policy may be amended or canceled in accordance with its terms without consent of the Covered Person.

The Policy is on file at Our Administrative Offices. The Policy may be examined at Our Administrative Office during Our regular working hours.

Subject to the Policy provisions, We agree to pay the Death Benefit to the Beneficiary after receipt of satisfactory proof of the death of the Covered Person.

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****** READ YOUR CERTIFICATE CAREFULLY ******

1. Definitions

Unless indicated otherwise, the following terms and phrases when capitalized and used herein have the meanings set forth below:

Active FAT CAT or Zard Share Account means a FAT CAT or Zard share account that meets the minimum balance requirements established from time to time by the Policyholder.

Administrative Offices means Our home office located at 119 N. Salisbury St, Raleigh, North Carolina 27603.

Annual Premium Due Date means the annual date on which the premium payment for Basic Coverage and any Supplemental Coverage under the Policy is due to Us. We will notify You in writing of the Annual Premium Due Date.

Application means the approved form the Policyholder submits to Us electing to participate in or change the coverage of a Covered Person under the Policy.

Basic Coverage means the \$1,000 of group term life insurance coverage provided to You at no cost to You. Premiums for this coverage are paid by the Policyholder.

Beneficiary means the entity that is entitled to receive the Death Benefit as it becomes due under the Policy.

Certificate means this Certificate of Insurance.

Conversion Privilege means Your right, if applicable, to change the group insurance to an individual policy when coverage under the Policy terminates.

Covered Person means an individual who is insured under the Policy.

Death Benefit means the Principal Sum payable upon the death of Covered Person while insured.

Effective Date means the effective date described in Section 11 of this Certificate.

Evidence of Insurability means any statement of proof of a person's physical condition and any other factual information affecting acceptability for insurance.

Policy means the Group Term Life Insurance Policy issued to the Policyholder as of the date shown on the face page of the Policy.

Policyholder means the entity named on the face page of this Certificate to whom the Policy is issued.

Principal Sum means the total amount of life insurance payable under the Policy on account of the death of a Covered Person. The Principal Sum is equal to the Basic Coverage plus any Supplemental Coverage selected, as described in Section 14 of this Certificate.

Supplemental Coverage means the additional \$9,000 of group term life insurance coverage that can be elected by You, or someone on Your behalf, provided that an annual premium is paid by You, or someone on Your behalf, for this additional coverage.

Us, We, or Our means SECU Life Insurance Company.

You or Your means an individual who is insured under the Policy to whom this Certificate is issued.

2. Entire Contract

The entire contract of insurance is: (1) the Policy (which includes this Certificate); (2) the Summary of Benefits, and (3) the Application. The terms of the Policy may not be changed or waived except by endorsement. The endorsement must be attached to the Policy and signed by Our President. No agent may change the contract in any way nor bind Us by any promise, action, or representation.

3. Certificates

We will make available to the Policyholder an individual Certificate for electronic and, if requested, paper delivery to You setting forth, in summary form, the essential features of Your insurance and to whom the benefits are payable.

4. Beneficiary and Mode of Settlement

The Beneficiary is the estate of the Covered Person. The Beneficiary may not be changed. The Death Benefit will be paid in a lump sum. Only one death benefit will be paid per Covered Person.

We may pay up to \$250 of the Death Benefit to any person appearing to Us to be equitably entitled thereto by having incurred funeral or other expenses incident to the Covered Person's last illness or death.

5. Assignment of Interest

The rights and benefits of a Covered Person under this Policy may not be assigned.

6. Incontestability

Coverage under the Policy shall not be contested, except for non-payment of premium, after it has been in force for two years from the Effective Date.

7. Written Notice of Claim and Proof of Loss

Written notice of claim must be given to Us within 30 days after the death of the Covered Person. If notice cannot be given within that time, it must be given as soon as reasonably possible.

Written proof of loss must be given to Us within 90 days after the date of loss. If it is not reasonably possible to give the proof within 90 days, the claim will not be reduced or invalidated if the proof is given as soon as reasonably possible. However, in no case may written proof be given later than one year from the time it is otherwise required (one year plus 90 days).

The written notice must be given to Us at Our Administrative Offices.

8. Time Payment of Claims

The Death Benefit due will be paid promptly after We receive written proof of loss. The proof must include all necessary documentation and completed forms that will allow the claim to be processed. We will pay interest on benefits from the date we receive satisfactory proof of loss (or from the date of the insured's death, if required by law), until the payment date. Interest will be paid at an annual rate determined by Us, but never less than the rate required by law. All premiums are considered earned upon payment of the Death Benefit.

9. Grace Period

The Policy has a 31-day grace period. This means that You have 31 days beyond the Annual Premium Due Date to pay the premium for any Supplemental Coverage elected. Your Supplemental Coverage will remain in force during the grace period unless You or the Policyholder has given written notice to Us that the Policy or Your Supplemental Coverage will not be renewed. Your premium payment for any Supplemental Coverage must be received at Our Administrative Offices within the 31-day grace period.

The Policyholder also has 31 days beyond the annual due date to pay the premium for the Basic Coverage. The Policy will remain in force during the grace period unless the Policyholder has given written notice to Us that the Policy will not be renewed.

If the Covered Person dies during the grace period, We will deduct the premium for the 31-day grace period from the Death Benefit. The 31-day grace period does not apply to the first premium payment.

10. Eligibility

If all the following requirements are met, an individual is eligible for insurance coverage under the Policy. A Covered Person must:

- A. own an Active FAT CAT or Zard Share Account;
- B. be age 19 or under; and
- C. provide Us with satisfactory Evidence of Insurability, if required.

Eligibility for coverage under the Policy will begin on any date You meet all three of the above requirements.

11. Effective Date

11.1. Effective Date of Basic Coverage

The Effective Date for Basic Coverage is when all of the following have occurred:

- A. within 30 days of eligibility, the Policyholder has given Us on Our forms a written authorization for Basic Coverage; and
- B. the Policyholder has agreed to pay the premium for Basic Coverage.

11.2. Effective Date of Supplemental Coverage

The Effective Date for Supplemental Coverage is when all of the following have occurred:

- A. within 30 days of eligibility or during subsequent enrollment period(s) declared by Us, if any, the Policyholder has given Us on Our forms a written authorization for Supplemental Coverage for the Covered Person; and
- B. You, or someone on Your behalf, has made the first premium payment for the Supplemental Coverage.

12. Termination of Group Life Insurance

12.1. Termination of Basic Coverage

Your Basic Coverage under the Policy shall terminate on the earliest of the dates on which one of the following occurs:

- A. the premium for Basic Coverage is not paid by the Policyholder as required.
- B. the Policyholder's participation under the Policy terminates.
- C. the Covered Person no longer owns an Active FAT CAT or Zard Share Account.
- D. the Covered Person dies.
- E. the Covered Person attains the age of 20 years.

12.2. Termination of Supplemental Coverage

Your Supplemental Coverage under the Policy shall terminate on the earliest of the dates on which one of the following occurs:

- A. the applicable premium has not been paid by You, or someone on Your behalf, as required.
- B. the Policyholder's participation under the Policy terminates.
- C. the Covered Person no longer owns an Active FAT CAT or Zard Share Account, except that coverage shall continue until the end of the then annual period for which the applicable premium has been paid.
- D. the Covered Person dies.
- E. the Covered Person attains the age of 20 years.

13. Conversion Privilege

A Covered Person may be eligible for conversion of coverage to an individual policy when the Group Life insurance is terminated pursuant to subsections B, C or E of Sections 12.1 and 12.2 above.

- 13.1. Issuance of Individual Policy** The individual policy to be issued under this Section 13 will be subject to all of the following:
- A. no Evidence of Insurability will be required.
 - B. application to Us and payment of the first premium must be made within 31 days after Your group life insurance terminates under Section 12, as applicable. (This 31-day period is the conversion period.)
 - C. the Policy may be any individual permanent life insurance policy customarily issued by Us, except term insurance.
 - D. The premium for the new policy will be at Our then customary rate applicable to the form and amount of policy and will be based on:
 - 1. Your age on the effective date of the individual permanent life insurance policy; and
 - 2. The class of risks to which You then belong.

In order for the provisions of this subsection to apply, the Covered Person must have been continuously insured under the Policy for at least five years at an amount of coverage equal to the amount of coverage sought for the new policy.

- 13.2. Death Benefit During the Conversion Period** If You die during the 31-day conversion period, We will pay death proceeds in the amount that would have been paid if coverage had been effective, minus any premium due.

14. Principal Sum

The Death Benefit is the Basic Coverage and, if elected, the Supplemental Coverage. Supplemental Coverage is elected by selecting the Supplemental Coverage on the Application and paying the applicable premium. The Policyholder pays the premium for Basic Coverage. You, or someone on Your behalf, pays for any Supplemental Coverage selected.

**NOTICE CONCERNING COVERAGE
LIMITATIONS AND EXCLUSIONS UNDER THE NORTH CAROLINA
LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT**

Residents of this state who purchase life insurance, annuities or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the North Carolina Life and Health Insurance Guaranty Association. The purpose of this association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the guaranty association will assess its other member insurance companies for the money to pay the claims of the insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the guaranty association is not unlimited, however. And, as noted *in the box below*, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

The North Carolina Life and Health Insurance Guaranty Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in North Carolina. You should not rely on coverage by the North Carolina Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the guaranty association to induce you to purchase any kind of insurance policy.

The North Carolina Life and Health Insurance Guaranty Association
Post Office Box 10218
Raleigh, North Carolina 27605-0218

North Carolina Department of Insurance, Consumer Services Division
1201 Mail Service Center
Raleigh, North Carolina 27699-1201

The state law that provides for this safety-net coverage is called the North Carolina Life and Health Insurance Guaranty Association Act. *On the back of this page* is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the act or the rights or obligations of the guaranty association.

COVERAGE

Generally, individuals will be protected by the life and health guaranty association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this association if:

- They are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- The insurer was not authorized to do business in this state;
- Their policy was issued by an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessments, or by an insurance exchange.

The association also does not provide coverage for:

- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- Any policy of reinsurance (unless an assumption certificate was issued);
- Interest rate yields that exceed the average rate specified in the law;
- Dividends;
- Experience or other credits given in connection with the administration of a policy by a group contractholder;
- Employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- Unallocated annuity contracts (which give rights to group contractholders, not individuals), unless they fund a government lottery or a benefit plan of an employer, association or union, except that unallocated annuities issued to employee benefit plans protected by the Federal Pension Benefit Guaranty Corporation are not covered.
- A policy or contract commonly known as Medicare Part C or Part D or any regulations issued pursuant thereto.

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the association is obligated to pay out as follows:

- (1) The guaranty association cannot pay out more than the insurance company would owe under the policy or contract.
- (2) Except as provided in (4) and (5) below, the guaranty association will pay a maximum of \$300,000 per individual, per insolvency, no matter the number of policies or types of policies issued by the insolvent company.
- (3) Except as provided in (4) and (5) below, the guaranty association will pay an aggregate maximum of \$500,000 with respect to any one individual affected by multiple insolvencies.
- (4) The guaranty association will pay a maximum of \$1,000,000 with respect to any one structured settlement annuity contract holder.
- (5) The guaranty association will pay a maximum of \$5,000,000 to any one unallocated annuity contract holder.