

February 15, 2002

SAMBA Announces Important Changes To Your Group Insurance Plans

YOUR IMMEDIATE RESPONSE TO THIS MAILING IS REQUIRED

SAMBA has redesigned its group insurance plans to provide greater value and protection to our members. To take advantage of the enhanced benefits described below you must sign and return the enclosed SAMBA Payroll Allotment Form 299 by March 15, 2002. The plan changes described below will become effective April 7, 2002:

- **Disability Income Protection Plan** has been redesigned with an emphasis on supplementing rather than duplicating federal workers compensation, disability retirement, and survivor benefits. The new plan design will permit us to decrease rates for this Plan while still providing valuable protection.
- **Group Term Life Insurance Plan (with AD&D)** schedules for active members are being increased to provide additional valuable insurance coverage. The SAMBA plan will continue to provide an additional benefit equal to the amount of your Group Term Life coverage in the event of accidental death or covered dismemberment (AD&D). And, an extra 50% of the life benefit is payable should an insured member be killed in the line of duty. Although the events of September 11 may cause other insurance carriers to exclude accidental death coverage for terrorist acts, we are pleased to announce that the SAMBA plan will continue to have no exclusions for terrorism related risks. However, in today's insurance market, all-risk coverages available in the SAMBA plan cost substantially more than ever before. Rather than placing new limits in our plan we have opted to impose a modest rate increase to offset our increased insurance costs.
- **Dependents Group Term Life Insurance Plan** schedules for dependents of active members have been increased to provide additional coverage at slightly higher rates.
- **Group Term Life Insurance Plans** for retirees and their dependents now offer more options to members who retire on or after April 1, 2002.
- **Supplemental Group Term Life Insurance Plan** premiums have been reduced as a result of favorable plan experience.
- **Dental and Vision Care Plan** is now paying out more in benefits than it receives in premiums. A minimal rate increase, the first in four years, will enable SAMBA to continue to offer the same high level of benefits.

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As a SAMBA member, you already know the value and importance of these insurance plans. To maximize the benefits available to you and your family, and to avoid any loss in protection, **you need to do the following:**

- **Review** the enclosed personalized coverage information printed on the reverse side of the SAMBA Payroll Allotment Form 299. It lists the SAMBA plans in which you are currently enrolled, your new coverage levels, and the new bi-weekly premium you will pay effective April 7, 2002.
- **Review** the enclosed plan change Bulletins, which are specific to the plans in which you are currently enrolled. Each Bulletin explains the enhanced benefits, premium changes and options available to you.
- **Review** the enclosed [Frequently Asked Questions](#) document.
- **Sign and date the enclosed pre-printed SAMBA Payroll Allotment Form 299 and return to SAMBA by March 15, 2002.** A pre-addressed, postage-paid envelope is enclosed for your convenience.

If we can help answer your questions, you may contact SAMBA toll free at 1-800-638-6589 (press 2) or 301-984-1440 (press 2), Monday through Friday, 7:30 a.m. to 5:30 p.m. (eastern time).

Disability Income Protection Plan

SAMBA is pleased to announce a **reduction in premium** for the **Disability Income Protection Plan**. SAMBA has redesigned the Plan with an emphasis on supplementing rather than duplicating federal workers compensation, disability retirement, and survivor benefits. The new plan design will reduce our costs and permit us to pass the savings on to you in the form of reduced rates ([see chart on reverse side for new premium rates](#)). Premium reductions range from \$.75 to \$7.80 biweekly and may reduce the cost to you by as much as 15% or more. Plan modifications that will take effect April 7, 2002 are highlighted below. Your insured salary amount remains unchanged, however, the new benefit provisions will apply. To take advantage of the reduced premium you must return the enclosed SAMBA Payroll Allotment Form 299 by **March 15, 2002**. **If you do not return the Payroll Allotment Form you will continue to pay the higher premium.**

- Disability benefits are now payable to age 62 or a minimum of twelve months, whichever is later. For members covered by CSRS, the Plan formerly allowed benefits to age 65.
- Survivor benefits are being reduced. Benefits now equal 50% of the Long Term Disability benefit the insured was entitled to receive at time of death. Benefits will be paid for a maximum of 10 years or until the member would have otherwise reached age 65.
- The Pension Supplement Benefit, which duplicated some federal benefits, has been eliminated.
- The Hospital Income Protection benefit remains at the current level. However, the extra hospitalization benefit paid during a period of long-term disability has been removed.
- The time limit for filing a claim has been extended to one year from date of disability.
- The Plan's mental and nervous benefits continue to be limited to a maximum of two years, but will have a lifetime maximum of four years for all such periods of disability.
- Plan benefits for occupational disabilities that are eligible for workers compensation benefits are limited to twelve months.
- Benefits for disabilities caused by symptoms not supported, documented or diagnosed through conventional medical tests and for specified conditions which will be described in the new Summary Plan Description, are limited to a maximum of 24 months.
- Other policy clarifications have been made. A new Summary Plan Description with complete Plan information will be sent to all participants.

Disability Income Protection Plan – Effective April 7, 2002

Salary to Next Highest \$1,000	Bi-weekly Cost	Salary to Next Highest \$1,000	Bi-weekly Cost	Salary to Next Highest \$1,000	Bi-weekly Cost	Salary to Next Highest \$1,000	Bi-weekly Cost
\$ 15,000	\$ 4.56	\$ 51,000	\$ 15.50	\$ 87,000	\$ 26.43	\$123,000	\$ 37.37
\$ 16,000	\$ 4.86	\$ 52,000	\$ 15.80	\$ 88,000	\$ 26.74	\$124,000	\$ 37.68
\$ 17,000	\$ 5.17	\$ 53,000	\$ 16.10	\$ 89,000	\$ 27.04	\$125,000	\$ 37.98
\$ 18,000	\$ 5.47	\$ 54,000	\$ 16.41	\$ 90,000	\$ 27.35	\$126,000	\$ 38.28
\$ 19,000	\$ 5.77	\$ 55,000	\$ 16.71	\$ 91,000	\$ 27.65	\$127,000	\$ 38.59
\$ 20,000	\$ 6.08	\$ 56,000	\$ 17.02	\$ 92,000	\$ 27.95	\$128,000	\$ 38.89
\$ 21,000	\$ 6.38	\$ 57,000	\$ 17.32	\$ 93,000	\$ 28.26	\$129,000	\$ 39.20
\$ 22,000	\$ 6.68	\$ 58,000	\$ 17.62	\$ 94,000	\$ 28.56	\$130,000	\$ 39.50
\$ 23,000	\$ 6.99	\$ 59,000	\$ 17.93	\$ 95,000	\$ 28.87	\$131,000	\$ 39.80
\$ 24,000	\$ 7.29	\$ 60,000	\$ 18.23	\$ 96,000	\$ 29.17	\$132,000	\$ 40.11
\$ 25,000	\$ 7.60	\$ 61,000	\$ 18.53	\$ 97,000	\$ 29.47	\$133,000	\$ 40.41
\$ 26,000	\$ 7.90	\$ 62,000	\$ 18.84	\$ 98,000	\$ 29.78	\$134,000	\$ 40.72
\$ 27,000	\$ 8.20	\$ 63,000	\$ 19.14	\$ 99,000	\$ 30.08	\$135,000	\$ 41.02
\$ 28,000	\$ 8.51	\$ 64,000	\$ 19.45	\$100,000	\$ 30.38	\$136,000	\$ 41.32
\$ 29,000	\$ 8.81	\$ 65,000	\$ 19.75	\$101,000	\$ 30.69	\$137,000	\$ 41.63
\$ 30,000	\$ 9.12	\$ 66,000	\$ 20.05	\$102,000	\$ 30.99	\$138,000	\$ 41.93
\$ 31,000	\$ 9.42	\$ 67,000	\$ 20.36	\$103,000	\$ 31.30	\$139,000	\$ 42.23
\$ 32,000	\$ 9.72	\$ 68,000	\$ 20.66	\$104,000	\$ 31.60	\$140,000	\$ 42.54
\$ 33,000	\$ 10.03	\$ 69,000	\$ 20.97	\$105,000	\$ 31.90	\$141,000	\$ 42.84
\$ 34,000	\$ 10.33	\$ 70,000	\$ 21.27	\$106,000	\$ 32.21	\$142,000	\$ 43.15
\$ 35,000	\$ 10.63	\$ 71,000	\$ 21.57	\$107,000	\$ 32.51	\$143,000	\$ 43.45
\$ 36,000	\$ 10.94	\$ 72,000	\$ 21.88	\$108,000	\$ 32.82	\$144,000	\$ 43.75
\$ 37,000	\$ 11.24	\$ 73,000	\$ 22.18	\$109,000	\$ 33.12	\$145,000	\$ 44.06
\$ 38,000	\$ 11.55	\$ 74,000	\$ 22.48	\$110,000	\$ 33.42	\$146,000	\$ 44.36
\$ 39,000	\$ 11.85	\$ 75,000	\$ 22.79	\$111,000	\$ 33.73	\$147,000	\$ 44.67
\$ 40,000	\$ 12.15	\$ 76,000	\$ 23.09	\$112,000	\$ 34.03	\$148,000	\$ 44.97
\$ 41,000	\$ 12.46	\$ 77,000	\$ 23.40	\$113,000	\$ 34.33	\$149,000	\$ 45.27
\$ 42,000	\$ 12.76	\$ 78,000	\$ 23.70	\$114,000	\$ 34.64	\$150,000	\$ 45.58
\$ 43,000	\$ 13.07	\$ 79,000	\$ 24.00	\$115,000	\$ 34.94	\$151,000	\$ 45.88
\$ 44,000	\$ 13.37	\$ 80,000	\$ 24.31	\$116,000	\$ 35.25	\$152,000	\$ 46.18
\$ 45,000	\$ 13.67	\$ 81,000	\$ 24.61	\$117,000	\$ 35.55	\$153,000	\$ 46.49
\$ 46,000	\$ 13.98	\$ 82,000	\$ 24.92	\$118,000	\$ 35.85	\$154,000	\$ 46.79
\$ 47,000	\$ 14.28	\$ 83,000	\$ 25.22	\$119,000	\$ 36.16	\$155,000	\$ 47.10
\$ 48,000	\$ 14.58	\$ 84,000	\$ 25.52	\$120,000	\$ 36.46	\$156,000	\$ 47.40
\$ 49,000	\$ 14.89	\$ 85,000	\$ 25.83	\$121,000	\$ 36.77	\$157,000	\$ 47.70
\$ 50,000	\$ 15.19	\$ 86,000	\$ 26.13	\$122,000	\$ 37.07	\$158,000	\$ 48.01

Group Term Life Insurance Plan

Table 1 shows the revised schedules for the Group Term Life Plan effective April 7, 2002. Simply sign, date, and return the enclosed pre-printed SAMBA Payroll Allotment Form 299 by **March 15, 2002** to take advantage of this opportunity to increase your coverage. No health statement is required. If you do not respond, your biweekly premium will remain unchanged, however, your coverage will be **reduced** to the amount shown in the table.

TABLE 1 Group Term Life Insurance for Active Members					
Job Classification	Current Group Term Life Amounts	* Reduced Group Term Life Amounts	Current Biweekly Premium	Effective April 7, 2002	
				New Group Term Life Amounts	New Biweekly Premium
GS-5 & Below	\$75,000	\$65,000	\$5.00	\$80,000	\$6.00
GS-6 thru GS-9	\$95,000	\$85,000	\$7.00	\$100,000	\$8.00
GS-10 thru GS-12	\$125,000	\$110,000	\$10.00	\$140,000	\$13.00
GS-13 thru GS-14	\$150,000	\$140,000	\$13.00	\$175,000	\$17.00
GS-15	\$185,000	\$155,000	\$15.00	\$200,000	\$20.00
SES & SL	\$230,000	\$180,000	\$18.00	\$250,000	\$23.00

**If you do not authorize the increase in allotment for the new premium, the "Reduced Amount" will become effective 4/07/02.*

Group Term Life Retirement Options

Table 2 shows the eight new plan options that will become effective for members in the Group Term Life Plan who retire on or after April 1, 2002. Upon retirement you will now choose from the age based plans listed below. Your insurance amount will be based on your age group. However, the amount of life insurance you choose to carry into retirement cannot exceed the amount of your Group Term Life immediately prior to retirement.

TABLE 2 Group Term Life Retirement Options					
Plan Options	Quarterly Premium	Amount of Insurance in Retirement			
		Thru Age 54	Ages 55-59	Ages 60-64	Ages 65-69
1	\$37.50	\$25,000	\$15,000	\$10,000	\$7,500
2	\$75.00	\$50,000	\$30,000	\$20,000	\$15,000
3	\$112.50	\$75,000	\$45,000	\$30,000	\$22,500
4	\$150.00	\$100,000	\$60,000	\$40,000	\$30,000
5	\$187.50	\$125,000	\$75,000	\$50,000	\$37,500
6	\$225.00	\$150,000	\$90,000	\$60,000	\$45,000
7	\$262.50	\$175,000	\$105,000	\$70,000	\$52,500
8	\$300.00	\$200,000	\$120,000	\$80,000	\$60,000

Members who retired prior to April 1, 2002, will not have the new options available.

Dependents Group Term Life Insurance Plan

Table 1 shows the revised schedules for Dependents Group Term Life Insurance effective April 7, 2002. Your Dependents coverage is linked to your Group Term Life Plan coverage level. Your Dependents coverage will automatically increase when you increase your Group Term Life coverage.

Simply sign, date, and return the enclosed pre-printed SAMBA Payroll Allotment Form 299 by **March 15, 2002** to take advantage of this opportunity to increase the Dependents coverage as well as your own. No health statement is required. If you do not return the Allotment Form, your biweekly premium will remain unchanged, however, your Dependents coverage will be **reduced** to the amount shown below.

TABLE 1 Dependents Coverage for Active Members					
Job Classification	Current Spouse Insurance Amount	*Reduced Spouse Insurance Amount	Current Biweekly Premium	Effective April 7, 2002	
				New Spouse Insurance Amount	New Biweekly Premium
GS-9 and Below					
With eligible children	\$15,000	\$14,000	\$2.00	\$20,000	\$3.00
No eligible children	\$20,000	\$17,500	\$2.00	\$25,000	\$3.00
GS-10 thru GS-15					
With eligible children	\$25,000	\$20,000	\$3.00	\$30,000	\$4.00
No eligible children	\$30,000	\$25,000	\$3.00	\$35,000	\$4.00
SES & SL					
With eligible children	\$40,000	\$30,000	\$4.00	\$45,000	\$5.00
No eligible children	\$45,000	\$35,000	\$4.00	\$50,000	\$5.00

Eligible children are covered for \$10,000 each.

** If you do not authorize the increase in allotment for the new premium, the "Reduced Amount" will become effective 4/07/02.*

Dependents Group Term Life Retirement Options

Table 2 shows the new Plan Options that will be effective for the Dependents of active members who retire on or after April 1, 2002. The Dependents coverage categories are linked to the member's Group Term Life plan option chosen upon retirement.

TABLE 2 Dependents Coverage Upon Retirement				
GTL Plan Option Selected By Retiring Member	Spouse's Insurance Amount (Based on Member's Age)			Quarterly Premium
	Through Age 59	Ages 60-64	Ages 65-69	
1,2,3,4	\$20,000	\$15,000	\$10,000	\$40.00
5,6,7	\$25,000	\$17,500	\$12,500	\$50.00
8	\$35,000	\$25,000	\$17,500	\$70.00

Eligible children are covered for \$5,000 each

Supplemental Life Insurance Plan

Favorable experience in the Supplemental Life Insurance Plan has reduced our costs and permits us to pass the savings on to you in the form of a premium reduction. The following table shows the lower biweekly premium amounts, which will become effective April 7, 2002. Simply sign, date, and return the enclosed pre-printed SAMBA Payroll Allotment Form 299 by **March 15, 2002**, to take advantage of the reduced rates. If you do not return the Payroll Allotment Form you will continue to pay the higher premiums however, your benefit will remain unchanged.

Supplemental Life Insurance					
Age	Biweekly Premium Effective April 7, 2002				
	\$30,000	\$60,000	\$90,000	\$120,000	\$240,000
18-24	\$ 0.90	\$ 1.80	\$ 2.70	\$ 3.60	\$ 7.20
25-29	\$ 1.14	\$ 2.28	\$ 3.42	\$ 4.56	\$ 9.12
30-34	\$ 1.35	\$ 2.70	\$ 4.05	\$ 5.40	\$ 10.80
35-39	\$ 1.65	\$ 3.30	\$ 4.95	\$ 6.60	\$ 13.20
40-44	\$ 2.25	\$ 4.50	\$ 6.75	\$ 9.00	\$ 18.00
45-49	\$ 5.25	\$ 10.50	\$ 15.75	\$ 21.00	\$ 42.00
50-54	\$ 9.00	\$ 18.00	\$ 27.00	\$ 36.00	\$ 72.00
55-59	\$ 15.00	\$ 30.00	\$ 45.00	\$ 60.00	\$ 120.00
60-64	\$ 22.50	\$ 45.00	\$ 67.50	\$ 90.00	\$ 180.00
65-69	\$ 40.50	\$ 81.00	\$ 121.50	\$ 162.00	\$ 324.00

Dental and Vision Care Plan

The SAMBA Dental and Vision Care Plan is a valuable supplement to your regular health insurance plan. Although we have been able to avoid increasing the premium for the last four years, escalating dental and vision care costs have increased to the point where the plan is now paying out more in benefits than it receives in premiums. Consequently, to keep plan benefits at the same high levels, we find it necessary to impose a modest increase in premiums at this time.

- The new premium rates will become effective with the pay period beginning April 7, 2002.
- To avoid any interruption in your coverage, **please sign, date, and return the enclosed SAMBA Payroll Allotment Form 299 by March 15, 2002.** If you do not return the Payroll Allotment Form your Dental and Vision coverage will be cancelled effective April 7, 2002.
- A pre-addressed, postage paid envelope is enclosed for your convenience.

Dental and Vision Care Plan		
Coverage For	Current Biweekly Premium	New Biweekly Premium
Member Only	\$18.00	\$21.00
Member Plus One	\$25.00	\$29.00
Member Plus Family	\$30.00	\$35.00
Child (Age 22-27) who is also enrolled in the SAMBA <i>Dependent Children Health Benefit Plan</i>	\$18.00 (Each Child)	\$21.00 (Each Child)
Disabled child over age 22 covered under a Federal Employees Health Benefits (FEHB) Plan	\$18.00 (Each Child)	\$21.00 (Each Child)

FREQUENTLY ASKED QUESTIONS

About Plan Changes Effective April 7, 2002

Q. How do I take advantage of the new coverage and premium revisions?

A. SAMBA has printed your new coverage amounts and premiums on the reverse side of the enclosed Payroll Allotment Form 299. To accept the coverage and rates as indicated, simply sign, date, and return the Allotment Form which has been pre-printed for you. A postage paid, pre-addressed return envelope is provided for your convenience. You must return the Allotment Form to SAMBA by **March 15, 2002**.

F

Q. What if I do not want to accept some of the coverage and premium revisions, or I want to discontinue participation in a plan?

A. You may indicate your desired changes on the reverse side of the Payroll Allotment Form. Any changes you make will require you to recalculate your biweekly "*Allotment Total*" using the tables provided in the Bulletins. Cross out the preprinted amount on the Allotment Form and enter your revised dollar amount. If you need help, call us at 1-800-638-6589 (press 2) or 301-984-1440 (press 2), Monday through Friday, 7:30 a.m. to 5:30 p.m. (eastern time).

A

Q. What if I want to enroll in additional plans or make other changes in my SAMBA Plans beyond those discussed in this communication?

A. You may visit the SAMBA web site at www.samba-insurance.com to download forms or request specific plan information. You may also call us at 1-800-638-6589 (press 2) or 301-984-1440 (press 2) to have forms and information mailed to you. In the near future, SAMBA will be extending a Special Enrollment Opportunity for the Supplemental Group Term Life Insurance and Disability Income Protection Plans. Details will be mailed to all members.

Q

Q. What if I do not respond to this mailing?

A. SAMBA cannot change your payroll allotment amount for you. If you do not respond, some of your current coverage may be reduced or cancelled effective April 7, 2002. Furthermore, you will be unable to take advantage of any applicable premium reductions. You must sign, date and return the Payroll Allotment Form to SAMBA by **March 15, 2002**.

Q. Will I receive confirmation of changes made to my Group Insurance Plans?

A. Yes. You will be sent Summary Plan Descriptions and Certificates reflecting all plan or coverage level changes for each plan in which you are enrolled.