

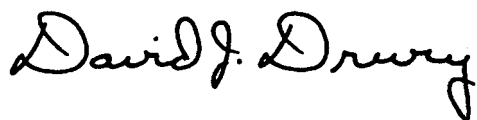
## CHANGE OF NAME AND REMOVAL OF DIVIDEND LANGUAGE ENDORSEMENT

This endorsement is part of the legal contract between you, as the owner, and Principal Life Insurance Company. All definitions, provisions and exceptions of the policy apply to this endorsement unless changed by this endorsement.

All references to "Principal Mutual Life Insurance Company" anywhere in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages) are changed to "Principal Life Insurance Company."

The DIVIDENDS provision is deleted in its entirety anywhere it appears in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages).

The word "PARTICIPATING" is replaced with "NON-PARTICIPATING" anywhere it appears in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages).



Chairman and Chief Executive Officer



Principal Life  
Insurance Company  
Des Moines, Iowa 50392-0001

**DISABILITY BUY-OUT POLICY. POLICY CONTINUABLE DURING ITS TERM. THIS POLICY MAY BE TERMINATED ONLY AS STATED IN THE TERMINATION PROVISION. PREMIUMS ARE GUARANTEED. PARTICIPATING.**

The term of this policy starts on the Policy Date. While this policy is in force we cannot:

1. Change the policy; or
2. Change the premium rate.

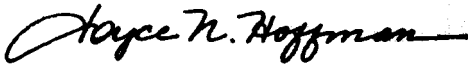
**TERMINATION.** The term continues until the earliest of the:

1. Insured's Age 65 Policy Anniversary;
2. Date the Insured terminates Active Full-Time Employment with the Firm for any reason other than Total Disability;
3. Date the Buy-Sell Agreement is terminated;
4. Date the Maximum Aggregate Benefit or the final Buy-Out Expense payment is paid;
5. Date of the Owner's written request to terminate the policy; or
6. End of the grace period.

**10-DAY EXAMINATION OFFER.** The Owner may return this policy to either the agent or our home office within ten days of its receipt. We will refund any premiums paid and the policy will be considered void from its inception. PLEASE READ THIS POLICY CAREFULLY to better use its many benefits.

**IMPORTANT NOTICE.** Please review the copy of the application attached to this policy. Write to Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001 within ten days if any information shown on it is not correct and complete, or if any medical history has been left out. The application is part of the policy. The policy was issued on the basis that the answers to all the questions and the information shown on the application are correct and complete. Omissions or misstatements on the application could cause an otherwise valid claim to be denied.

Signed for Principal Mutual Life Insurance Company at Des Moines, Iowa, on the Policy Date.



Senior Vice President and  
Corporate Secretary



President and Chief Executive Officer



**Principal Mutual Life  
Insurance Company**

711 High Street  
Des Moines, Iowa 50392-0001

**INSURED** John Doe

**POLICY NUMBER** Sample

**POLICY DATE** July 1, 1998

**POLICY** Disability Buy-Out

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INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

BENEFITS

POLICY

HH673CA Disability Buy-Out

Elimination Period: 365 Days

Payment Method for Buy-Out Expense Benefit: Monthly

BENEFITS FOR TOTAL DISABILITY BEGINNING	MAXIMUM MONTHLY BENEFIT	MAXIMUM AGGREGATE BENEFIT
Prior to Insured's Age 61 Policy Anniversary	\$2,500.00	\$150,000.00
On or After Insured's Age 61 Policy Anniversary but Prior to the Insured's Age 62 Policy Anniversary	\$2,000.00	\$120,000.00
On or After Insured's Age 62 Policy Anniversary but Prior to the Insured's Age 63 Policy Anniversary	\$1,500.00	\$ 90,000.00
On or After Insured's Age 63 Policy Anniversary but Prior to the Insured's Age 64 Policy Anniversary	\$1,000.00	\$ 60,000.00
On or After Insured's Age 64 Policy Anniversary but Prior to the Insured's Age 65 Policy Anniversary	\$ 500.00	\$ 30,000.00

RIDERS

HH676 Benefit Update

HH675 Employment In The Firm

IMPORTANT: Buy-Sell Agreement must be in force at the time Total Disability begins.

INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

## PREMIUMS

## POLICY

Disability Buy-Out	\$ 492.00
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## RIDERS

Benefit Update	0.00
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## PAYMENT OPTIONS

Total, Annual Premium	\$ 492.00
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Semi-Annual Premium	\$ 252.15
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Quarterly Premium	\$ 129.15
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Monthly Preauthorized Withdrawal Premium	\$ 43.05
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INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

## BENEFITS

## POLICY

HH673CA Disability Buy-Out

Elimination Period: 365 Days

Payment Method for Buy-Out Expense Benefit: Lump Sum

BENEFITS FOR TOTAL DISABILITY BEGINNING	MAXIMUM LUMP SUM BENEFIT	MAXIMUM AGGREGATE BENEFIT
Prior to Insured's Age 61 Policy Anniversary	\$500,000.00	\$500,000.00
On or After Insured's Age 61 Policy Anniversary but Prior to the Insured's Age 62 Policy Anniversary	\$400,000.00	\$400,000.00
On or After Insured's Age 62 Policy Anniversary but Prior to the Insured's Age 63 Policy Anniversary	\$300,000.00	\$300,000.00
On or After Insured's Age 63 Policy Anniversary but Prior to the Insured's Age 64 Policy Anniversary	\$200,000.00	\$200,000.00
On or After Insured's Age 64 Policy Anniversary but Prior to the Insured's Age 65 Policy Anniversary	\$100,000.00	\$100,000.00

## RIDERS

HH676 Benefit Update

HH675 Employment In The Firm

IMPORTANT: Buy-Sell Agreement must be in force at the time Total Disability begins.

INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

## PREMIUMS

## POLICY

Disability Buy-Out	\$2,425.00
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## RIDERS

Benefit Update	0.00
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Employment In The Firm	165.00
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## PAYMENT OPTIONS

Total, Annual Premium	\$2,590.00
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Semi-Annual Premium	\$1,327.38
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Quarterly Premium	\$ 679.88
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Monthly Preauthorized Withdrawal Premium	\$ 226.63
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INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

## BENEFITS

## POLICY

HH673CA Disability Buy-Out

Elimination Period: 365 Days

Payment Method for Buy-Out Expense Benefit: Combination

BENEFITS FOR TOTAL DISABILITY BEGINNING	MAXIMUM LUMP SUM BENEFIT	MAXIMUM MONTHLY BENEFIT	MAXIMUM AGGREGATE BENEFIT
Prior to Insured's Age 61 Policy Anniversary	\$500,000.00	\$ 2,500.00	\$650,000.00
On or After Insured's Age 61 Policy Anniversary but Prior to the Insured's Age 62 Policy Anniversary	\$400,000.00	\$ 2,000.00	\$520,000.00
On or After Insured's Age 62 Policy Anniversary but Prior to the Insured's Age 63 Policy Anniversary	\$300,000.00	\$ 1,500.00	\$390,000.00
On or After Insured's Age 63 Policy Anniversary but Prior to the Insured's Age 64 Policy Anniversary	\$200,000.00	\$ 1,000.00	\$260,000.00
On or After Insured's Age 64 Policy Anniversary but Prior to the Insured's Age 65 Policy Anniversary	\$100,000.00	\$ 500.00	\$130,000.00

## RIDERS

HH676 Benefit Update  
 HH675 Employment In The Firm

IMPORTANT: Buy-Sell Agreement must be in force at the time Total Disability begins.



INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Disability Buy-Out

POLICY DATE July 1, 1998

## PREMIUMS

## POLICY

Disability Buy-Out \$2,890.25

## RIDERS

Benefit Update 0.00

Employment In The Firm 197.50

## PAYMENT OPTIONS

Total, Annual Premium \$3,087.75

Semi-Annual Premium \$1,582.47

Quarterly Premium \$ 810.53

Monthly Preauthorized Withdrawal Premium \$ 270.18

## **DEFINITIONS IN THIS POLICY**

**ACTIVE FULL-TIME EMPLOYMENT**--means the Insured is working at least thirty hours a week for the Firm.

**ADJUSTMENT DATE**--means the Monthly Date next following the date we approve the request for adjustment. If the policy has been adjusted, this date will be shown on the current Data Page.

**AGE POLICY ANNIVERSARY**--means the same date and month of each succeeding year from the Policy Date.

**BUY-OUT EXPENSE**--means the expense incurred by the Owner in performance of the terms of the Buy-Sell Agreement in effect when the Insured's Total Disability began.

**BUY-SELL AGREEMENT**-- means the written agreement between the Insured and the Owner establishing the purchase of the Insured's ownership interest in the Firm in the event of the Insured's Total Disability. The Buy-Sell Agreement must be in force at the time Total Disability begins. We are not a party to this agreement.

**DOCTOR**--means a medical practitioner who is legally licensed to practice under state law, acting within the scope of that license, and not the Insured, the Owner, or a member of the Insured's immediate family.

**DOCTOR'S CARE**--means the regular and personal care of a Doctor which under prevailing medical treatment is appropriate for the condition causing Total Disability.

**ELIMINATION PERIOD**--means the number of days of Total Disability, due to the same or related cause, that must elapse before benefits become payable. The days of Total Disability required to satisfy the Elimination Period do not need to be consecutive, but must occur within a period not greater than the Elimination Period plus 180 days.

**FIRM**--means the partnership or corporation named on the application in which the Insured has an ownership interest which this policy insures including any legal change in business name.

**INJURY**--means accidental bodily Injury which occurs while this policy is in force.

**INSURED**--means the person named as the Insured on the current Data Page of this policy.

**MAXIMUM AGGREGATE BENEFIT**--means the maximum amount payable for any Total Disability. This amount is shown on the current Data Page.

**MAXIMUM LUMP SUM BENEFIT**--means the maximum lump sum amount payable for any Total Disability. If you choose this payment method, it will be shown on the current Data Page.

**MAXIMUM MONTHLY BENEFIT**--means the maximum monthly amount payable for any Total Disability. If you choose this payment method, it will be shown on the current Data Page.

**MONTHLY DATE**--means the date of any month which is the same as the Policy Date.

**OWNER**--means the person or Firm named as the Owner in the application. Certain policy rights may only be exercised by the Owner.

**POLICY DATE**--means the date the policy was issued and is shown on the current Data Page.

**REGULAR OCCUPATION**--means the occupation in which the Insured was engaged for the Firm at the time Total Disability began.

**SICKNESS**--means an illness or disease which first manifests itself while this policy is in force.

**TOTAL DISABILITY**-- means:

1. Solely due to Injury or Sickness:
  - a. The Insured is unable to perform the substantial and material duties of the Regular Occupation;
  - b. The Insured is not working in any other occupation for the Firm; and
2. The Insured is receiving Doctor's Care. We will waive this requirement when we receive proof satisfactory to us that continued care would be of no benefit.

We will pay benefits as if the Total Disability was caused by only one Injury or Sickness if the Total Disability was caused by more than one Injury or Sickness.

**WE, OUR, US**--means the Principal Mutual Life Insurance Company.

## **BENEFIT SECTION**

### **CONDITIONS OF PAYMENT**

The Buy-Out Expense benefit will become payable to the Owner the later of the end of the Elimination Period or the date a Buy-Out Expense is incurred, if:

- The Insured incurs a Total Disability while engaged in Active Full-Time Employment for the Firm;
2. The Insured has an ownership interest in the Firm when the Buy-Out Expense is incurred;
3. The Owner incurs a Buy-Out Expense in performance of the terms of the Buy-Sell Agreement that is in force at the time the Total Disability begins; and
4. The initial Notice of Claim, Claim Forms, and Proof of Loss are given as provided in the Claims Section of this policy.

We will refund any excess premium paid for the 12 months prior to the date of Total Disability if the total Buy-Out Expense amount incurred is less than the benefits shown on the current Data Pages.

We will waive the requirements of Total Disability during the Insured's lifetime after a payment of a Buy-Out Expense benefit has been made.

If the Insured has Buy-Out Expense coverage with another company in effect at the time of Total Disability, the benefits of this policy will be adjusted to reflect the coverage of the other company. The total benefits provided by this policy and any

other Buy-Out Expense coverage in effect at the time of Total Disability will not exceed the total Buy-Out Expense incurred.

**PROOF OF  
BUY-OUT EXPENSE**

We will require satisfactory proof of

- 1 The Buy-Sell Agreement in force at the time Total Disability begins;
- 2 The Buy-Out Expense the Owner actually incurs; and
- 3 The method of valuation of the Firm.

We have the right to request and examine financial records deemed necessary as proof of the Buy-Out Expense.

**BENEFIT PAYMENT  
METHODS**

Three payment methods are shown below. Benefits are payable only under the applicable payment method shown on the current Data Page.

**1 Monthly Payment Method:**

The monthly amount payable is equal to the lesser of the actual monthly Buy-Out Expense the Owner incurred or the Maximum Monthly Benefit shown on the current Data Page. The total of all monthly benefit payments will not exceed the lesser of the total Buy-Out Expense or the Maximum Aggregate Benefit.

If the Insured dies, benefit payments under this method will stop as of the date of death.

**2 Lump Sum Payment Method:**

The lump sum amount payable is equal to the lesser of the actual lump sum Buy-Out Expense the Owner incurred or the Maximum Lump Sum Benefit shown on the current Data Page. The total of the lump sum benefit will not exceed the lesser of the total Buy-Out Expense or the Maximum Aggregate Benefit.

The Owner may request that the lump sum benefit be paid in equal guaranteed installments over a period not to exceed ten years. We must mutually agree upon the terms for guaranteed installment payments.

**3 Combination Payment Method:**

This payment method is a combination of the Monthly Payment Method and the Lump Sum Payment Method. We will pay an amount equal to the lesser of the actual lump sum Buy-Out Expense the Owner incurred or the Maximum Lump Sum Benefit shown on the current Data Page.

After the lump sum benefit is paid, monthly payments will begin. The monthly amount payable is equal to the lesser of the actual monthly Buy-Out Expense the Owner incurred, or the Maximum Monthly Benefit shown on the current Data Page.

The benefits provided by this payment method will not exceed the Maximum Aggregate Benefit shown on the current Data Page.

If the Insured dies, benefit payments under this method will stop as of the date of death.

**BENEFITS BEGINNING WITH AGE 61 POLICY ANNIVERSARY**

Starting on the Insured's Age 61 Policy Anniversary benefits provided by the payment method you have chosen will be modified as shown on the current Data Page.

**WAIVER OF PREMIUM BENEFIT**

If the Insured is Totally Disabled for 90 consecutive days:

- 1 We will refund the monthly pro rata portion of any premium paid for coverage after the date Total Disability began; and
2. We will waive the payment of premiums which come due during Total Disability.

The Waiver of Premium benefit will end when the Insured is no longer Totally Disabled, or the policy is terminated under the Termination provision of this policy.

**LEGAL FEE BENEFIT**

We will reimburse the Owner for legal fees, up to a maximum of \$3,000, if such fees are incurred in performance of the Buy-Sell Agreement as a result of the Insured's Total Disability. Legal Fee benefits will be in addition to the Maximum Aggregate Benefit shown on the current Data Page.

**SPECIAL DEATH BENEFIT**

We will pay the Owner a benefit equal to 2 times the Maximum Monthly Benefit shown on the current Data Page for the Insured's current age if the Insured dies while a monthly Buy-Out Expense benefit is being paid. This Special Death Benefit will be in addition to the Maximum Aggregate Benefit shown on the current Data Page. No Special Death Benefit will be paid in association with the Lump Sum Payment method.

## POLICY ADJUSTMENT SECTION

The Owner may request policy adjustments while the policy is in force, with no premiums in default, and the Insured is not Totally Disabled. To request an adjustment, an application signed by the Owner is required. The application must also be signed by the Insured if evidence of insurability is required. Unless otherwise provided, an adjustment is effective on the Adjustment Date, subject to our prior approval and payment of the required premium.

The adjusted benefits apply to a Total Disability from a Sickness which first manifests itself or an Injury which occurs on or after the Adjustment Date.

Any adjustment will change the information on the current Data Pages. We have the right to request the return of the policy so we can replace these pages.

We require evidence of insurability which satisfies us the Insured is insurable under our then current underwriting guidelines to:

- 1 Increase the policy benefits;
2. Shorten the Elimination Period;
3. Change the payment method from:
  - a. Monthly to Lump Sum,
  - b. Monthly to Combination,

Combination to Lump Sum:

4. Increase the Maximum Aggregate Benefit
5. Add a benefit rider; or
6. Make any other adjustment we permit based on our then current underwriting guidelines.

We do not require evidence of insurability to:

1. Decrease the policy benefits
2. Lengthen the Elimination Period;
3. Decrease the Maximum Aggregate Benefit, except as outlined in number 3 above; or
4. Remove a benefit rider.

## **PREMIUMS AND REINSTATEMENT**

**PAYMENT OF PREMIUM** The first premium of the policy is due on the date the policy is issued. After that, premiums are payable in the amount and frequency chosen from those shown on the current Data Page. The Owner may change the frequency of premium payments except that we will not allow a change while the Insured is Totally Disabled.

Payments may be made to our home office, Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001.

**GRACE PERIOD** Except for the first premium, we allow a grace period of 31 days after the premium due date to pay the premium. The policy will stay in force during the grace period. If a premium is not paid by the end of the grace period, it is in default and the policy terminates.

**REFUND AFTER DEATH** We will refund any premium paid for coverage beyond the Insured's death. We must be given written proof, satisfactory to us, verifying the Insured's death.

**REINSTATEMENT** With our approval, this policy may be reinstated within one year after termination. We may require an application and evidence of insurability under our then current underwriting guidelines.

When an application is required, reinstatement takes effect on the date we approve the application and receive premiums due.

If we accept payment of premiums due without requiring a reinstatement application, reinstatement takes effect when we accept the premiums.

A reinstated policy only covers a Total Disability from:

1. A Sickness which first manifests itself more than 10 days after the date reinstatement takes effect; or
2. An Injury which occurs after the date reinstatement takes effect

A reinstated policy is subject to any provisions or changes attached to the reinstated policy.

**SUSPENSION DURING  
MILITARY SERVICE**

This policy will be suspended while the Insured is on full-time active duty in the military service of any national or international authority. Suspension will be effective as of the date active duty starts. Active duty does not include training by reservists that lasts 90 days or less. We will refund the pro rata portion of any premium paid for a period beyond the date of suspension. The suspended policy may be restored without evidence of insurability if:

- 1 The active duty ends within 5 years from the date of suspension; and
2. The Owner applies in writing and premiums are paid within 90 days following the date active duty ends.

Coverage will start again as of the date we receive the written request and premiums to restore the policy, but not before the date active duty ends. Only a Total Disability from a Sickness which first manifests itself or an Injury which occurs after the policy is restored is covered. Once restored, all rights under the policy will be the same as before the policy was suspended. Premiums will be at the same rate as they would have been had the policy remained in force.

**TERMINATION**

This policy ends on the earliest of the:

- 1 Insured's Age 65 Policy Anniversary;
2. Date the Insured terminates Active Full-Time Employment with the Firm for any reason other than Total Disability;
3. Date the Buy-Sell Agreement is terminated;
4. Date the Maximum Aggregate Benefit or the final Buy-Out Expense payment is paid;
5. Date of the Owner's written request to terminate it; or
6. End of the grace period.

**TRANSFER AND EXCHANGE PRIVILEGES****TRANSFER PRIVILEGE**

On or before the Insured's Age 60 Policy Anniversary, the Insured may become the Insured under any other form of buy-out policy available based on our then current underwriting guidelines without medical evidence of insurability, if:

- 1 This policy has been in force for at least two years;
2. This policy terminates because the Insured ends Active Full-Time Employment with the Firm;
3. The Insured starts Active Full-Time Employment for another Firm in which the Insured has an ownership interest; and
- 4 The Insured is not Disabled and is not receiving benefits under this policy.

An application, completed by the Insured and the new Owner, must be received by us within 90 days after this policy terminates. The underwriting requirements, other than medical, which apply to new applicants for this type of coverage must be met. The benefit limits of the new policy cannot be greater than those provided by this policy. Also, the Elimination Period cannot be less than that provided by this policy.

The new policy will contain any exclusions, ratings and limitations contained in this policy.

The new policy will be effective on the date the application is approved by us. The first premium must be paid within 31 days thereafter. The premium will be based on our rates then in effect. It will also be based on the Insured's attained age and occupation on that date.

Any other transfer or change of ownership is subject to our approval.

## **EXCHANGE PRIVILEGE**

On or before the Insured's Age 60 Policy Anniversary, the Insured may exchange this policy for any individual disability income policy based on our then current underwriting guidelines without medical evidence of insurability, if:

- 1 The Insured is not Totally Disabled
2. This policy is in force
3. No premiums are in default;
4. The Owner has requested termination of the Buy-Out Policy; and
5. The Insured completes an application.

The new policy will be effective on the date the application is approved and the first premium payment is received. The premium will be based on our then current rates, the Insured's attained age and occupation. The new policy will contain any exclusions, ratings, and limitations contained in this policy.

The new policy's Maximum Benefit Period will not be more than 2 years and the Elimination Period will be 90 days or greater. Its Maximum Monthly Benefit will be the lesser of \$2,500 or the maximum amount we are willing to offer under our then current underwriting guidelines. No benefit riders will be issued through an exchange but may be applied for as an adjustment as explained in the Policy Adjustment Section of the new policy.

## **CLAIMS**

### **INITIAL NOTICE OF CLAIM**

We must receive an initial notice of claim within 30 days after Disability begins or as soon after that as is reasonably possible. This initial notice should be in writing and should tell us that a claim is being made, but need not include details of the claim. The notice should include the policy number and the name of the Insured. It can be sent to our home office, Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001, or to our agent. In no event will benefits be payable for loss occurring more than 6 months before the date we receive the initial notice of claim.

### **CLAIM FORMS**

We will send a claim form within 10 working days of receiving the initial notice of claim. If the claim form is not received within 15 days after the initial notice of claim was sent to us, the Insured or the Owner should write a letter about the claim, describing the cause and extent of the loss in detail. Send it to Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001.

### **PROOF OF LOSS**

Completion and return of the claim form or, if needed, the letter described above will serve as proper filing of proof of loss. This filing must be received in our home office no later than 90 days after the start of Total Disability. No benefits will be paid which were due more than one year before we received written notice of Total Disability. An exception will be made only if the Owner was not competent to make claim.



As part of proof of loss we must be furnished with satisfactory proof the Buy-Sell Agreement was in force at the time Total Disability began and of the Buy-Out Expense the Owner incurs. If this proof is not furnished, no benefit is payable. Proof may consist of copies of the Buy-Sell Agreement and satisfactory evidence Buy-Out Expense payments have been made, which may include, but is not limited to, copies of negotiated financial instruments.

We may also request satisfactory evidence the Insured is living during the period of time in which policy benefits are provided.

**PAYMENT OF CLAIMS**

After we receive satisfactory proof of loss, we will pay any benefit due. Any balance not yet paid when our liability ends will be paid immediately. Benefits will be paid to the Owner.

**PRE-EXISTING  
CONDITION LIMITATION**

We will not pay any claim for a Disability or loss which:

- 1 Results from a pre-existing condition which was not disclosed in the policy's application; and
2. Begins within 2 years prior to the application or 2 years after the date of the application.

Pre-existing condition means a condition:

- 1 For which medical treatment was recommended by a Doctor or received from a Doctor within the 2 year period prior to the date of the application; or
2. Which has caused symptoms within the 2 year period prior to the date of the application which would cause an ordinarily prudent person to seek diagnosis, care, or treatment.

**PHYSICAL EXAMS**

We have the right to require that the Insured be examined while a claim is pending. This will be by a Doctor or other appropriate certified professional we choose, at our expense and as often as we may reasonably require.

**LEGAL ACTION**

Legal action may not be started against us to recover on this policy until 60 days after filing of proof of loss or more than 3 years after filing of proof of loss is required under this policy.

**THE CONTRACT****ENTIRE CONTRACT**

The policy, the attached applications, and any attached riders or endorsements make up the entire contract.

**ALTERATIONS**

This policy may be modified by mutual agreement. Any alteration must be in writing and signed by one of our corporate officers. No one else, including the agent, may change the contract or waive any provision.

**INCONTESTABLE**

We will not use any misstatement in any application of this policy, except a fraudulent misstatement, to void coverage after it has been in force for 3 years during the Insured's lifetime, excluding any period of Total Disability.

We will not deny or reduce a claim for a loss incurred or a Total Disability starting after 3 years from an application date on the basis a Sickness or physical condition existed before the application date, unless excluded from coverage by name or specific description. Total Disability from a Sickness or physical condition fully disclosed on the application for this coverage will be covered, unless excluded by name or specific description.

**MISSTATEMENT OF AGE**

If the Insured's age has been misstated, the coverage of this policy will be what the premium paid would have purchased at the Insured's correct age.

**DIVIDENDS**

This policy will share in our divisible surplus. We will determine its share and credit it as a dividend at the end of each policy year. We do not anticipate paying dividends. Dividends can be used in one of these ways:

- 1 PREMIUM PAYMENTS -- to pay part or all of the premium currently due except premium paid by preauthorized withdrawal.
- 2 CASH -- to be paid in cash

The Owner's choice may be made on the application or in writing before a dividend is credited. If no choice is made, the cash option will automatically be used. Dividends will also be paid in cash while premiums for this policy are being waived.

**STATE LAW CONFORMITY**

Any part of this policy that, on the Policy Date, conflicts with the laws of the state in which this policy is issued is changed to meet the minimum requirements of those laws.

**ASSIGNMENT**

We are not bound by an assignment until received in our home office, Principal Mutual Life Insurance Company, 7 11 High Street, Des Moines, Iowa 50392-0001, in a written form approved by us. We assume no responsibility for an assignment's validity. An assignment does not change the ownership of this policy.

**DISABILITY BUY-OUT POLICY.** Policy continuable during its term at guaranteed premium rates. **PARTICIPATING.**