



**PENN TREATY NETWORK AMERICA
INSURANCE COMPANYSM**

3440 LEHIGH STREET, P.O. BOX 7066
ALLENTOWN, PA 18105-7066

LONG TERM CARE FACILITY POLICY

THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY: If You are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from Us.

THIS POLICY QUALIFIES UNDER THE INDIANA LONG-TERM CARE INSURANCE PROGRAM FOR MEDICAID ASSET PROTECTION. THIS POLICY MAY PROVIDE BENEFITS IN EXCESS OF THE ASSET PROTECTION PROVIDED IN THE INDIANA LONG-TERM CARE PROGRAM.

NOTICE TO BUYER: This Policy may not cover all of the costs associated with Long-Term Care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.

THIS POLICY IS GUARANTEED RENEWABLE FOR LIFE

We cannot cancel or refuse to renew this Policy. Your timely payment of premiums is all that is needed to keep this Policy in force until benefits have been exhausted.

WE HAVE A LIMITED RIGHT TO CHANGE PREMIUMS

Your premiums will not increase due to a change in Your age or health. We can, however, change Your premiums based on Your premium class; but only if We change premiums for all similar policies in Your state on the same form as this Policy. Renewal premiums due after a change is implemented will be based on the new rate. We must give You at least 31 days written notice before We change Your premiums.

NOTICE OF 30 DAY RIGHT TO EXAMINE YOUR POLICY

You have 30 days from the day You receive this Policy to examine and return it to Us if You decide not to keep it. You do not have to tell Us Your reason for returning the Policy. You may return the Policy to Us at Our Home Office, or to Our authorized agent, within 30 days. We will refund, directly to You, all of the premiums You have paid and the Policy will be void from the start.

CAUTION: The issuance of this Long-Term Care Insurance Policy is based upon Your responses to the questions on Your application. A copy of Your application is enclosed. If Your answers are incorrect or untrue, We have the right to deny benefits or rescind Your policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of Your answers are incorrect, contact Us at Our Home Office. Our address is 3440 Lehigh Street, Allentown, PA 18105-7066.

TABLE OF CONTENTS

	Page
Notice to Buyer	1
Guaranteed Renewable	1
Right to Change Premiums	1
Right to Examine Your Policy	1
Important Caution About Your Application.....	1
Table of Contents	2
Policy Schedule.....	3
Section I: General Contract Provisions	
The Contract	4
Time Limit on Certain Defenses	4
Other Provisions.....	4
Section II: Definitions of Important Words and Terms	5, 6, 7
Section III: Benefit Provisions	
Nursing Home and Residential Care Facility Benefit	
Covered Nursing Home and Residential Care Facility Stays.....	8
All Levels of Care Covered.....	8
How Much We Pay For A Nursing Home Confinement.....	8
How Much We Pay For A Residential Care Facility Confinement...8	8
Benefits Will Be Paid	8
Additional Benefits	
Maximum Lifetime Benefit.....	9
Waiver of Premium.....	9
Compound Benefit Increase.....	9
Section IV: Exclusions and Limitations	
Pre-Existing Condition Limitation.....	9
What's Not Covered.....	9
Nonduplication With Other Plans.....	10
Section V: Claims Information	
Your Role in the Claims Process	10
Telling Us About a Claim	10
How to File a Claim.....	10
When to File a Claim	10
Our Evaluation Criteria; and the Claims Payment Process	11
How to Appeal a Claim Decision	11
Section VI: Effective Date and Premiums Provisions	
The Policy Taking Effect	12
Your Right to Cancel the Policy at Any Time	12
Refund of Premiums Paid Beyond Your Death.....	12
Paying Premiums	12
What Happens When Premiums Are Not Paid	12
Continuation for Alzheimer's Disease and other forms of Cognitive Impairment.....	13
Application.....	Attached

POLICY SCHEDULE PAGE

PEEN TREATY NETWORK AMERICA INSURANCE COMPANY

POLICY NUMBER

EFFECTIVE DATE

**NAME OF INSURED
ADDRESS**

RENEWAL DATE

**INITIAL PREMIUM
\$**

**POLICY FEE
\$**

POLICY INFORMATION

BENEFITS PROVIDED BY THIS POLICY

Nursing Home Benefits

Residential Care Facility Benefits

COVERAGE LIMITS

MAXIMUM LIFETIME BENEFIT \$

NURSING HOME DAILY BENEFIT AMOUNT \$

ELIMINATION PERIOD (Per Period of Care) DAYS

**RESIDENTIAL CARE FACILITY DAILY BENEFIT AMOUNT \$
(50% of Nursing Home Daily Benefit Amount)**

COMPOUND BENEFIT INCREASE INCLUDED

PREMIUM MODE:

PREMIUM AMOUNTS:

**ANNUAL
\$**

**SEMI-ANNUAL
\$**

**QUARTERLY
\$**

**MONTHLY
\$**

**AUTOMATIC BANK WITHDRAWAL (ACH)
\$ (MONTHLY)**

SPECIMEN

SECTION I: GENERAL CONTRACT PROVISIONS

This section tells You: the documents that state all the contractual agreements; the importance of completing Your application truthfully and correctly; and other basic rights, obligations and features.

The Contract

Entire Contract: The entire contract between You and Us is as stated in this Policy, Your application, and any attached papers.

Changes: No change in this Policy will be effective until approved by one of Our Executive Officers. That approval must be noted on or attached to this Policy. No agent may change this Policy or waive any of its provisions.

After this Policy is issued or reinstated, any rider or endorsement must be accepted in writing by You, unless acceptance is not required or if the change is required by law.

Time Limit on Certain Defenses

Misstatements in Your Application: After 2 years from the Policy's Effective Date, only fraudulent misstatements in Your application may be used to:

- 1.) void this Policy; or
- 2.) deny any claim for loss incurred or disability that starts after the 2 year period.

Other Provisions

Misstatement of Age: If Your age was misstated in Your application, We will pay the benefits that the premiums You have paid would have purchased at Your true age. If, based on Your true age, the Policy would not have become effective, We will only be liable for the refund of all premiums paid for this Policy.

Governing Jurisdiction: This Policy is governed by the laws of the State of Indiana.

Conformity with State Statutes: If this Policy does not comply with the laws of the State of Indiana on its Effective Date, We will treat it as though it had been changed to comply with those laws.

Time Periods: All time periods begin and end at 12:01 a.m. at Your residence.

Non-Participating, Dividends Not Payable: This Policy does not participate in Our profits or surplus earnings; and no dividends will be paid at any time.

Asset Protection:

If this Policy remains a qualified long-term care policy, You will have the right to an Asset Disregard under the Indiana Long-Term Care Program. An Asset Disregard will be provided for all benefits used by You to purchase Eligible Long-Term Care Services covered by this Policy. This Policy will utilize the Insured Event criteria for determining eligibility for benefits and for determining the amount of Asset Disregard. The amount of the payment that will be credited towards Asset Protection will be the following:

- 1.) the amount of the payment made by this qualified policy for Eligible Long Term Care Services.

SECTION II: DEFINITIONS OF IMPORTANT TERMS AND WORDS

This section provides the meaning of special words and terms that are used throughout this Policy. To help You recognize these special words and terms, the first letter of each word or term is capitalized wherever they appear in Your Policy.

You, Your and Yours means the Insured named in the Policy Schedule.

We, Us and Our refers to Penn Treaty Network America Insurance CompanySM. Our Home Office is located at 3440 Lehigh Street, Allentown, Pennsylvania 18103.

Activities Of Daily Living (ADL's) Each of the following five (5) functional areas is considered an Activity of Daily Living:

Bathing: Your ability to bathe, including turning the water on, without Direct Assistance; this does not include the activities of washing Your back or feet.

Dressing: Your ability to put on and take off Your clothes without Direct Assistance; this does not include the activities of tying Your shoes or grooming.

Eating: Your ability to eat without Direct Assistance.

Toileting: Your ability to manage bowel or bladder function without Direct Assistance.

Transferring: Your ability to move in and out of a chair or bed without Direct Assistance.

Asset Disregard means the total equity value of personal property, assets and resources not exempt under Medicaid regulations equal to the sum of qualifying insurance benefit payments made on behalf of You for Eligible Long-Term Care Services in determining eligibility for the Indiana Medicaid program.

Asset Protection means the right extended to beneficiaries of qualified long term care insurance policies to an Asset Disregard under the Indiana long term care program.

Cognitive Impairment means confusion or disorientation resulting from a deterioration or loss of intellectual capacity that is not related to or a result of mental illness, but which can result from Alzheimer's disease or similar forms of senility or irreversible dementia. This deterioration or loss of intellectual capacity is established through use of standardized tests that reliably measure impairment in the following areas:

- (1) Short-term or long-term memory.
- (2) Orientation as to person, place and time.
- (3) Deductive or abstract reasoning.

Cognitive Impairment must result in an individual requiring twenty-four (24) hour a day supervision or Direct Assistance to maintain Your safety.

Complex, Unstable Medical Condition means a medical condition which may not result in deficiencies of Activities of Daily Living or be the result of Cognitive Impairment but requires Your need for either of the following in a setting other than an acute care wing of a hospital:

- (1) twenty-four (24) hour a day professional nursing observation; or
- (2) professional nursing intervention more than once a day.

Direct Assistance means that You cannot perform an Activity of Daily Living safely or appropriately without continual help or oversight. Direct assistance may vary from requiring a person to physically stand by or set up the activity to the activity being performed by others.

Eligible Long-Term Care Services includes the following:

- (1) Care available under Indiana's Medicaid plan in a long term care facility. A long term care facility is a licensed Nursing Facility or Residential Care Facility.

Elimination Period means the number of days benefits will not be available at the beginning of a Period of Care when confined in a Nursing Home or a Residential Care Facility. The Elimination Period is shown in the Policy Schedule with the following being noted:

- (1) You will not be paid benefits under the Policy during the Elimination Period.
- (2) Only one Elimination Period applies to a Period of Care.
- (3) We will apply days during a Nursing Home or in a Residential Care Facility stay for which benefits are paid by Medicare toward the Elimination Period.
- (4) In satisfying the Elimination Period, separate Periods of Care less than 90 days apart for the same or related causes are considered the same stay.

Family Member means anyone who is related to You in any degree by blood, marriage or operation of law. This includes, but is not limited to, the following relatives of You or Your spouse: parents; grandparents; brothers; sisters; children and grandchildren; aunts, uncles, cousins, nephews and nieces; in-laws; adopted relatives and step-relatives.

Indiana Preadmission Screening Program means the program authorized by Indiana law which requires that each person seeking admission to a Nursing Home, must either:

- (1) be screened and approved for admission by DARS (Indiana Division of Aging and Rehabilitative Services); or
- (2) be ineligible for Medicaid reimbursement for the period of one (1) year after admission.

Insured Event means an event meeting any one of the following criteria:

- (1) You have a deficiency in two (2) or more Activities of Daily Living.
- (2) You have a Cognitive Impairment.
- (3) You have a Complex, Unstable Medical Condition.

Maximum Lifetime Benefit means the maximum amount We will pay for all benefits provided by this Policy. The Maximum Lifetime Benefit is shown in the Policy Schedule.

Nurse means someone who is licensed as a Registered Graduate Nurse (RN); Licensed Practical Nurse (LPN) or Licensed Vocational Nurse (LVN). The term Nurse does NOT include: You, a Family Member or anyone who normally resides in Your home or residence.

Nursing Home means a facility or distinctly separate part of a hospital or other institution which is licensed by the appropriate licensing agency to engage primarily in providing nursing care and related services to inpatients and:

- (1) provides 24 hour a day nursing service under a planned program of policies and procedures which was developed with the advice of, and is periodically reviewed and executed by, a professional group of at least one Physician and one Nurse; and
- (2) has a duly licensed Physician available to furnish medical care in case of an emergency; and
- (3) has at least one Nurse who is employed there full time (or at least 24 hours per week if the facility has less than 10 beds); and
- (4) has a Nurse on duty or on call at all times; and
- (5) maintains clinical records for all patients; and
- (6) has appropriate methods and procedures for handling and administering drugs and biologicals.

NOTE: These requirements are typically met by licensed skilled nursing facilities, comprehensive nursing care facilities and intermediate nursing care facilities; as well as some specialized wards, wings and units of hospitals. They are NOT met by: rehabilitation hospitals; rest homes; homes for the aged sheltered living accommodations; residence homes; or independent living units.

Nursing Home Daily Benefit Amount means the amount We will pay for each day You are confined in a Nursing Home and are eligible for benefits. The Nursing Home Daily Benefit Amount is shown in the Policy Schedule.

Period of Care means continuous or successive days of confinement in a Nursing Home or in a Residential Care Facility and ends when You are not confined for 90 continuous days.

Physician means someone other than a Nurse, who is legally qualified and licensed to practice medicine and is operating within the scope of that license. The term Physician does NOT include: You, a Family Member or anyone who normally resides in Your home or residence.

Qualified Insured means an individual who is either:

- (1) the beneficiary of a qualified long term care policy approved by the Indiana Department of Insurance; or
- (2) enrolled in a prepaid health delivery plan that provides long term care services and qualifies under this rule; or
- (3) eligible for an Asset Disregard under a qualified long term care policy.

Residential Care Facility also referred to as assisted living facility and alternate care facility, means a licensed facility which:

- (1) provides twenty four (24) hour a day care and services sufficient to support needs resulting from the inability to perform Activities of Daily Living, or cognitive impairment;
- (2) has a trained and ready to respond employee on duty in the facility at all times to provide care;
- (3) provides three meals a day and accommodates special dietary needs;
- (4) has written contractual arrangements or otherwise ensures that residents receive the medical care services of a Physician or Nurse in case of emergency; and
- (5) has appropriate methods of procedures for the handling and administration of prescribed medications and treatments.

Residential Care Facility Daily Benefit Amount means the amount We will pay for each day You are confined in a Residential Care Facility and are eligible for benefits. The Residential Care Facility Daily Benefit Amount is fifty per cent (50%) of the Nursing Home Daily Benefit Amount and is shown in the Policy Schedule.

SPECIAL

SECTION III: BENEFIT PROVISION

This section provides You with information about the benefits of Your Policy. We provide You with an explanation of benefits available under Your Policy, the conditions of eligibility that will qualify You to receive the benefits under Your Policy and how long You are entitled to receive the benefits under Your Policy.

NURSING HOME AND RESIDENTIAL CARE FACILITY BENEFIT

Limitations or Conditions On Eligibility for Benefits

Covered Nursing Home And Residential Care Facility Stays

A confinement in a Nursing Home or in a Residential Care Facility for a Period of Care is covered by the Policy all the following conditions are met.

- (1) You are confined as an overnight resident inpatient in a Nursing Home or a Residential Care Facility.
- (2) A room and board charge is made for the day
- (3) The Nursing Home or Residential Care Facility stay begins while the Policy is in force.
- (4) We are given proof, satisfactory to Us, that Your stay was approved under the Indiana Preadmission Screening Program and the stay is appropriate because of an Insured Event.

The proof We receive must include a copy of Your Preadmission Screening Program approval.

If an Insured is confined in a Nursing Home or a Residential Care Facility outside of Indiana, the Indiana Pre-admission Screening Program is not applicable. However, proof must be provided that the Insured has met the Insured Event criteria to qualify for benefits.

All Levels of Care Covered

Benefit payments will not change based on the level of care You receive during a Nursing Home or a Residential Care Facility stay.

How Much We Pay For A Nursing Home Confinement

We will pay for each day You are confined in a Nursing Home, the actual charges of the Nursing Home. However:

- (1) We will not pay more than the Nursing Home Daily Benefit Amount for each day of a Nursing Home stay; and
- (2) We will not pay Nursing Home benefits during the Nursing Home Elimination Period.

How Much We Pay For a Residential Care Facility Confinement

We will pay for each day You are confined in a Residential Care Facility, the actual charges of the Residential Care Facility. However:

- (1) We will not pay more than the Residential Care Facility Daily Benefit Amount for each day of a Residential Care Facility stay; and
- (2) We will not pay Residential Care Facility benefits during the Elimination Period.

NOTE: The Residential Care Facility Daily Benefit Amount is fifty per cent (50%) of the Nursing Home Daily Benefit Amount.

How Long Benefits Will Be Paid

The benefits will be paid for each day You are confined in a Nursing Home or a Residential Care Facility after, the Elimination Period, for as long as:

- (1) The above conditions are met; and
- (2) The Maximum Lifetime Benefit has not been reached.

ADDITIONAL BENEFITS

MAXIMUM LIFETIME BENEFIT

In addition to the limits for each type of benefit stated in the appropriate benefit section, there is a Maximum Lifetime Benefit which is shown in the Policy Schedule.

The Maximum Lifetime Benefit is the maximum amount which We will pay for all benefits combined under this Policy and any rider(s) made a part of it. Benefits payable under this Policy will apply towards the Maximum Lifetime Benefit. Coverage under this Policy ends when the Maximum Lifetime Benefit has been reached.

If the Policy Schedule shows that Your Maximum Lifetime Benefit is "Unlimited," there is no limit on the amount We will pay for all benefits during Your lifetime.

WAIVER OF PREMIUM

We will waive premium payments during extended Nursing Home stays. This waiver begins after benefits have been paid for 90 continuous days. This waiver of premium payments stops when You cease to receive payment for a Nursing Home confinement. At the end of the period for which the last premium has been waived, You will be required to pay the pro-rata premium needed to return the Policy to its previous premium payment mode. You must pay future premiums as they become due.

THE WAIVER OF PREMIUM DOES NOT APPLY WHEN CONFINED IN A RESIDENTIAL CARE FACILITY.

COMPOUND BENEFIT INCREASE

What the Compound Benefit Increase Is and How It Works

Each year on the anniversary of the Effective Date of Your Policy, the benefit amounts then in effect will be increased by 5% (rounded to the nearest dollar). This includes:

- (1) The Nursing Home Daily Benefit Amount;
- (2) The Residential Care Facility Daily Benefit Amount; and
- (3) The unused portion of the Maximum Lifetime Benefit.

These compound benefit increases will continue as long as Your Policy remains in force. The increased benefits will be applicable on and after the date of increase, even if You are receiving benefits on such date.

SECTION IV: EXCLUSIONS AND LIMITATIONS

This section states the conditions under which payment will not be made even if You otherwise qualify for benefits; and will be coordinated with Your other coverages.

PRE-EXISTING CONDITIONS LIMITATION

The Policy covers Pre-Existing Conditions listed on the application immediately.

Pre-existing conditions that are not listed on the application will not be covered unless they begin after the Policy has been in force for 6 months.

What's Not Covered

The Policy will not pay benefits for any confinement day or services:

- (1) In a simple rest care, hotel or retirement home expense which is related to Your residence and not a result of Long-Term Care;
- (2) That are provided by a Family Member;
- (3) For charges for Long-Term Care that You would not be legally obligated to pay in the absence of this insurance;
- (4) That are provided outside of the United States of America or its possessions;
- (5) That are provided in a Veteran's Administration or federal government facility unless You or Your estate are charged for the services or confinement;
- (6) For injury or sickness for which compensation is payable under any Worker's Compensation or Occupational Disease Law;
- (7) Resulting from war or act of war, whether declared or not;
- (8) Resulting from mental, nervous or emotional disorders without demonstrable organic origin; **(NOTE: This exclusion does not apply to Alzheimer's Disease or other organic brain syndromes. These diseases are covered by the Policy like any other sickness subject to the Pre-Existing Conditions Limitation.)**
- (9) Resulting from attempted suicide or an intentionally self-inflicted injury;
- (10) Resulting from Your alcoholism or addiction to drugs or narcotics but not addiction which results from the administration of those substances in accordance with the advice and written instructions of a Physician; and
- (11) For a loss to which a contributing cause was Your commission of a felony or Your being engaged in an illegal occupation.

Nonduplication With Other Plans

This Policy supplements and will not duplicate benefits available through any Other Plans You may have that provide: basic hospital, medical, surgical, major medical or Medicare supplemental coverage. The term "Other Plans" means any insurance policy, subscriber contract, group coverage through HMO's and other prepayment, group practice or individual practice plans.

If You have any Other Plans under which You are entitled to benefits for expenses for covered confinement or services, benefits will be paid under this Policy: (a) only after benefits for like expenses are paid under those Other Plans; and (b) only to the extent that the Benefits under this Policy, together with the amount of benefits paid under those Other Plans, do not exceed the actual expense incurred for the confinement or services received.

If You are eligible to receive benefits under this Policy and any Other Plans providing long term care, Nursing Home or Residential Care Facility coverages, whether or not Qualified by the State of Indiana, We will avoid duplication in the manner described above only with those Other Plans which:

- (1) You have been insured under for a longer period of time than You have been insured under this Policy; or
- (2) Do not have a provision similar to this provision.

SECTION V: CLAIMS INFORMATION

This section tells You when to notify Us of a claim; what to send Us; how We evaluate and pay claims; and other rights and responsibilities under the contract.

Your Role in the Claims Process

Let Us know at once, then follow these procedures

Early awareness by Our Claims Department will facilitate a timely review of Your claim. You can help Us in this process by letting Us know immediately when You first become disabled to the extent that You may soon need care covered by the Policy. Of course someone else who is authorized to act on Your behalf can also contact Us for You.

Telling Us About a Claim

Notice of Claim: We must be notified when You have a claim for benefits. The notice can be given to Us at Our Home Office or to Our agent. It must be received within 30 days of the date the covered loss starts, or as soon as reasonably possible. Include in the notice at least: Your name; Your Policy Number; and an address to which the claim form should be sent.

How to File a Claim

Claim Forms: When We get notice of Your claim We will send out the necessary forms to be used to file proof of loss. The forms will have instructions on how to fill them out and where to send them. Please read them carefully. Answer all questions and send all required information to the address on the forms. This will assist Us in the evaluation of Your claim so that We can determine the benefits for which You are eligible.

If You or Your representative do not get the necessary claim forms within 15 days, proof of loss can be filed without them by sending Us a letter which describes the occurrence, the character and the extent of the loss for which Your claim is made. That letter must be sent to Us at Our Home Office within the time period stated in the next paragraph. As a minimum, the description should tell Us: Your name and address; the care for which You are claiming benefits; the names and addresses of the medical professionals and care providers who are aware of Your condition or have provided care covered by the Policy; the periods for which You are claiming benefits. It should also include copies of Your billing statements.

When to File a Claim

Proofs of Loss: We must get written proof of loss within 120 days after the end of each month for which benefits may be payable. If it was not reasonably possible to give Us written proof in the time required, We shall not reduce or deny a claim for being late if the proof is filed as soon as reasonably possible. Unless the claimant is not legally capable, the required proof must always be given to Us no later than 1 year from the time specified.

Our Evaluation Criteria; and the Claims Payment Process

Physical Examinations: As part of Our evaluation of Your claim, We have the right to require a medical examination or Assessment when a claim is made and at reasonable intervals while You are claiming continued benefits.

Time of Payment of Claim: After We receive the proper written proof of loss, We will pay any benefits then due: (1) monthly, when the loss is expected to result in on-going benefits; and (2) immediately, when Our liability has ended.

Payment of Claims: All benefits will be paid to You. Any benefits unpaid at Your death will be paid to Your estate. If benefits are payable to Your estate, We may pay a portion of those benefits, up to \$1,000, directly to someone related to You by blood or marriage who is deemed by Us to be justly entitled to the benefits. We will be discharged to the extent of any such payment made in good faith.

We may pay all or a portion of any benefits to the provider of services, unless You direct Us to do otherwise. We do not require that the services be provided by a particular provider.

How to Appeal a Claim Decision

You will be informed by Us in writing if a claim, or any part of a claim, is denied.

Appeal Process: If You believe that Our claim decision is in error, We will reconsider Your claim. You must send Us a brief note (no special form needed) that tells Us why You feel We should change Our decision. You may authorize someone else to act for You in this appeal process.

The note should include the names, addresses and phone numbers of any of the following providers who You think We should contact to learn more about Your health and the care You received: the doctors, Case Management Agencies and other health care professionals who treated You; and the facilities from which You received care or treatment.

Once We complete Our review of Your claim, We will immediately tell You Our decision in writing; and pay any benefits then due as a result of Our reconsideration.

Legal Actions: You cannot sue on any claim before 60 days after written proof of loss has been given as required by Your Policy. You cannot sue after 3 years from the time written proof of loss is required to be given.

SECTION VI: EFFECTIVE DATE AND PREMIUM PROVISIONS

This section tells You such things as: when the Policy becomes effective; how and when to pay premiums; the importance of paying premiums on time; and what happens if premiums are not paid on time.

The Policy Taking Effect

Effective Date and Consideration: This Policy is issued based on: the statements made in Your application; and payment of the First Premium shown in the Policy Schedule. It then takes effect on the Effective Date shown in the Policy Schedule.

Your Right to Cancel the Policy at Any Time

You may cancel Your Policy at any time by sending Us written notice. Your Policy will be cancelled as of the date We receive the notice, or the later date stated in Your notice. We will promptly return the unearned portion of any premium paid. The cancellation will not prejudice any claim for any uninterrupted institutional confinement that begins before the effective date of the cancellation.

Refund of Premiums Paid Beyond Your Death

If You die while insured under Your Policy, We will refund the pro rata part of any premium paid for a period after Your death. The refund will be made within 30 days of Our receipt of Our receipt of written notice of Your death. It will be payable to Your estate.

Paying Premiums

The Premium Mode shown in the Policy Schedule states how often premiums are to be paid. Each premium after the First Premium is due at the end of the period for which the prior premium was paid.

What Happens When Premiums Are Not Paid

Grace Period: This Policy has a 31 day grace period. If a renewal premium is not paid on or before the date it is due, it may be paid during the following 31 days. The Policy will stay in force during the grace period. If the premium is not paid during the grace period, the Policy will terminate at the end of the grace period. This is called a lapse.

If You have designated an individual on Your application to be notified when a Policy lapse is imminent, We will notify such designee prior to cancelling the Policy due to lack of premium payment. This notification will occur no later than 15 days after the beginning of the 31 day grace period for premium payments. You can periodically update the authorized designee by notifying Us in writing.

Election of Reduced Coverage in Lieu of Policy Lapse

In the event this qualified Policy is about to lapse or lose qualification status for Medicaid Asset Disregard purposes, You will have the option to reduce Your coverage to a lower benefit amount. However, the lower benefit amount, plus the amount of benefits used to date, cannot be less than the minimum benefit required by the Indiana Department of Insurance on the initial effective date of this Policy. You will only be able to exercise this right one time. Premiums will be based on Your age at the time of the issuance of the original qualified Policy.

Extension of Benefits

Termination of this Policy will not affect any claim for uninterrupted Nursing Home or a Residential Care Facility confinement that begins while the Policy is in force and continues beyond the date of termination. This extension of benefits, beyond the period the Policy was in force, is limited to the remaining unused Lifetime Payment Maximum; and will be subject to all applicable provisions of the Policy. For the purposes of this provision, an uninterrupted Nursing Home or Residential Care Facility confinement will include: being transferred to another Nursing Home or Residential Care Facility; receiving another level of care in the same Nursing Home or Residential Care Facility; and transferring back to a Nursing Home or Residential Care Facility from a temporary or acute hospitalization.

Reinstatement

Once this Policy lapses, We may or may not put it back in force (reinstate) at Our option. An acceptance of late premium by Us (or by an agent authorized to accept payment) without requiring an application for reinstatement will reinstate this Policy. If We or Our authorized agent require an application, You will be given a conditional receipt for the premium. If the application is approved, this Policy will be reinstated as of the approval date. If We do not give You prior written notice of Our disapproval, the Policy will be reinstated on the 45th day after the date of the conditional receipt.

The reinstated Policy will cover only losses that begin after the date of reinstatement. In all other respects Your rights and Our rights will remain the same; subject to any provisions noted on or attached to the Policy as reinstated.

Any premiums We accept for a reinstatement will be applied to a period for which premiums have not been paid. No premiums will be applied to any period more than 60 days before the reinstatement date.

Unpaid Premiums: When a claim is paid, any premium due and unpaid will be deducted from the claim payment.

Continuation for Alzheimer's Disease and Other Forms of Cognitive Impairment

If Your Policy terminates for any reason before Your benefits have been exhausted, We will provide a retroactive continuation of coverage; provided We receive the following within 9 months after the termination date:

- proof, in the form of a doctor's certification, that You have Cognitive Impairment (including but not limited to Alzheimer's Disease); and
- payment of all past-due premiums for the Policy and all Riders that were in force immediately prior to the date of lapse.

This continuation will provide uninterrupted coverage to the same extent that the Policy would have provided if it had not terminated. If You become eligible for benefits during the continuation period, they will be payable; subject to any applicable Elimination Period, maximum payment amounts and all other provisions of the Policy.

IN WITNESS WHEREOF, We have caused this Policy to be signed by Our President and Secretary.

Sandra A. Kotsch

Secretary

Devin Lewis

President

PLEASE KEEP THIS POLICY IN A SAFE PLACE WITH YOUR OTHER IMPORTANT DOCUMENTS.

SPECIMEN