

# PENN TREATY NETWORK AMERICA INSURANCE COMPANY<sup>SM</sup>

3440 Lehigh Street, PO Box 7066  
Allentown, PA 18105-7066  
(800) 362-0700



## ASSISTED LIVING PLUS<sup>SM</sup> TAX-QUALIFIED LONG TERM CARE INSURANCE POLICY

**THE POLICY HAS BEEN APPROVED AS A "LONG TERM CARE INSURANCE POLICY" MEETING THE REQUIREMENTS OF FLORIDA LAW**

### TAX-QUALIFIED STATUS

This contract for Long Term Care Insurance is intended to be a federally tax-qualified Long Term Care Insurance contract and may qualify You for federal and state tax benefits.

### GUARANTEED RENEWABLE FOR LIFE – PREMIUMS SUBJECT TO CHANGE

This Policy is Guaranteed Renewable for Your Lifetime, subject to the Policy maximums. It may be kept in force by the timely payment of premiums. We cannot refuse to renew this Policy as long as You pay the premiums when due. We cannot change the premium rates due to a change in Your age or health; we can only change them if they are changed for all policies in Your state on this Policy Form. Such a change would have to be filed with and approved by Your state commissioner of insurance. Notice of any such change in premiums will be sent at least forty-five (45) days in advance. (Payment of the renewal premium will not restore or replenish the benefits available under this Policy. Please refer to the Policy's **Restoration of Benefits** provision on Page 12 to learn how benefits may be restored.)

### NOTICE OF THIRTY (30) DAY RIGHT TO EXAMINE POLICY

Carefully read this Policy as soon as You receive it. If You are not satisfied for any reason, You may return it to Us, or Our authorized agent, within thirty (30) days of Your receiving it. We will refund the entire premium paid directly to You within thirty (30) days of the Policy being returned. Upon Our receipt of the returned Policy, the Policy will be considered void from the beginning.

**NOTICE TO BUYER: This Policy may not cover all of the costs associated with Long Term Care which may be incurred by the buyer during the period of coverage. The buyer is advised to periodically review this Policy in relation to the changes in the cost of Long Term Care.**

**CAUTION: THE ISSUANCE OF THIS POLICY IS BASED UPON YOUR RESPONSES TO THE QUESTIONS ON YOUR APPLICATION. A COPY OF YOUR APPLICATION IS ATTACHED. IF YOUR ANSWERS ARE INCORRECT OR UNTRUE, WE MAY 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: 3440 LEHIGH STREET, PO BOX 7066, ALLENTOWN, PA 18105-7066.**

# TABLE OF CONTENTS

		Page
1.	Tax-Qualified Status	1
2.	Renewability Terms	1
3.	30 Day Right to Examine Policy	1
4.	Notice to Buyer	1
5.	Caution Statement	1
6.	Policy Schedule Page	3
7.	Section I: Policy Benefit Provisions	4
	Assisted Living Facility Benefits	4
	Nursing Facility Benefits	6
	Adult Day Care Benefits	7
	Hospice Care Benefits	8
	Respite Care Benefits	9
8.	Section II: Conditions of Eligibility	10
9.	Section III: Additional Benefits	12
	Bed Reservation Benefits	12
	Alternative Plan of Care Benefits	12
	Restoration of Benefits	13
	Waiver of Premium Benefits	13
10.	Section IV: Benefit Limitations	14
	Maximum Daily Benefit	14
	Maximum Lifetime Benefit	14
	Elimination Period	14
	Pre-Existing Conditions Limitation	14
11.	Section V: Additional Features	15
	Third Party Notification of Lapse	15
	Reinstatement for Loss of Cognitive/Functional Capacity	15
	Our Promise – Your Right to Convert to a Non-Tax-Qualified Policy	16
	Extension of Benefits	16
12.	Section VI: Exclusions	17
13.	General Contract Provisions	18
14.	Claims Under this Policy – What to do when You have a Claim	20
15.	Application	Attached

# POLICY SCHEDULE

**POLICY NUMBER**

**EFFECTIVE DATE**

**INSURED**

**FIRST RENEWAL DATE**

**AGE**

**INITIAL PREMIUM**

**POLICY FEE**

**RENEWAL PREMIUM**

\$

\$

\$

## PREMIUMS

**ANNUAL**

**SEMI-ANNUAL**

**QUARTERLY**

\$

\$

\$

**MONTHLY**

**AUTOMATIC BANK WITHDRAWAL (MONTHLY)**

\$

\$

## BENEFITS

**MAXIMUM DAILY BENEFIT**

\$ \_\_\_\_\_

**MAXIMUM LIFETIME BENEFIT**

\_\_\_\_\_ **DAYS**

**ELIMINATION PERIOD**

\_\_\_\_\_ **DAYS**

(THE PREMIUMS SHOWN ABOVE INCLUDE PREMIUMS FOR ANY RIDERS ISSUED ON THE SAME DATE AS THIS POLICY).

Benefits for confinement to an **Assisted Living Facility** or a **Nursing Facility** will be the lesser of: (1) the **Assisted Living Facility's Daily Fee** or the **Nursing Facility's Daily Fee**; or (2) the **Maximum Daily Benefit**.

Benefits for **Adult Day Care**, **Hospice Care**, and **Respite Care** will be the lesser of: (1) the actual charge incurred; or (2) 50% of the **Maximum Daily Benefit**; or (3) the **Reasonable and Customary** charge.

### RIDERS ISSUED ON THE SAME DATE AS THIS POLICY

Independent Living® III Rider

Lifetime Inflation Rider

Nonforfeiture Premium Benefit Rider

Nonforfeiture Benefit Rider

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## SECTION I: POLICY BENEFITS

This section tells You about the benefits available for care and assistance received in a Long Term Care facility.

Important words and terms, which will help You understand the benefits available under this Policy, and the circumstances under which these benefits are payable, appear in **bold print** throughout the Policy. They appear in *italicized bold print* where they are defined.

Whenever "You" and "Your" appears in this Policy, it refers to the Insured listed in the Policy Schedule. "We", "Us" and "Our" refers to Penn Treaty Network America Insurance Company<sup>SM</sup>.

### ASSISTED LIVING FACILITY BENEFITS

For each day You are **confined** to an **Assisted Living Facility** and meet the **Conditions of Eligibility**, We will pay the lesser of:

- 1) the **Assisted Living Facility's Daily Fee**; or
- 2) the **Maximum Daily Benefit** listed in the Policy Schedule.

(Please refer to Page 10 for the **Conditions of Eligibility**.)

**Confined** is assigned to a bed and physically present within the facility.

An **Assisted Living Facility** is a facility licensed by the appropriate federal or state agency to engage primarily in providing care and unscheduled services to resident inpatients; and which:

- 1) provides twenty-four (24) hour a day care and services sufficient to support needs resulting from inability to perform **Activities of Daily Living** and/or **Cognitive Impairment**;
- 2) has a trained and ready to respond employee on duty at all times to provide care and services;
- 3) provides three (3) meals a day and accommodates special dietary needs; and
- 4) has the appropriate methods and procedures to provide necessary assistance to residents in the management of prescribed medications.

(Please refer to Page 10 for the definition of **Activities of Daily Living** and Page 11 for the definition of **Severe Cognitive Impairment**.)

If a facility or institution (such as a congregate care facility or life care community) has multiple licenses and/or multiple purposes, only the section, wing, ward or unit (including a separate room or apartment) that specifically qualifies as an **Assisted Living Facility** will be covered by this Policy.

An **Assisted Living Facility** may sometimes be called a Residential Care Facility, Adult Congregate Living Facility, Personal Care Facility or Sheltered Living Facility. Any facility, or section thereof, known by one of these names, or any other name, will be considered eligible if it meets this Policy definition of an **Assisted Living Facility**.

**Assisted Living Facility's Daily Fee** is the facility's daily rate for room and board, assisted living care provided by the **Assisted Living Facility's** staff, and ancillary supplies and services. Incidental expenses, such as **Physician's** services, medications, pharmaceuticals, toiletries, transportation charges and beautician's services, will not be considered as part of the **Assisted Living Facility's Daily Fee**, nor will any amount that exceeds what the **Assisted Living Facility** normally charges its private-pay patients with similar daily care needs for the same accommodations and care/assistance.

A **Physician** is anyone properly licensed as a practitioner of the healing arts operating within the scope of his/her license who is other than You or a **Family Member**.

A **Family Member** is You and Your spouse, and Your and Your spouse's respective parents, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nephews, nieces and in-laws.

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# NURSING FACILITY BENEFITS

For each day You are **confined** to a **Nursing Facility** and meet the **Conditions of Eligibility**, We will pay the lesser of:

- 1) the **Nursing Facility's Daily Fee**; or
- 2) the **Maximum Daily Benefit** listed in the Policy Schedule.

(Please refer to Page 4 for the definition of **confined** and Page 10 for the **Conditions of Eligibility**.)

A **Nursing Facility** is a facility, or distinctly separate part of a hospital or other institution, which is licensed by the appropriate federal or state agency to engage primarily in providing nursing care and related services to inpatients; and which:

- 1) provides twenty-four (24) hour a day nursing services;
- 2) has a nurse on duty or on call at all times;
- 3) maintains clinical records for all patients; and
- 4) has appropriate methods and procedures for handling and administering drugs and biologicals.

If a facility or institution (such as a congregate care facility or life care community) has multiple licenses and/or multiple purposes, only the section, wing, ward or unit (including a separate room or apartment) that specifically qualifies as a **Nursing Facility** will be covered by this Policy.

A **Nursing Facility** may sometimes be called a Skilled Nursing Facility, Intermediate Care Facility or Custodial Care Facility. Any facility, or section thereof, known by one of these names, or any other name, will be considered eligible if it meets this Policy definition of a **Nursing Facility**.

**Nursing Facility's Daily Fee** is the daily rate for room and board, nursing care provided by the **Nursing Facility's** staff, and ancillary supplies and services. Incidental expenses, such as **Physician's** services, medications, pharmaceuticals, toiletries, transportation charges and beautician's services, will not be considered as part of the **Nursing Facility's Daily Fee**, nor will any amount that exceeds what the **Nursing Facility** normally charges its private-pay patients with similar daily care needs for the same accommodations and care/assistance.

# ADULT DAY CARE BENEFITS

For each day You receive **Adult Day Care** and meet the **Conditions of Eligibility**, We will pay the lesser of:

- 1) the actual charge incurred;
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule;
- 3) the **Reasonable and Customary** charge for **Adult Day Care** rendered in the **Same Geographic Area**.

(Please refer to Page 10 for the **Conditions of Eligibility**.)

**Adult Day Care** is medical or non-medical care provided on a less than 24-hour basis in an **Adult Day Care Center** for persons in need of personal services, supervision, protection and/or assistance in sustaining daily needs, including the **Activities of Daily Living** and taking medications. (Please refer to Page 10 for the definition of **Activities of Daily Living**.)

**Adult Day Care Center** is a facility, which is established and operated in accordance with any applicable state, or local laws required in order to provide **Adult Day Care** and is licensed, if so required.

**Reasonable and Customary** charge is a charge which does not exceed the regular and customary charges for, or the fair and reasonable value of, the services and supplies You receive. The reasonable charges will be determined by comparing the expense You incur with the charge made for similar services and supplies in the **Same Geographic Area**. The **Reasonable and Customary** charge will be no less than what 90% of the providers in the geographic region in which the care/services were rendered ordinarily charge for similar care/services.

The **Same Geographic Area** is the community which is geographically nearest, similar in terms of socioeconomic make-up and cost of living, to the area where the care/assistance is provided.



# HOSPICE CARE BENEFITS

For each day You receive **Hospice Care** and meet the **Conditions of Eligibility**, We will pay the lesser of:

- 1) the actual charge incurred; or
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule; or
- 3) the **Reasonable and Customary** charge for **Hospice Care** rendered in the **Same Geographic Area**.

(Please refer to Page 10 for the **Conditions of Eligibility** and to Page 7 for the definitions of **Reasonable and Customary** and **Same Geographic Area**.)

**Hospice Care** is an outpatient service designed to provide palliative care; alleviate the physical, emotional, social and spiritual discomforts when You are experiencing the last phase of life due to the existence of a terminal disease; and provide supportive care to Your primary care-giver and family.

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## RESPITE CARE BENEFITS

For each day You receive **Respite Care** and meet the **Conditions of Eligibility**, We will pay the lesser of:

- 1) the actual charge incurred; or
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule; or
- 3) the **Reasonable and Customary** charge for similar services rendered in the **Same Geographic Area**.

(Please refer to Page 10 for the **Conditions of Eligibility** and to Page 7 for the definitions of **Reasonable and Customary** and **Same Geographic Area**.)

**Respite Care** may be **Adult Day Care, Hospice Care, Home Health Care** or care provided in an **Assisted Living Facility** or **Nursing Facility**, the purpose of which is to temporarily relieve the **Primary Caregiver** who has been providing care.

**Home Health Care** is skilled nursing services and/or assistance with the **Activities of Daily Living** provided by a nurse, certified nurse's aide, home health aide or any other caregiver, whether skilled or unskilled. (Please refer to Page 10 for the definition of **Activities of Daily Living**.)

This benefit is payable for a maximum of fifteen (15) days per calendar year and is not subject to the **Elimination Period**. Any days not used in a calendar year cannot be carried over to any subsequent years. (Please refer to Page 14 for the definition of **Elimination Period**.)

## SECTION II: CONDITIONS OF ELIGIBILITY

This section explains how You become eligible for the benefits of this Policy.

The care/assistance You require must be provided pursuant to a **Plan of Care** developed by a **Licensed Health Care Practitioner** which certifies You are **Chronically III**. To be certified as **Chronically III**:

- 1) You must be unable to perform at least two (2) **Activities of Daily Living** without **Substantial Assistance** for a period of at least ninety (90) days due to the loss of functional capacity;

OR

- 2) You must require supervision to protect You from threats to health and safety due to **Severe Cognitive Impairment**.

The **Plan of Care** specifies the type of care/assistance that is necessary and certifies that You are a **Chronically III Individual**. This certification must be made at the time the care/assistance is received, or during the preceding twelve (12) months. (Certification of Your condition may be required periodically, but not more than once every thirty-one (31) days.)

A **Licensed Health Care Practitioner** is any **Physician** or any registered professional nurse, licensed social worker, or other individual who meets the requirements prescribed by the Secretary of Health and Human Services. (Please refer to Page 5 for the definition of **Physician**.)

**Activities of Daily Living** are the basic human functional abilities required for You to remain independent. They are as follows:

- 1) **Eating** is feeding oneself by getting food into the body from a receptacle, (such as a plate, cup or table), or by a feeding tube or intravenously.
- 2) **Bathing** is washing oneself by sponge bath; or in either a tub or shower, including getting into and out of the tub or shower.
- 3) **Dressing** is putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
- 4) **Transferring** is moving into or out of a bed, chair or wheelchair.
- 5) **Toileting** is getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- 6) **Continence** is the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel and/or bladder function, the ability to perform associated personal hygiene, including caring for catheter or colostomy bag.

**Substantial Assistance** may be **Hands-on Assistance** and/or **Standby Assistance**.

**Hands-on Assistance** is the physical assistance of another person, without which You would be unable to perform the **Activity of Daily Living**.

**Standby Assistance** is the presence of another person within arm's reach of You that is necessary to prevent, by physical intervention, injury to You while You are performing an **Activity of Daily Living**.

**Severe Cognitive Impairment** is confusion and/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. **Severe Cognitive Impairment** must result in Your requiring supervision to maintain Your safety and/or the safety of others. This deterioration or loss of intellectual capacity may be established through the use of standardized tests that reliably measure impairment in the following areas: short-term and/or long-term memory; orientation as to person, place and time and deductive or abstract reasoning.

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## SECTION III: ADDITIONAL BENEFITS

This section tells You about the extra benefits available with this Policy and explains how You can receive them.

### BED RESERVATION BENEFIT

We will pay a **Bed Reservation Benefit** when You are charged to hold Your room in an **Assisted Living Facility** or **Nursing Facility** when hospitalized during the course of an **Assisted Living Facility** or **Nursing Facility** confinement. The amount payable per day under the **Bed Reservation Benefit** shall be equal to the **Assisted Living Facility Benefit** or **Nursing Facility Benefit** payable on the day prior to the hospitalization. This benefit will be limited to thirty (30) days per calendar year on a combined basis. Any days not used in a calendar year cannot be carried over to any subsequent year.

### ALTERNATIVE PLAN OF CARE

If You would otherwise qualify for benefits for a confinement to an **Assisted Living Facility** or **Nursing Facility**, You may request that We consider providing benefits for an alternative to such a confinement. A written request must be submitted in advance and describe, in detail, the proposed alternative, as well as the costs of said alternative. The **Alternative Plan of Care** must be a medically acceptable option and be agreed on in advance by You, Your **Physician** and Us. We will review the proposed **Alternative Plan of Care** and, if it is acceptable, let You know specifically under what terms We will pay benefits and the amount of benefits to be paid.

The **Alternative Plan of Care** must be in lieu of a confinement to an **Assisted Living Facility** or a **Nursing Facility**. An example of an **Alternative Plan of Care** would be to equip Your **Home** with adaptive devices, such as shower bars, a special toilet and a wheelchair ramp, which would enable You to remain at **Home**, and without which You would need to enter an **Assisted Living Facility** or **Nursing Facility**.

Benefits extended under the **Alternative Plan of Care** will be deducted from the **Maximum Lifetime Benefit** listed in the Policy Schedule and will, correspondingly, reduce the benefits available for the other forms of care/assistance covered by this Policy by an equal amount. (Please refer to Page 14 for the definition of **Maximum Lifetime Benefit**.)

Neither **Home Health Care** nor **Homemaker Care** will be considered for benefits under the **Alternative Plan of Care**. (Please refer to Page 9 for the definition of **Home Health Care**.)

**Homemaker Care** is assistance with the Instrumental Activities of Daily Living, which include meal preparation, shopping/travel, light housekeeping, laundry, telephoning, handling money/bill paying and medication management.

## RESTORATION OF BENEFITS

We will restore the **Maximum Lifetime Benefit** of this Policy to the full original amount listed in the Policy Schedule when:

- 1) You have not been confined to an **Assisted Living Facility** or **Nursing Facility** and You did not receive **Adult Day Care, Hospice Care, Home Health Care** or **Homemaker Care** for a period of one hundred and eighty (180) consecutive days; and
- 2) Your **Physician** certifies that:
  - a) You recovered sufficiently to not require confinement to, and you were not advised to be confined to, an **Assisted Living Facility** or **Nursing Facility**; and
  - b) You recovered sufficiently to not receive, and You were not advised to receive, **Adult Day Care, Hospice Care, Home Health Care** or **Homemaker Care** (whether provided by a **Family Member** or any other caregiver) during that one hundred eighty (180) day period. (Please refer to Page 9 for the definition of **Home Health Care** and Page 12 for the definition of **Homemaker Care**.)

There is no limit to the number of times the **Maximum Lifetime Benefit** will restore as long as You meet the above requirements.

## WAIVER OF PREMIUM BENEFITS

Once You have received benefits for ninety (90) continuous days for confinement to an **Assisted Living Facility** or **Nursing Facility** and/or for **Adult Day Care** and/or **Hospice Care** received on a regular basis, (a regular basis is five (5) days or more per seven (7) day period), We will waive the payment of premiums for this Policy and any riders attached to this Policy while You continue to be so eligible for benefits. Premiums that have been paid for coverage that extends beyond the date You become eligible for the **Waiver of Premium** will be held by Us and applied to any premiums payable once You are no longer eligible for the **Waiver of Premium Benefit**. If You die while eligible for this benefit, the waived premiums held by Us will be refunded to Your estate.

## SECTION IV: BENEFIT LIMITATIONS

This section explains the limitations on the benefits available under this Policy.

### MAXIMUM DAILY BENEFIT

The **Maximum Daily Benefit** is the maximum amount We will pay under any one (1) benefit, or combination of benefits, for care/assistance received during the same calendar day. The **Maximum Daily Benefit** is listed in the Policy Schedule.

### MAXIMUM LIFETIME BENEFIT

The **Maximum Lifetime Benefit** is the maximum number of days in benefits We will pay during Your lifetime under this Policy, unless benefits are restored as described in the **Restoration of Benefits** provision on Page 12. After satisfying the required **Elimination Period**, each day You are eligible for and receive the **Assisted Living Facility Benefits** and/or **Nursing Facility Benefits** will count as one (1) full day of the **Maximum Lifetime Benefit**. After satisfying the required **Elimination Period**, each day You are eligible for and receive the **Adult Day Care Benefits**, **Hospice Care Benefits** and/or **Respite Care Benefits** will count as one-half (1/2) day of the **Maximum Lifetime Benefit**. Your Policy's **Maximum Lifetime Benefit** is listed in the Policy Schedule.

### ELIMINATION PERIOD

The **Elimination Period** serves as a deductible which must be satisfied before benefits will be available. Specifically, it is the number of days You must receive care/assistance before You can receive benefits. For each day of care/assistance to be applied towards the satisfaction of the **Elimination Period**, the care/assistance must be otherwise covered by the Policy and You must otherwise be eligible for benefits. When benefits do begin, they will not be retroactive to the beginning of the **Elimination Period**.

Each day You are otherwise eligible for the **Assisted Living Facility Benefits** or the **Nursing Facility Benefits** will count as one (1) full day towards the satisfaction of Your **Elimination Period**. Each day You are otherwise eligible for the **Adult Day Care Benefits** or **Hospice Care Benefits** will count as one-half (1/2) day towards the satisfaction of Your **Elimination Period**. (The **Respite Care Benefits** are not subject to the **Elimination Period**.)

The **Elimination Period** must be satisfied only once during the lifetime of this Policy and applies to all of the benefits available under this Policy on a combined basis. (For example, if You satisfy the **Elimination Period** for **Adult Day Care** and would then require admission to an **Assisted Living Facility**, it will not be necessary for You to satisfy the **Elimination Period** again.) The **Elimination Period** is listed in the Policy Schedule.

### PRE-EXISTING CONDITIONS LIMITATION

A **Pre-Existing Condition** is a condition for which medical advice or treatment was recommended by or received from a **Physician** within six (6) months preceding the Policy's Effective Date as shown in the Policy Schedule.

**Pre-Existing Conditions** listed on the application are covered immediately. **Pre-Existing Conditions** which are not listed on the application are not covered unless the care/assistance begin six (6) months or more after the Effective Date shown in the Policy Schedule.

## SECTION V: ADDITIONAL FEATURES

This section explains 4 additional Policy Features designed to protect You.

### THIRD PARTY NOTIFICATION OF LAPSE

You have the right to designate at least one (1) person who will be notified in the event Your Policy is about to lapse because the renewal premium has not been paid. This is to protect You from losing this valuable coverage in the event You become mentally incompetent or physically incapable of paying the renewal premium when due.

If You elect to designate such a person, Your Policy cannot be canceled for nonpayment of premium unless We have notified You and the designated person at least thirty (30) days in advance of the cancellation date. Notice shall be given by first class United States mail, postage prepaid, and will be sent thirty (30) days after a premium is due and unpaid. Notice shall be deemed to have been given five (5) days after the date We have mailed it to You and the third party.

Your written designation shall include the person's full name and home address and shall become a part of Our records. We shall notify You of the right to change this written designation at least once every two (2) years. If You do not elect to designate a Third Party to receive notice of cancellation for nonpayment of premium, a written waiver dated and signed by You will become part of Our records. You may elect to designate a Third Party or change the Third Party previously designated, at any time, by submitting a written request to Our Home Office.

(Designation of this Third Party does not constitute acceptance of any liability by this person for the cost of any care/assistance You receive.)

### REINSTATEMENT FOR ALZHEIMER'S DISEASE, OTHER FORMS OF COGNITIVE IMPAIRMENT AND/OR LOSS OF FUNCTIONAL CAPACITY

If Your Policy lapses, We will provide a retroactive continuation of coverage if We receive the following within five (5) months of the date it lapses:

- 1) Satisfactory proof You had **Cognitive Impairment** (including, but not limited to Alzheimer's Disease) and/or a loss of functional capacity (the inability to perform two (2) or more of the **Activities of Daily Living**) on the renewal date; and
- 2) Payment of all past-due premiums for this Policy and any riders attached to the Policy that were in force on the date of lapse. If You have a claim before the expiration of the five (5) month period, We may reduce the benefits payable by the amount of the past-due premiums according to the Unpaid Premium provision on Page 20.  
(Please refer to Page 11 for the definitions of **Severe Cognitive Impairment** and Page 10 for the **Activities of Daily Living**.)

This reinstatement will provide uninterrupted coverage to the same extent that the Policy would have provided had it not lapsed.



## **OUR PROMISE – Your Right To Convert To A Non-Tax-Qualified Policy**

In the event the U.S. Congress or the Treasury Department rules the premiums and/or benefits of a non-tax-qualified policy will receive preferential treatment, as is the case with this Policy, You may convert this Policy to a non-tax-qualified Policy at any time prior to its first anniversary. All You have to do is submit a written request to Our Home Office. The premiums of the new policy will be based on your original issue age and You will not have to submit additional evidence of insurability for any benefit amounts not exceeding those elected with the original Policy. (The premiums for the non-tax-qualified policy may be higher because of the additional coverage it provides.) You may also convert this Policy to a non-tax qualified policy after its first anniversary if You provide evidence of insurability acceptable to Us. The premiums of the new policy will be based on Your original issue age.

### **EXTENSION OF BENEFITS**

If this Policy terminates while You are eligible for benefits, benefits shall continue to be payable provided the care/assistance continues without interruption and is otherwise covered by the Policy. The extension of benefits beyond the date the Policy is terminated is limited to the benefits remaining in the **Maximum Lifetime Benefit**. (Benefits may be reduced by the amount of premium payable for the duration of the **Maximum Lifetime Benefit** in accordance with the Unpaid Premium provision, which can be found on Page 21.)

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## SECTION VI: EXCLUSIONS

This section explains the circumstances under which benefits will not be payable even if You have met all of the other terms of the Policy.

Exclusions: The Policy will not pay benefits for:

- 1) Care/assistance provided while this Policy is not in force.
- 2) Care/assistance provided by a **Family Member**, unless pre-approved by Us, or in a facility owned or operated by a **Family Member**.
- 3) Care/assistance You would not be legally obligated to pay for in the absence of this insurance.
- 4) Care/assistance provided outside of the United States or its possessions.
- 5) Care/assistance payable under any Worker's Compensation or Occupational Disease Law.
- 6) Care/assistance for mental, nervous or emotional disorders without demonstrable organic origin. **(NOTE: ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN SYNDROMES ARE COVERED BY THE POLICY AS ANY OTHER SICKNESS.)**
- 7) Care/assistance required as a result of war, or an act of war, whether declared or not.
- 8) Care/assistance required as a result of attempted suicide or intentionally self-inflicted injury.
- 9) Care/assistance required as a result of Your being intoxicated or under the influence of a non-**Physician** prescribed narcotic.
- 10) Care/assistance required as a result of alcoholism and/or drug abuse.
- 11) Care/assistance required as a result of Your commission of a felony or Your being engaged in an illegal occupation.
- 12) Care/assistance covered by Medicare. Any portion of the charges not paid by Medicare, will be covered, subject to the terms of this Policy.
- 13) Care/assistance required as a result of cosmetic surgery.

"Care/assistance" refers to confinement in an **Assisted Living Facility** and/or **Nursing Facility, Adult Day Care, Hospice Care, Respite Care, Home Health Care, and Homemaker Care.** (**Home Health Care** and **Homemaker Care** benefits are available only if the optional **Home Health Care Rider** is attached to this Policy. If attached, the **Home Health Care Rider** will be listed in the Policy Schedule.)

## **SECTION VII: GENERAL CONTRACT PROVISIONS**

**Your Long Term Care Insurance Policy is a contract between You and Us. This section explains the general contract provisions that govern this Policy.**

**Consideration:** We agree to insure You for the benefits stated in this Policy in consideration of the application received and the payment of the premium, subject to all of the terms, definitions, provisions, limitations and exclusions contained herein.

If You die while insured under the Policy, We will refund the part of any premium paid for coverage that extends beyond the date of Your death. The refund will be made within thirty (30) days of Our receipt of written notice of Your death. It will be paid to Your estate.

**Cancellation:** We cannot cancel this Policy at any time. You may cancel this Policy by submitting a written request to Our Home Office. This Policy will be canceled the day We receive Your notice, or a later date if stated in the notice. We will promptly refund the unearned portion of any premium paid. The earned premium will be computed on a pro-rata basis. Cancellation will not affect any claim incurred before the Policy is canceled.

**Effective Date:** Evidence of insurability is required before coverage is provided. Upon approval of Your application, coverage will begin at 12:01 AM, standard time, at Your residence on the Effective Date shown in the Policy Schedule. It ends at 12:01 AM, standard time, on the first renewal date.

**Entire Contract; Changes:** This Policy, including any attached papers, constitutes the entire contract. No change is valid until approved by one of Our executive officers and endorsed hereon or attached hereto. No agent has authority to change this Policy or to waive any of its provisions.

**Grace Period:** A grace period of thirty-one (31) days is granted for the payment of each premium due after the first premium, during which time Your Policy continues in force. This means that if You fail to pay a premium when it is due, We will accept such premium during the thirty (30) day grace period and continue this policy in force without interruption in Your coverage.

If You file a claim during the Grace Period before the overdue premium is paid, the amount of such premium or premiums with interest not in excess of eight percent (8%) per year may be deducted in any settlement under this policy.

If You fail to pay a premium when it is due, or by the end of the Grace Period, We will notify You and Your designated third party (see the provision entitled Third Party Notices) upon the expiration of the Grace Period that this Policy will lapse thirty (30) days from the date of notice due to Your failure to pay the required premium. You may pay the unpaid premium during this thirty (30) day period and continue this Policy in force without interruption in coverage (as if the premium had been paid when due or during the Grace Period.) (See the provision entitled Reinstatement for Alzheimer's Disease, Other Form of Cognitive Impairment and/or Loss of Functional Capacity for additional continuation options.)

If You pay the premium due and unpaid during the Grace Period, or during the thirty (30) day notification period following the Grace Period, We will have the right to require an interest charge not in excess of eight percent (8%) per year for the number of days elapsing from the due date of the unpaid premium and the date on which We receive such premium payment.

**Reinstatement:** If Your Policy lapses, We can consider reinstating it if We receive the renewal premium and a reinstatement application within six (6) months of the date the premium was due. If We approve Your reinstatement application, Your Policy will be reinstated as of the date of Our approval. If We disapprove Your application, We must do so in writing within forty-five (45) days after the date of Our receiving the reinstatement application.

The reinstated Policy will cover only loss resulting from accidental injury as may occur after the date of reinstatement and loss due to sickness as may begin more than ten (10) days after the date of reinstatement. In all other respects, both Your and Our rights under the Policy will be the same as before the Policy lapsed. Any premiums We accept for a reinstatement will be applied to the period for which premiums have not been paid. No premium will be applied to any period more than sixty (60) days before the date of reinstatement.

**Conformity with State Statutes:** Any provision of the Policy, which, on its Effective Date, conflicts with the statutes of Your state on such date, is amended to conform to its minimum requirements.

SPECIMEN

## CLAIMS UNDER THIS POLICY:

### What You Should Do When You Have A Claim:

When You need to enter an **Assisted Living Facility** or **Nursing Facility**, or You need **Adult Day Care, Hospice Care** or **Respite Care**, the Claim Forms You will need to complete are enclosed. Please follow the instructions on these forms as they will tell You precisely what You have to do. Following these instructions and submitting the information required will help Us expedite the processing of Your claim. If You have any questions, or if You need Claim Forms, please call Us at (800) 362-0700.

### If You purchased a Home Health Care Rider with this Policy, (if purchased, this Rider will be listed on the Policy Schedule):

When You need **Homemaker Care, Personal Care, or Home Health Care** that may be covered by the Home Health Care Rider, You should immediately call Our Claims Department at (800) 362-0700 if You would like to be eligible for up to 100% of Your Rider's Maximum Daily Benefit. Please refer to the **100% Care Management Benefit** provision listed in the Rider.

When You call Us, We will give You further instructions on what forms/information You need to submit. If You elect not to notify Us of Your claim within fifteen (15) calendar days of the care/assistance beginning in accordance with the **100% Care Management Benefit** provision, the Claim Forms You will need to complete are enclosed. Please follow the instructions on these forms as they will tell You precisely what You have to do. Following these instructions and submitting the information required will help Us expedite the processing of Your claim. If You have any questions, or if You need Claim Forms, please call Us at (800) 362-0700.

**Claim Forms/Proof of Loss:** You must submit the required Claim Forms or other written proof of loss within ninety (90) days of the occurrence of the loss. If You have a good reason for not doing so, We will not contest the claim, however, You must give us proof no later than one (1) year from the time normally required, unless legally incapable. As sufficient proof of loss, We may request full documentation of the loss, such as proof of the actual expenses incurred.

**Payment of Claims:** All benefits will be payable to You, unless You, or someone legally authorized to act in Your behalf, assigns these benefits by providing Us written instructions to pay another party. Any accrued benefits unpaid at Your death will be paid to Your estate, unless said benefits were so assigned to another party.

**Time of Payment of Claims:** Benefits payable under the Policy for any loss incurred will be paid within thirty (30) days after receipt of written proof of loss. Any balance remaining unpaid at the end of Our liability will be paid immediately upon receipt of written proof of loss.

**Physical Assessment:** At Our expense, We shall have the right and opportunity to have You examined and/or obtain an independent assessment of Your functional and/or cognitive abilities when and as often as We may reasonably require while a claim is pending.

**Appealing a Denial of Benefits:** You, or someone authorized to act in Your behalf, shall have the right to appeal any denial of claim, or portions of a claim, made under this Policy. Such appeal must be made in writing and should include any supporting information and/or documentation. The appeal must be received by Us within one (1) year of the date You receive Our written denial of benefits. Upon receipt of Your appeal, We will have fifteen (15) business days in which to review Our decision and advise You of the results.

**Contestability/Time Limit on Certain Defenses:** No claim for care/assistance which begins after six (6) months from the Effective Date of coverage will be reduced or denied because a physical condition had existed before the Effective Date of coverage, (refer to the Pre-Existing Conditions Limitation on Page 13), unless this Policy is voided due to a material misstatement made in the application. After two (2) years from the Effective Date of coverage, no misstatements, except fraudulent ones, made in the application may be used to void this Policy.

**Legal Actions:** No legal action may be brought to recover on the Policy within sixty (60) days after written proof of loss has been given as required by this Policy. No action shall be brought after the expiration of the applicable statute of limitations from the time written proof of loss is required to be given.

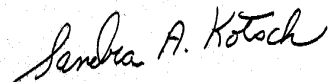
**Misstatement of Age:** If Your age has been misstated at the time You applied for this Policy, all amounts payable shall be such as the premium paid would have purchased given the correct age.

**Unpaid Premium:** When a claim is paid, any premium due and unpaid may be deducted from the claim payment.

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



President



Secretary