



**PENN TREATY NETWORK AMERICA
INSURANCE COMPANYSM**

3440 Lehigh Street, P.O. Box 7066

Allentown, PA 18105-7066

(800) 362-0700

TAX-QUALIFIED NURSING FACILITY POLICY

TAX-QUALIFIED STATUS

This Policy is intended to be a qualified Long Term Care contract as defined by the Internal Revenue Code of 1986, § 7702B(b).

NOTICE TO BUYER

This Policy may not cover all of the costs associated with long-term care incurred by the policyholder during the period of coverage. The policyholder is advised to review carefully all policy limitations. In addition, the policyholder is advised that based on current health care cost trends, the benefits provided by this policy may be significantly diminished in terms of real value to the policyholder, depending on the amount of time which elapses between the date of purchase and the date upon which the policyholder first becomes eligible for benefits.

CONSIDERATION

This Policy is issued to the person named in the Policy Schedule as the Insured in consideration of the answers to the questions contained in the application, copy of which is attached to and made a part of this Policy, and the payment of the Initial Term Premium sent in with such application. The person named is the primary insured and Policy owner and will be referred to as "You" or "Your" in this policy. If You die while insured under the policy, We will refund the part of any premium paid for the period after 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.

EFFECTIVE DATE

This Policy is evidence of an agreement between You and Penn Treaty Network America Insurance CompanySM, hereafter referred to as "We," "Us" or "Our". This agreement is a contract of insurance whereby we agree to pay You the benefits provided by this Policy in accordance with the terms, definitions, provisions, limitations and exclusions contained herein. This Policy takes effect as of 12:01 A.M., standard time, at Your residence on the Effective Date shown on the Policy Schedule.

GUARANTEED RENEWABLE FOR LIFE - PREMIUMS SUBJECT TO CHANGE

This Policy is guaranteed renewable for Your lifetime as long as its benefits have not been exhausted. 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. We can change the renewal premium rates. We cannot change your rates due to a change in your age or health; we can only change them if they are changed for all policyholders in your class in Your state on this Policy Form. Renewal premiums due after a change is implemented will be based on the new rate. Notice of any change in rates will be sent at least 45 days in advance.

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 after You receive it. We will refund all of the premiums paid in full directly to You within thirty (30) days after the policy is returned. The policy will then be considered void from the beginning.

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

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

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IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Penn Treaty Network America Insurance CompanySM at:

1-800-362-0700

You may also write to Penn Treaty Network America Insurance CompanySM at:

Penn Treaty Network America Insurance CompanySM
3440 Lehigh Street
Allentown, PA 18103

You may write the Texas Department of Insurance at:

Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104

You may contact the Texas Department of Insurance to obtain information on companies' coverages, rights or complaints at:

1-800-252-3439

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact Penn Treaty Network America Insurance CompanySM first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar el gratis numero de telefono de Penn Treaty Network America Insurance CompanySM para informacion o para someter una queja al:

1-800-362-0700

Usted tambien puedes escribir al Penn Treaty Network America Insurance CompanySM en:

Penn Treaty Network America Insurance CompanySM
3440 Lehigh Street
Allentown, PA 18103

Puede escribirle al Texas Departamento de Seguros en:

Texas Departamento de Seguros
P.O. Box 149104
Austin, TX 78714-9104

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tienes una disputa concerniente a su prima o a un reclamo, debe comunicarse con Penn Treaty Network America Insurance CompanySM primero. Si no se resuelve la disputa, puede entonces comunicarse con Texas Departamento de Seguros.

UNE ESTES AVISO CON SU POLIZA:

El Proposito de este aviso es solo para informacion y no se convierte en parte o condicion del documento adjunto.

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POLICY SCHEDULE PAGE

POLICY NUMBER

EFFECTIVE DATE

**INSURED
FIRST RENEWAL DATE**

AGE

**INITIAL PREMIUM
\$**

**POLICY FEE
\$**

**RENEWAL PREMIUM
\$**

PREMIUM MODES AND AMOUNTS

**ANNUAL
\$**

**SEMI-ANNUAL
\$**

**QUARTERLY
\$**

**MONTHLY
\$**

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

BENEFITS

MAXIMUM DAILY BENEFIT

MAXIMUM BENEFIT PERIOD

ELIMINATION PERIOD

**\$
-**
DAYS

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

BENEFIT RIDERS ISSUED ON THE SAME DATE AS THIS POLICY

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DEFINITIONS

Activities of Daily Living

Basic human functional abilities required for You to remain independent. They are as follows:

- 1.) Eating means 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 means washing oneself by sponge bath; or in either tub or shower, including getting into or out of the tub or shower.
- 3.) Dressing means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
- 4.) Transferring means sufficient mobility to move into or out of a bed, chair or wheelchair or to move from place to place, either via walking, a wheelchair or other means..
- 5.) Toileting means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- 6.) Continence means 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).

Assisted Living Facility

A facility that is licensed by and operated pursuant to the appropriate state and federal law.

Assisted Living Facility Daily Fee

Is the daily rate for room and board and assisted living services provided by the **Assisted Living Facility's** staff. Incidental expenses, such as **Physician's** services, medical supplies, medications, pharmaceuticals, toiletries, transportation charges and beautician's services, will not be considered as part of the **Assisted Living Facility 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/services.

Confined

Assigned to a bed and physically present within the facility.

Chronically Ill Individual

Any individual who has been certified by a **Licensed Health Care Practitioner**, as: (1) being unable to perform, without **Substantial Assistance** from another individual, at least two (2) **Activities of Daily Living** for a period of at least ninety (90) days due to a loss of functional capacity; or (2) having a level of disability similar as determined under regulations

prescribed by the Secretary of the Treasury in consultation with the Secretary of Health and Human Services to the level of disability described in item (1); or (3) requiring **Substantial Supervision** to protect such individual from threats to health and safety due to **Severe Cognitive Impairment**.

Elimination Period

Serves as a deductible which must be satisfied before benefits will be available.

Family Member

Anyone related to You in any degree by blood, marriage or operation of law. This includes the following relatives of You and Your spouse: parents, grandparents, brothers, sisters, children, grandchildren, aunts, uncles, cousins, nephews, nieces and in-laws.

Hands-on Assistance

The physical assistance of another person without which You would be unable to perform the **Activity of Daily Living**.

Licensed Health Care Practitioner

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. A **Licensed Health Care Practitioner** may be any licensed practitioner of the healing arts operating within the scope of his or her license who is other than You or a **Family Member**.

Long Term Care Facility's Daily Fee

Daily rate for room and board, nursing care and/or assisted living care provided by the **Long Term Care 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 **Long Term Care Facility's Daily Fee**, nor will any amount that exceeds what the **Long Term Care Facility** normally charges its private-pay patients with similar daily care needs for the same accommodations and care/assistance.

Maintenance or Personal Care Services

Any care the primary purpose of which is the provision of needed assistance with any of the disabilities as a result of which the individual is a **Chronically Ill Individual** (including the protection from threats to health and safety due to **Severe Cognitive Impairment**).

Maximum Daily Benefit

The maximum amount We will pay for any one day of confinement to a **Nursing Facility** and/or **Assisted Living Facility**.

Maximum Benefit Period

The maximum number of days of benefits are available for a confinement in an **Assisted Living Facility** and/or **Nursing Facility** or any combination of **Assisted Living Facility** and **Nursing Facility** confinements, during Your lifetime.

Medicare

“The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as Then Constituted or Later Amended,” or “Title I, Part I of Public Law 89-97, as Enacted by the Eighty-Ninth Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof,” or words of similar import.

Mental or Nervous Disorder

A neurosis, psychoneurosis, psychopathy, psychosis or mental or emotional disease or disorder of any kind.

Nursing Facility

A facility, or distinctly separate part of a hospital or other institution, which is licensed by and operated pursuant to the appropriate state and federal law.

Nursing Facility Daily Fee

The daily rate for room and board and Nursing Facility care provided by the **Nursing Facilities** staff. Incidental expenses, such as **Physician's** services, medical supplies, medications and pharmaceuticals, toiletries, transportation charges and beautician's services will not be considered as part of the **Nursing Facility 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/services.

Plan of Care

A written plan of **Qualified Long-Term Care Services** prepared by a **Licensed Health Care Practitioner** which: (a) specifies the type of such services that are necessary; and (b) certifies that You are a **Chronically Ill Individual**. Certification of Your condition may be required periodically, but not more than once every ninety (90) days.

Physician

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**.

Qualified Long-Term Care Services

Include any necessary diagnostic, preventive, therapeutic, curing, treating, mitigating or rehabilitative services, and **Maintenance or Personal Care Services**, which (a) are required by a **Chronically Ill Individual**; and (b) are provided pursuant to a **Plan of Care** prescribed by a **Licensed Health Care Practitioner**.

Substantial Assistance

May be **Hands-on Assistance** and/or **Standby Assistance**.

Substantial Supervision

Means continual supervision (which may include cuing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the severely cognitively impaired individual from threats to his or her health or safety (such as may result from wandering).

Standby Assistance

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

A loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's (i) short-term or long-term memory, (ii) orientation as to people, places, or time, and (iii) deductive or abstract reasoning.

SPECIMEN

SECTION I: POLICY BENEFIT PROVISIONS

This section provides You with information about the benefits available for **Assisted Living Facilities** and **Nursing Facilities** under this policy. What follows is an explanation of these benefits, the eligibility for benefits that explain how You qualify to receive these benefits and definitions of important words and terms, which will help You understand the benefits. Throughout the Policy, important words and terms appear in **bold print**. They appear in *italicized bold print* where they are defined.

ASSISTED LIVING FACILITY BENEFITS

For each day You are **confined** to an **Assisted Living Facility** and meet the **Eligibility for Benefits**, 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 Page.

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

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 eligible for benefits.

NURSING FACILITY BENEFITS

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

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

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

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 eligible for benefits.

SECTION II: ELIGIBILITY FOR BENEFITS

You will become eligible to receive the benefits available under Section I of this Policy if the care/services are received while this Policy is in force and are provided pursuant to a **Plan of Care** developed by a **Licensed Health Care Practitioner** who certifies You are a **Chronically Ill Individual**. The certification must be made at the time care/services are received, or during the preceding twelve (12) months. To be certified as a Chronically Ill Individual:

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

OR

- (2) you must have a level of disability similar as determined under regulations prescribed by the Secretary of the Treasury in consultation with the Secretary of Health and Human Services to the level of disability described in item (1);

OR

- (3) you must require **Substantial Supervision** to protect such individual from threats to health and safety due to **Severe Cognitive Impairment**.

SECTION III: BENEFIT LIMITATIONS

MAXIMUM DAILY BENEFIT

The **Maximum Daily Benefit** is the maximum amount We will pay for any one day of confinement to a **Nursing Facility** and/or **Assisted Living Facility**. The **Maximum Daily Benefit** is listed on the Policy Schedule Page.

MAXIMUM BENEFIT PERIOD

The **Maximum Benefit Period**, shown in the Policy Schedule, is the maximum number of days of benefits are available for a confinement in an **Assisted Living Facility** and/or **Nursing Facility** or any combination of **Assisted Living Facility** and **Nursing Facility** confinements, during Your lifetime. Each day benefits are paid, whether it be for a confinement in an **Assisted Living Facility** or confinement in an **Nursing Facility**, will count as one (1) full day of the **Maximum Benefit Period**.

ELIMINATION PERIOD

The **Elimination Period** of one-hundred and twenty (120) days must first be satisfied before benefits will be paid. For a day of confinement to a **Nursing Facility** and/or **Assisted Living Facility** to be applied towards the satisfaction of the **Elimination Period**, the confinement must be covered by the Policy and You must be otherwise eligible to receive benefits. When benefits do begin, they will not be retroactive to the beginning of the **Elimination Period**. The **Elimination Period** must be satisfied only once during the lifetime of this policy.

PRE-EXISTING CONDITIONS LIMITATION

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 are not covered until this Policy has been in force six (6) months. Please refer the Policy Schedule for Your Policy's Effective Date.

SECTION IV: ADDITIONAL FEATURES

CONTINGENT BENEFIT UPON LAPSE

The following benefit only applies if You did not select a nonforfeiture benefit rider offered to You when You applied for this Long Term Care Policy.

In the event premiums are increased in the future, and the amount of said premium increase equals or exceeds the amount shown in Table I on Page 12, then on or after the effective date of such premium increase, You will have the following options:

1. Pay the increased premium in order to keep Your current coverage in force;
2. Decrease the benefits of Your Policy to offset the increase in premiums (so that Your premium payments will not increase);
3. Convert Your coverage to reduced paid-up coverage.

If You choose to decrease Your benefits, no evidence of insurability will be required. The premium for the reduced coverage will be based on Your age when You originally purchased Your Policy.

If You choose to convert Your coverage to reduced paid-up coverage, You will be entitled to keep a portion of the coverage offered by the Policy even after it lapses until benefits have been exhausted under the Policy.

To determine the amount of the reduced paid-up coverage benefit You are entitled to, We will add together all of the premiums actually paid for the Policy on the date the Policy lapses. The total of these premiums shall constitute a pool of benefit dollars that will be available in the form of reduced paid-up coverage and shall hereinafter be referred to as the **Nonforfeiture Maximum Lifetime Benefit**.

The **Nonforfeiture Maximum Lifetime Benefit** is the maximum amount of benefits available under the reduced paid-up coverage benefit. Each dollar in benefits paid under this Policy's reduced paid-up coverage benefit shall reduce the remaining **Nonforfeiture Maximum Lifetime Benefit** by an equal amount.

Benefits payable under this Policy's reduced paid-up coverage benefit will only be payable if they would have otherwise been payable under the Policy, had it not lapsed. These benefits will be available under the same circumstances, and subject to the same terms, (including any **Elimination Period**), provisions, exclusions and maximums of the Policy, except as is expressly set forth herein.

The maximum amount in benefits available for any one day of care/services shall be equal to the Policy's **Maximum Daily Benefit** in effect at the time the Policy lapses. In no event shall the amount payable for any one day of care/services exceed this amount. (Please refer to page 10 for the **Maximum Daily Benefit**.)

If Your Policy lapses within 120 days of the date increased premiums are due, We will consider the lapse an election of the reduced paid-up coverage.

In no event shall the **Nonforfeiture Maximum Lifetime Benefit** provide fewer than 30 days in benefits. If, according to the method of calculation set forth above, the **Nonforfeiture Maximum Lifetime Benefit** is less than thirty (30) times the **Maximum Daily Benefit** in effect at the time the Policy lapses, the **Maximum Daily Benefit** will be available for thirty (30) days of care/services that would otherwise have been covered under the Policy, had it not lapsed.

Notwithstanding the above, in no event shall the **Nonforfeiture Maximum Lifetime Benefit** exceed the maximum amount of benefits available under the Policy at the time it lapsed. If benefits were paid or are payable under the Policy for care/services received prior to the date of lapse, the benefits available under the reduced paid-up coverage benefit will be reduced by the amount of benefits paid and/or payable under the Policy.

If an Inflation option was in force at the time the Policy lapses, it shall not serve to further increase the **Maximum Daily Benefit** after the Policy lapses.

The **Nonforfeiture Maximum Lifetime Benefit** is not restorable under any circumstances. Once the **Nonforfeiture Maximum Lifetime Benefit** has been exhausted, no further benefits will be available under the Policy or any riders attached to the Policy.

TABLE I

<u>Age When Policy Was Purchased</u>	<u>Percent Increase Over Initial Premium</u>	<u>Age When Policy Was Purchased</u>	<u>Percent Increase Over Initial Premium</u>
29 and under	200%	72	36%
30-34	190%	73	34%
35-39	170%	74	32%
40-44	150%	75	30%
45-49	130%	76	28%
50-54	110%	77	26%
55-59	90%	78	24%
60	70%	79	22%
61	66%	80	20%
62	62%	81	19%
63	58%	82	18%
64	54%	83	17%
65	50%	84	16%
66	48%	85	15%
67	46%	86	14%
68	44%	87	13%
69	42%	88	12%
70	40%	89	11%
71	38%	90 and over	10%

The specific percentage is called the “Percent Increase Over Initial Premium”. The percentage that applies to You depends on Your age when Your Policy was purchased. The Percent Increase Over Initial Premium is cumulative; it applies to all premium increases which occur over the life of Your Policy.

THIRD PARTY NOTICES

You have the right to designate at least one (1) person who is to receive notice of cancellation of Your Policy for the nonpayment of premiums. Designation of this person does not constitute acceptance of any liability by this person for services provided to You. Your written designation shall include the person's full name and home address and shall become part of Our records.

Your Policy cannot be canceled for nonpayment of premium unless We have notified You and the third party at least thirty (30) days before the effective date of the cancellation of the Policy.

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. We will notify You of the right to change this designation once every two years. You may also change the third party designated at any time by submitting a written request to Our office.

UNINTENTIONAL LAPSE

Your Policy cannot be canceled for nonpayment of premium unless We have notified You and the third party at least thirty (30) days before the effective date of the cancellation date of the Policy. 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 as of five (5) days after the date of mailing.

CONTINUATION FOR ALZHEIMER'S DISEASE, OTHER FORMS OF SEVERE COGNITIVE IMPAIRMENT OR LOSS OF FUNCTIONAL CAPACITY

If Your Policy is cancelled because you did not pay the renewal premium when it was due, We will provide a retroactive continuation of coverage if We receive the following within five (5) months after cancellation:

- 1.) Satisfactory proof that You had **Severe Cognitive Impairment**, (including Alzheimer's Disease and other forms of Organic Brain Syndrome) or a loss of functional capacity (which is the inability to perform two (2) or more **Activities of Daily Living**) on the termination date or on the cancellation date; and
- 2.) Payment of all past-due premiums for this Policy and any riders attached to this Policy that were in force on the cancellation date.

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

EXTENSION OF BENEFITS

Termination of Your Policy shall be without prejudice to any benefits payable for institutionalization if such institutionalization began while the Policy was in force and continues without interruption after termination. The extension of benefits beyond the period the Policy is in force is limited to the duration of the benefit period.

SECTION V: EXCLUSIONS: WHAT'S NOT COVERED

This section sets forth the conditions under which payment will not be made, even if You otherwise qualify for benefits.

Exclusions: The Policy will not pay benefits for:

- 1.) loss that occurs while this coverage is not in force;
- 2.) **Mental or Nervous Disorders**; however, this will not permit exclusion or limitations on the basis of the following:
 - a.) Alzheimer's Disease or related disorders, where a clinical diagnosis of Alzheimer's Disease by a **Physician** licensed in Your state, including history and physical, neurological, psychological and/or psychiatric evaluation, has been made to satisfy the requirements for demonstrable proof of organic disease or other proof under the coverage;
or,
 - b.) biologically based brain disease/serious mental illness, including schizophrenia, paranoid and other psychotic disorders, bipolar disorders (mixed, manic and depressive), major depressive disorders (single episode or recurrent), and schizo-affective disorders (bipolar or depressive);
- 3.) alcoholism and drug addiction;
- 4.) treatment provided in a government hospital, benefits provided under a governmental program (except Medicaid), any state or federal worker's compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law;
- 5.) services performed by a **Family Member**;
- 6.) rest care, hotel or retirement home expense or other expenses which are related to Your residence and not Your health;
- 7.) confinement, use of a facility, services, supplies and care that You would not be legally obligated to pay in the absence of this insurance; or,
- 8.) care or services:
 - a.) provided outside of the United States or its possessions;
 - b.) required as a result of Your being intoxicated or under the influence of a non-**Physician** prescribed narcotic; or,

- 9.) care or services that are paid by **Medicare** or expenses incurred under **Medicare** or which would be reimbursable under **Medicare** but for the application of a deductible or coinsurance amount, except expenses which are reimbursable under **Medicare** only as a secondary payor.

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SECTION VI: GENERAL CONTRACT PROVISIONS

This section provides You with information about the General Provisions included in Your Policy.

Entire Contract; Changes: This Policy, including any attached papers, constitutes the entire contract. No change is valid until:

- 1.) approved by one of Our executive officers; and
- 2.) endorsed hereon or attached hereto.

No agent has authority to change this Policy or to waive any of its provisions.

Time Limit on Certain Defenses:

- 1.) If your Policy has been in force for less than two years (2), we may rescind the Policy or deny and otherwise valid Long Term Care Insurance claim upon a showing of misrepresentation and an intent to deceive by the insured in the application for insurance.
- 2.) 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 or to deny a claim for loss incurred or disability (as defined in the Policy) commencing after the expiration of this two-year period.

Grace Period: A Grace Period of thirty-one (31) days is granted for the payment of each premium falling due after the first premium, during which Grace Period the Policy shall continue in force.

Reinstatement: If Your Policy lapses, We can consider reinstating it if We receive the renewal premium and a reinstatement application within six months of the renewal premium due date. 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 45 days of receiving the application, otherwise, Your Policy will be reinstated 45 days after the date of Our receiving the reinstatement application.

The reinstated Policy will only cover losses which are incurred 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, however, no premium will be applied to any period more than 60 days before the date of reinstatement.

Your Right to Cancel: You may cancel this Policy at any time by submitting written notice to the address shown above. This Policy will be canceled on the date We receive this written notice, or on a later day if You so request it. We will promptly refund the unearned portion of Your premium. Cancellation will not affect any claim incurred prior to the date the policy is canceled.

CLAIMS UNDER THIS POLICY

Notice of Claim: We must receive written notice of claim within twenty (20) days of loss. If not, as soon as reasonably possible. Notice to the Home Office or authorized agent is acceptable. Notice should include Your name and Policy Number.

Claim Forms: We will furnish forms to prove loss. We will do so upon Our receipt of notice of claim. If the forms are not furnished within fifteen (15) days, You will be considered to have complied if, within the time for filing proofs, You give Us written proof specifically describing the loss.

Proof of Loss: You must give Us written proof of loss within ninety (90) days from the occurrence of 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.

Time of Payment of Claims: Benefits payable under the policy for any loss incurred will be paid immediately 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.

Payment of Claims: All benefits will be payable to You. Any accrued benefits unpaid at Your death will be paid to Your estate.

Claim Denial: In the event a claim is denied, We shall make available all information directly relating to such denial within sixty (60) days of the date of a written request by You, unless such disclosure is prohibited under state or federal law.

Physical Examination: At Our expense, We shall have the right and opportunity to have You examined when and as often as We may reasonably require while a claim is pending.

Legal Actions: No legal or equitable action shall be brought to recover on the policy sooner than sixty (60) days after written proof of loss has been furnished. No action shall be brought after the expiration of three (3) years after the time written proof of loss is required to be furnished.

Reimbursement to Texas Department of Human Resources: In the event that the cost of your care and/or services is paid through a medical assistance program of the Texas Department of Human Resources, the benefits here under will be paid to the said Department. Such payment will be made up to the actual amount of such Department's coverage, but not to exceed the amount of benefits due under this Policy.

Misstatement of Age: If Your age has been misstated, all amounts payable shall be such as the premium paid would have purchased at the correct age.

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

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.

Please keep this Policy in a safe place with Your other important documents.

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



Secretary



President