



## 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> II LONG TERM CARE INSURANCE**

This Policy provides benefits for Long Term Care provided in your community and in a Long Term Care Facility.

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#### **Tax-Qualified Status**

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

#### **Guaranteed Renewable For Life**

This Policy is Guaranteed Renewable for your lifetime as long as its benefits have not been exhausted. We can only cancel this Policy if you stop paying the required premiums or there are no longer any benefits available under the Policy. As long as there are benefits still available under this Policy, you have the right to keep it in force for as long as you live. You can do this by paying the premiums when they are due. (Payment of the renewal premium will not restore or replenish the benefits available under this Policy.)

#### **Premiums Subject To Change – 5 Year Rate Guarantee**

The premiums of this Policy can never be changed because your age has changed or because of a change in your individual health. We can change the premiums for this Policy if we change them for everyone that bought this Policy in the same state yours was purchased. We cannot, however, change your premiums during the first five years this Policy is in force. A change in premiums would first have to be filed with the state's Commissioner of Insurance. Notice of any such change in premiums will be sent at least 45 days in advance of the new premium becoming payable.

#### **Notice To Buyer - 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 30 days of your receiving it. We will refund the entire premium paid directly to you within 30 days of the Policy being returned. Upon our receipt of the returned Policy, the Policy will be considered void from the beginning. An additional 10% of the premium refund due shall be added to the refund if it is not paid within 30 days of receipt of the returned Policy by us or our authorized agent.

**CAUTION: WE ISSUED THIS POLICY BASED UPON YOUR ANSWERS TO THE QUESTIONS ON YOUR**

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## Policy Schedule

**Policy Number:**

**Insured:**

**Effective Date:**

**First Renewal Date:**

**Age:**

Initial Premium .....	\$
Policy Fee .....	\$
Renewal Premium .....	\$

**Premiums**

Annual .....	\$
Semi-Annual .....	\$
Quarterly .....	\$
Monthly .....	\$
Automatic Bank Withdrawal (Monthly) .....	\$

The premiums shown above include premiums for any riders issued on the same date as this Policy.

**Benefits**

	<b>Maximum Amount</b>
Facility Daily Benefit .....	\$
Maximum Lifetime Benefit .....	Days
Deductible Period .....	Days

**Type of Care**

	<b>Maximum Amount</b>
<b>Long Term Care Facility Benefits</b>	
Nursing Facility .....	\$ per day
Assisted Living Facility .....	\$ per day
Bed Reservation .....	\$ per day
<b>Community Care Benefits</b>	
Adult Day Health Care .....	\$ per day
Hospice Care .....	\$ per day
<b>Additional Benefits</b>	
Alternative Plan of Care .....	
Respite Care .....	
Restoration of Benefits .....	
Five Year Rate Guarantee .....	

**Policy Schedule Continued**

**Riders Issued on the Same Date as this Policy**

**Rider Name**

**Premium Amount**

**SPECIMEN**

## Claims Under This Policy

### What should you do if you have a claim or are going to have a claim?

When you need care/assistance that may be covered by this Policy, you should immediately call our Claims Department at (800) 362-0700 so that we can let you know if you are eligible for benefits as quickly as possible.

This Policy provides an incentive, in the form of enhanced benefits, for notifying us you need care/assistance that may be covered by this Policy within 15 days of the care/assistance beginning. There is an added incentive for notifying us, if possible, 10 or more days before your care/assistance actually begins. For more information on these incentives, please refer to the **Early Notification of Claim Benefit** in Section 3.

### What should you do if you need help setting up your care?

If you need help locating a caregiver and/or arranging for your care, we may be able to offer you assistance through our free **Care Solutions<sup>SM</sup>** services. To access our **Care Solutions<sup>SM</sup>** service, you simply have to call us at (800) 362-0700. Please refer to the **Care Solutions<sup>SM</sup>** benefit in Section 3.

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## Section 1: **Facility 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. “We”, “us” and “our” refers to Penn Treaty Network America Insurance Company<sup>SM</sup>.

### **A. Long Term Care Facility Benefits**

For each day you are **Confined** to a **Long Term Care Facility** and meet the **Eligibility for the Payment of Benefits** (listed in Section 4), we will pay the lesser of:

- 1) the **Long Term Care Facility’s Daily Fee**; or
- 2) the **Facility Daily Benefit** listed in the Policy Schedule.

**C****onfined**  
Assigned to a bed and physically present within the facility.

**L****ong Term Care Facility**  
Includes a **Nursing Facility** or **Assisted Living Facility**.

**N****ursing Facility**  
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 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.

**A****ssisted Living Facility**  
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 24 hour a day care/assistance sufficient to meet the daily living needs of

- 4) has the appropriate methods and procedures to provide necessary assistance to residents in the management of prescribed medications.

An **Assisted Living Facility** may sometimes be called a Residential Care Facility, Adult Congregate Living Facility, Personal Care Facility, Adult Family Home or Sheltered Living Facility. It may also include any such facility that specializes in the care/assistance of persons with Alzheimer's disease and other dementias. 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**.

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 **Long Term Care Facility** will be covered by this Policy.

#### **Long Term Care Facility's Daily Fee**

**L** 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.

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### **B. Bed Reservation Benefits**

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We will pay a **Bed Reservation Benefit** when you are charged to hold your room in a **Long Term Care Facility** for any overnight absences. The amount payable per day under the **Bed Reservation Benefit** shall be equal to the **Long Term Care Facility Benefit** payable on the day prior to the overnight absence. This benefit will be limited to 30 days per calendar year. Any days not used in a calendar year cannot be carried over to any subsequent years.

## Section 2: Community Care Benefits

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This section tells you about the benefits available for care and assistance that may be available in the community in which you live.

### A. Adult Day Health Care Benefits

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For each day you receive **Adult Day Health Care** and meet the **Eligibility for the Payment of Benefits** (listed in Section 4), we will pay the lesser of:

- 1) the actual charge incurred; or
- 2) the **Facility Daily Benefit** listed in the Policy Schedule.

In no event will we pay more than the amount similar **Adult Day Health Care Centers** typically charge for similar services rendered in the same geographic area.

#### **A** dult Day Health Care

A day program which provides social and health-related services, and supports frail, impaired, elderly or other disabled adults who can benefit from care in a group setting outside the **Home**, including assistance with the **Activities of Daily Living** and taking medications. **Adult Day Health Care** must be provided in an **Adult Day Health Care Center**.

#### **H**ome

An unsupervised dwelling which is your personal residence, whether it is owned or leased by you. **Home** includes a home for the retired or aged. It does not include a hospital, sanitarium or **Long Term Care Facility**.

#### **A** dult Day Health Care Center

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

### B. Hospice Care Benefits

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For each day you receive **Hospice Care** and you meet the **Eligibility for the Payment of Benefits** (listed in Section 4), we will pay the lesser of:

- 1) the actual charge incurred; or
- 2) the **Facility Daily Benefit** listed in the Policy Schedule.



## **Hospice Care**

Care provided in a **Hospice Facility** which is designed to provide palliative care; alleviate the physical, emotional, social and spiritual discomforts associated with experiencing the last phases of life due to the existence of a terminal disease; and provide supportive care to your primary caregiver and your family.

## **Hospice Facility**

Facility or institution that meets at least one of the following:

- 1) it is, or would be upon request, acceptable to Medicare as a provider of **Hospice Care**.
- 2) it is licensed by the jurisdiction in which it is located as a Hospice organization.
- 3) it meets all of the following:
  - a) its main function is to provide palliative care or management of the terminal illness and related conditions;
  - b) it is operated under the supervision of a **Physician**, either on staff or through consultation;
  - c) it maintains a daily medical record for each patient; and
  - d) it maintains control of and records of all medications dispensed.

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## Section 3: *Additional Benefits*

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

### **A. Early Notification of Claim & Waiver of Premium Benefits**

We encourage you to notify us as soon as you recognize that you require care/assistance that may be covered by this Policy. This will enable us to advise you as early as possible about whether you meet the **Eligibility for the Payment of Benefits** and qualify for the benefits of this Policy. To notify us, you or your representative, simply have to call our Claims Department at (800) 362-0700 and tell us that you are receiving, or will be receiving, care/assistance covered by this Policy. You should specifically tell us that you are calling to give us “**Early Notification**” that you will have a claim. Notifying your agent does not satisfy the **Early Notification of Claim** requirement.

When you call our office, we may have a Registered Nurse speak to you to gather information about your condition and evaluate your needs. We may also have a health care professional (usually a Registered Nurse) from your local area visit you to conduct a face-to-face assessment. The purpose of such an assessment is to provide us with information about what you can and cannot do for yourself and the type of care/assistance you need. For more information on the Claims process, please refer to Section 7.

#### **Waiver of Premium Benefit:**

Once you satisfy the **Waiver of Premium Waiting Period**, we will waive the payment of premiums for this Policy and any riders attached to this Policy for as long as you continue to be so eligible for benefits. Premiums that have been paid for coverage that extends beyond the date you satisfy the **Waiver of Premium Waiting Period** will be held by us and applied to any premiums payable once you are no longer eligible for the **Waiver of Premium Benefits**. If you die while eligible for this benefit, the waived premiums held by us will be refunded to your estate.

To continue to be eligible for the **Waiver of Premium Benefits**, you must receive care/assistance that is covered by this Policy at least 21 days per **Calendar Month**. If you receive care/assistance fewer than 21 days per **Calendar Month**, premiums will not be waived for that month.

#### **C**alendar Month

Begins on the first day of the month and ends on the last day of the month.

You need to satisfy the **Waiver of Premium Waiting Period** only once during the lifetime of this Policy. If, after becoming eligible for the **Waiver of Premium Benefit**, you have one or more

benefits are restored in accordance with the **Restoration of Benefits** provision, you will be required to satisfy the **Waiver of Premium Waiting Period** again.

If you are receiving benefits under the **Alternative Plan of Care Benefit**, you will not be eligible for this **Waiver of Premium Benefit**.

### **Waiver of Premium Waiting Period**

**W**Number of days you must receive care/assistance that is covered by this Policy (even if subject to the **Deductible Period**), before renewal premiums will be waived. The **Waiver of Premium Waiting Period** is 90 days.

### **ADVANCE NOTIFICATION**

**If you notify us 10 or more days before care/assistance begins:**

- 1) We will reduce the **Waiver of Premium Waiting Period** from 90 days to 30 days; and
- 2) We will count each **Calendar Week** during which you receive at least five days of care/assistance that is covered by this Policy as seven days towards the satisfaction of the **Waiver of Premium Waiting Period**; and
- 3) We will begin applying days towards the satisfaction of the **Waiver of Premium Waiting Period** with the first day you receive care/assistance that is covered by this Policy (even if subject to the **Deductible Period**).

### **Calendar Week**

**C**Begins at 12:01 AM on Sunday, and ends seven calendar days later, on the immediately following Sunday at 12:01 AM.

### **TIMELY NOTIFICATION**

**If you notify us within 15 calendar days of the care/assistance beginning:**

- 1) We will reduce the **Waiver of Premium Waiting Period** from 90 days to 60 days; and
- 2) We will count each **Calendar Week** during which you receive at least five days of care/assistance that is covered by this Policy as seven days towards the satisfaction of the **Waiver of Premium Waiting Period**; and
- 3) We will begin applying days towards the satisfaction of the **Waiver of Premium Waiting Period** with the first day you receive care/assistance that is covered by this Policy (even if subject to the **Deductible Period**).

### **LATE NOTIFICATION**

**If you do not notify us within 15 calendar days of the care/assistance beginning:**

**Period.** (Days during which you receive care/assistance covered by this Policy that occur before you notify us will not count towards the satisfaction of the **Waiver of Premium Waiting Period.**)

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## B. Alternative Plan of Care Benefit

In the future, we expect that there will continue to be developments in the delivery of Long Term Care services and that new alternatives to confinement in the traditional nursing home will emerge. Through the **Alternative Plan of Care** benefit, your Policy will be able to keep pace with changes in the Long Term Care delivery system by offering benefits for new forms of Long Term Care and new methods of care delivery.

The **Alternative Plan of Care** can also be utilized to provide benefits for care/assistance, durable medical equipment or other items that would allow you to remain in your **Home** when confinement to a **Long Term Care Facility** would otherwise be necessary. An example of such 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 a **Long Term Care Facility**. **Home Health Care** will not be considered as an **Alternative Plan of Care**.

### **H**ome Health Care

Can be personal care, which is assistance with the **Activities of Daily Living** and/or supervision that is required due to **Severe Cognitive Impairment**, which may be caused by Alzheimer's disease, senile dementia, etc. **Home Health Care** includes skilled nursing services or other professional medical services, such as physical therapy and speech therapy.

To be considered for this benefit, you must meet the **Eligibility for the Payment of Benefits** and the alternative must be in lieu of confinement to a **Long Term Care Facility**. If you would like us to consider an **Alternative Plan of Care** for benefits, you must submit a written request 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. (An **Alternative Plan of Care** can be suggested by you or 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. We are not obligated to provide benefits for any services received prior to the date of our approval of the **Alternative Plan of Care**. Your eligibility for this benefit and the benefit amount(s) payable will be made on an individual basis and at our sole discretion.

In the event you would still need to be **Confined** to a **Long Term Care Facility** subsequent to receiving benefits under the **Alternative Plan of Care**, any benefits paid under the **Alternative Plan of Care** may serve as a deductible if they are paid in a lump sum(s) rather than on an ongoing basis.

for the first 100 days ( $\$100 \times 100 = \$10,000$ ) you would otherwise be eligible for benefits in the **Long Term Care Facility**. Given this example, however, if the home modifications enable you to remain in your **Home** for at least 100 days, the benefits extended under the **Alternative Plan of Care** will not serve as a separate deductible. Any such restrictions will normally be explained to you if and when the **Alternative Plan of Care** is approved and we set forth the terms under which we will pay benefits for the alternative plan.

## C. Respite Care Benefits

This benefit allows you to receive **Respite Care** without the care/assistance being subject to the Policy's **Deductible Period**.

**Respite Care** May be **Home Health Care**, or care provided in a **Long Term Care Facility** or **Adult Day Health Care Center**, the purpose of which is to temporarily relieve the primary caregiver.

**Home Health Care** must be provided through a **Home Health Care Agency**. Additionally, any skilled services must be performed by a licensed registered nurse (RN), licensed practical nurse (LPN), licensed vocational nurse (LVN), chemotherapy specialist, enterostomal specialist, total parenteral nutrition specialist, physical therapist, speech therapist, occupational therapist or any other duly-qualified licensed provider of said services.

**Home Health Care Agency** An organization that provides **Home Care Services** and is licensed by the state in which services are rendered, if so required. If the state in which the services are provided does not require such licensure, the agency will be considered a **Home Health Care Agency** if it meets the following requirements:

- 1) it has a full-time administrator;
- 2) it maintains written records of care/assistance provided to the patient; and
- 3) it maintains an independent office that is staffed no less than 40 hours per week.

**Home Care Services** **Homemaker Care, Home Health Care, and Hospice Care.**

For each day you receive **Respite Care** and meet the **Eligibility for the Payment of Benefits**, we will pay the benefits that correspond with the type of care/assistance you are receiving. Please refer to the **Long Term Care Facility** and **Adult Day Health Care** benefit provisions for the benefits payable for each of these types of care/assistance. For each day you receive **Home Health Care** in

In no event will we pay more than the amount similar **Home Health Care Agencies** typically charge for similar services rendered in the same geographic area.

This benefit is payable for a maximum of 30 days per calendar year. Any days not used in a calendar year cannot be carried over to any subsequent years.

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## D. Restoration of Benefits

If less than the Policy's **Maximum Lifetime Benefit** is paid, it will restore to the full original amount listed in the Policy Schedule when:

- 1) you have not been **Confined** to a **Long Term Care Facility** and you did not receive **Homemaker Care, Home Health Care, Adult Day Health Care** or **Hospice Care** (whether provided by a **Family Member** or any other caregiver) for a period of 180 consecutive days; and
- 2) a) you recovered sufficiently to not require and you were not advised to be **Confined** to a **Long Term Care Facility** during that 180 day period. Additionally, your **Physician** must certify that you recovered sufficiently to not require and you were not advised to be **Confined** to a **Long Term Care Facility** during that 180 day period; and  
b) you recovered sufficiently to not require and you were not advised to receive **Homemaker Care, Home Health Care, Adult Day Health Care** or **Hospice Care** during that 180 day period. Additionally, your **Physician** must certify that you recovered sufficiently to not require and you were not advised to receive **Homemaker Care, Home Health Care, Adult Day Health Care** or **Hospice Care** (whether provided by a **Family Member** or any other caregiver) during that 180 day period; and
- 3) you did not require help with any of the **Activities of Daily Living** or more than one of the **Instrumental Activities of Daily Living**, and you did not have a **Severe Cognitive Impairment** during that 180 day period.

**H**omemaker Care Assistance with the **Instrumental Activities of Daily Living**. **Homemaker Care** also includes supervision that is required due to **Severe Cognitive Impairment**, which may be caused by Alzheimer's disease, senile dementia, etc.

### **I**nstrumental Activities of Daily Living

Those tasks that are necessary to and consistent with one's ability to safely reside in a private, unsupervised dwelling. They are comprised of the following five activities:

- 1) Meal Preparation is the preparation of food for human consumption, including cooking and cleanup.
- 2) Shopping/Travel is the use of public or private transportation to get to a store and shop for groceries, pick up prescriptions and to get to medical appointments.
- 3) Light Housekeeping/Laundry is maintaining a clean **Home** living environment so that your health, safety and welfare are not jeopardized. Light Housekeeping is limited to those



maintenance, work on the exterior of the **Home**, lawn care, snow removal, maintenance of a vehicle, or any other service provided outside the **Home**.

- 4) Handling Money/Bill Paying is depositing and/or withdrawing funds at a financial institution and paying bills.
- 5) Medication Management is safely controlling, dispensing, administering and/or assisting with administration of medications, properly prescribed by a medical professional, in the proper dosages and at the proper times.

## **F**amily Member

Your spouse, and your and your spouse's respective parents, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nephews, nieces and in-laws. The **Family Member** can be skilled or unskilled.

There is no limit to the number of times the **Maximum Lifetime Benefit** will restore as long as you meet the above requirements. Once the **Maximum Lifetime Benefit** has been exhausted, benefits will not restore under any circumstances and this Policy will no longer be valid.

## **E. Care Solutions<sup>SM</sup>**

When you need care/assistance covered by this Policy, we can offer you access to a **Care Coordinator** through the **Care Solutions<sup>SM</sup>** services we make available to our Policyholders free of charge. The **Care Coordinator** will perform an assessment of your needs and work with you, your family and your **Physician**, if necessary, to see that those needs are met. The **Care Coordinator** will develop a **Plan of Care**, which describes the level of care/assistance you require, the type of caregiver necessary, the schedule of the care/assistance to be rendered, and the period over which this level of care is projected to be required.

If you elect to utilize our **Care Solutions<sup>SM</sup>** service, we will help you identify the providers available in your community.

## **C**are Coordinator

Health care professional, usually a Registered Nurse, we employ or contract with to provide our Policyholders the **Care Solutions<sup>SM</sup>** services described above.

## **C**are Solutions<sup>SM</sup>

Free service we offer all of our Policyholders who need assistance making arrangements for care. Whether you use it is entirely up to you. Use of this service will not reduce, or be paid for through, the benefits of the Policy.

## **P**hysician

Any doctor, other than you or a **Family Member**, properly licensed as a practitioner of the healing arts and operating within the scope of that license.

## Section 4: ***Eligibility for the Payment of Benefits***

This section explains how you qualify for the benefits of this Policy.

You become eligible to receive the benefits of this Policy when a **Licensed Health Care Practitioner** certifies that you are **Chronically Ill**. To be certified as **Chronically Ill**, you must:

1) require **Human Assistance** with two or more **Activities of Daily Living** for a period of at least 90 days due to loss of functional capacity; or have a similar level of disability as determined by the Secretary of the Treasury in consultation with the Secretary of Health and Human Services;

OR

2) have **Severe Cognitive Impairment**, (which may be caused by Alzheimer's disease, senile dementia, etc.)

A **Licensed Health Care Practitioner** must certify that you meet at least one of the above criteria. This certification must pertain to the time the care/assistance is received. We may periodically require an updated certification of your condition, but not more than once every 31 days.

### **L**icensed Health Care Practitioner

Any **Physician**, registered professional nurse, or licensed social worker. If you choose to use our free **Care Solutions<sup>SM</sup>** service, we can provide a **Care Coordinator** who may act as the **Licensed Health Care Practitioner**.

### **H**uman Assistance

Hands-on assistance and support, stand-by assistance and/or supervision. **Human Assistance** can take the form of someone physically helping you perform the activity; or someone being at arm's length to intervene and help you perform the activity when necessary; or someone prompting you and providing verbal cues so you can perform the activity.

### **A**ctivities of Daily Living

Basic, day-to-day, human functions and are comprised of the following six activities:

- 1) Eating is feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table).
- 2) Bathing is washing oneself by sponge bath; or in a tub or shower, including the task of getting into or 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 and 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 functions; or when

## Section 5: *Benefit Limitations*

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

### **Facility Daily Benefit**

The **Facility Daily Benefit** is the maximum amount we will pay under the **Long Term Care Facility, Adult Day Health Care, Hospice Care or Respite Care Benefits**, or any combination of these benefits, for care/assistance received during the same calendar day. The **Facility 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. Each day you are confined to a **Long Term Care Facility** or receive **Adult Day Health Care Benefits, Hospice Care Benefits or Respite Care Benefits**, for which benefits are payable under the Policy, will count as one full day of the **Maximum Lifetime Benefit**. Your Policy's **Maximum Lifetime Benefit** is listed in the Policy Schedule.

### **Deductible Period**

The **Deductible Period** must be satisfied before benefits will be available. Specifically, it is the number of days you must meet the **Eligibility for the Payment of Benefits** and receive care/assistance that would otherwise be covered by the Policy, before you can receive benefits. Days for which Medicare covered all or part of your care/assistance will also count towards satisfaction of the **Deductible Period**. When benefits do begin, they will not be retroactive to the beginning of the **Deductible Period**.

The **Deductible 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, except for **Respite Care**, which is not subject to the **Deductible Period**. (For example, if you satisfy the **Deductible Period** for **Adult Day Health Care** and would then require admission to a **Long Term Care Facility**, it will not be necessary for you to satisfy the **Deductible Period** again.) The **Deductible Period** is listed in the Policy Schedule.

## Section 6: *Exclusions*

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

The Policy will not pay benefits for:

- 1) Care/assistance that begins before this Policy is in force or is received while this Policy is not in force.
- 2) Care/assistance provided by a **Family Member**, unless pre-approved by us, or by a **Home Health Care Agency** or **Long Term Care Facility** owned or operated by a **Family Member**.
- 3) Care/assistance that you would not be legally obligated to pay for in the absence of this insurance.
- 4) Care/assistance provided outside of the 50 United States or the District of Columbia.
- 5) Care/assistance payable under any Worker's Compensation or Occupational Disease Law.
- 6) Care/assistance required as a result of war, or an act of war, whether declared or not.
- 7) Care/assistance required as a result of attempted suicide or intentionally self-inflicted injuries.
- 8) Care/assistance required as a result of alcoholism and/or drug abuse. Drug abuse does not include a condition brought about by your use of drugs prescribed by and taken in accordance with the directions of a **Physician**.
- 9) Care/assistance required as a result of your commission of a felony or your being engaged in an illegal occupation.
- 10) Care/assistance paid by Medicare or eligible to be paid by Medicare. If any portion of the charges for such care/assistance is not paid by Medicare, they will be covered, subject to the terms of this Policy.
- 11) Care/assistance required as a result of cosmetic surgery.

"Care/assistance" refers to the long term care services this Policy otherwise provides benefits for.

## **Section 7: Contract Provisions**

Your Long Term Care Insurance Policy is a contract between you and us. This section explains the contract provisions that govern this Policy.

### **A. Premiums**

#### **Modal Payments**

Premiums may be paid annually, semi-annually, quarterly, monthly or through automatic bank withdrawal (monthly). The applicable premium amount for each of these modes is listed in the Policy Schedule. Paying more frequently than once a year will cost more than paying once a year. For example, you will note that paying 12 monthly payments will cost more than if you paid one annual payment. Modal payment factors are as follows: Annual 100%; Semi-Annual 52%; Quarterly 26.5%; Monthly 9%; and Automatic Bank Withdrawal (Monthly) 8.5%.

#### **Grace Period**

A Grace Period of 31 days is granted for the payment of each premium due after the first premium, during which time your Policy continues in force, provided the renewal premium is paid prior to the expiration of the Grace Period. If the renewal premium is not paid before the Grace Period ends, your Policy will be cancelled as of the renewal premium due date. (If you have elected a third party to receive notice of your Policy lapsing, it will lapse 30 days after such notice has been provided, and the Policy will be cancelled as of the renewal premium due date.)

#### **Third Party Notification of Lapse**

You have the right to designate at least one 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 forget to pay the renewal premium or are traveling when it is due.

If you elect to designate such a person, your Policy cannot be canceled for nonpayment of premium unless we have notified the designated person at least 30 days in advance of the lapse date. Notice shall be given by first class United States mail; postage prepaid, and will be given 31 days after a premium is due and unpaid. Notice shall be deemed to have been given as of five days after the date of our mailing to the third party.

Your written designation shall include the person's full name and home address and shall become a part of our records. 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.

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 cover only loss that occurs after the date of reinstatement. 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.

### **Reinstatement for Alzheimer's Disease, Other Forms of Severe Cognitive Impairment and/or Loss of Functional Capacity**

If your Policy is cancelled because you did not pay the renewal premium when it was due, you may obtain reinstatement of this Policy if we receive the following within six months of the last renewal premium due date:

- 1) satisfactory proof you had **Severe Cognitive Impairment** (including, but not limited to Alzheimer's Disease) and/or a loss of functional capacity (the inability to perform two or more of the **Activities of Daily Living**), on the renewal date; and
- 2) payment of all unpaid overdue premiums for this Policy and any riders attached to this Policy that were in force on the renewal premium due date.

This reinstatement will provide uninterrupted coverage to the same extent that the Policy would have provided had it not been cancelled and premiums will be required to be paid accordingly.

### **Cancellation**

We cannot cancel this Policy at any time unless premiums are not paid when due, as set forth above. Once this Policy's 30 day examination period has expired, you may only cancel this Policy on its renewal date. To cancel this Policy, you must submit a written request to our Home Office. If you request we cancel this Policy, the termination of this Policy will take effect on the first renewal premium due date following our receipt of your request.

### **Death While Insured**

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 30 days of our receipt of written notice of your death. Such refund will be made to your surviving spouse, if any, otherwise it will be made to your estate.

## B. Claims

### What should you do if you have a claim or are going to have a claim?

#### **Notice of Claim – Call us as soon as possible!**

This Policy provides an incentive, in the form of enhanced benefits, to notify us you need care/assistance that may be covered by this Policy within 15 days of the care/assistance beginning. There is an added incentive for notifying us, when possible, 10 or more days before your care/assistance actually begins. For more information on these incentives, please refer to **Early Notification of Claim** in Section 3.

To notify us you require care/assistance, or will require care/assistance, that may be covered by this Policy, you simply have to call us at (800) 362-0700 and tell us that you are calling to give us “**Early Notification**” that you will have a claim.

If you elect not to provide **Early Notification of Claim**, you can provide written Notice of Claim. You should provide written notice as soon as reasonably possible. Written notice should include your name, policy number, the identity of caregiver/provider, the date care/assistance began, and any bills listing the charges incurred to date.

### What we will do when you provide Notice of Claim:

#### **Claim Forms & Proof of Loss – What you will need to submit:**

When you notify us you require care/assistance that may be covered under this Policy, we will, within 15 days, provide you with the forms necessary to submit your claim and prove your loss. (If we fail to furnish the required claim forms within 15 days, you will be considered to have complied with this requirement if you give us written proof specifically describing the loss within the time limit stated below.)

You should complete and return the forms we send to you within 90 days of our mailing them to you. We will not be able to accept these forms and consider your claim unless they are submitted within one year of the loss occurring, which means they must be submitted within one year of the date the care/assistance you are submitting a claim for began.

As Proof of Loss, we may request full documentation relating to the care/assistance you received. This may include actual proof of payment of the actual expenses incurred. When we request proof

- ? We may contact you, your **Physician**, the **Licensed Health Care Practitioner** or other persons familiar with your condition; and/or
- ? We may access your medical records to get information about your condition (we cannot determine whether you are eligible for benefits if we are not given access to your medical records); and/or
- ? We may request, at our expense, to have a face-to-face assessment performed.

## **P**hysical 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 in claim paying status. When your needs are assessed by either an in-house Registered Nurse or other health care professional we contract with, he/she may also develop a written **Plan of Care** designed to meet your individual needs.

## **Time of Payment of Claims**

Benefits payable under the Policy for any loss incurred will be paid within 30 days of our receipt of written Proof of Loss.

## **Payment of Claims**

All benefits will be payable to you, unless there is an assignment of benefits by you, or someone legally authorized to act in your behalf. An assignment of benefits is your or your legal representative's request for payments to be made payable directly to the care provider(s).

Any accrued benefits unpaid at your death will be paid to your estate, or any care provider or individual to whom you or your legal representative have assigned benefits, or, if applicable, shall descend as personal property according to the law of distribution in your state. At our option, any benefit of \$1,000 or less may be paid to an alternative payee who is deemed by us to be justly entitled to the benefit. The alternative payee must be related to you by blood or marriage. We will be fully discharged to the extent of any payment made in good faith under this provision.

## **What if you don't agree with our decision to deny benefits?**

### **Appealing a Denial of Benefits**

You, or someone authorized to act in your behalf, shall have the right to appeal any denial of a claim, or portion of a claim, made under this Policy. Such appeal should be submitted in writing within 60 calendar days from the date you receive the decision and should include any information and/or documentation which supports your position. Additionally, the appeal should identify whom we could contact (including names, addresses, and telephone numbers) to gather any additional pertinent information regarding your care.



4) Other information that is determined to be relevant to address the appeal.

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We will send you a written explanation of the results of our review within 30 days of our receiving your appeal, or within 30 days of our receiving any additional information needed to adequately review your appeal. If the decision cannot be made within 30 days from the date we receive all pertinent information, we will notify you and explain the reasons more time is required. If the decision is not made within an additional 30 days, we will notify you, at that time, and every 45 days thereafter, the reasons why additional time is needed for the investigation of your claim. This notice will also state when a decision on the claim may be expected.

## **What if you don't agree with the benefits we approve?**

### **Appealing the Amount of Benefits Payable**

When we determine, for the purpose of establishing the benefits payable for **Adult Day Health Care** and **Hospice Care**, that the provider of said services is charging more than what a similar provider of similar services charges in the same geographic area, we will make this determination by:

Surveying five similar providers in the same geographic area to determine their fees for similar services. The fourth highest of these fees will represent what **Adult Day Health Care** or **Hospice Care** providers or similar providers normally charge for similar services.

If there are not five similar providers that provide care/assistance in your geographic area, we will use fees from five similar providers in the geographic area which is geographically nearest and similar in terms of socioeconomic make-up and cost of living to the area where the care/assistance is provided.

You, or someone authorized to act in your behalf, shall have the right to appeal the amount of benefits payable under this Policy. Such appeal should be submitted in writing and should explain the basis for your disagreement with our decision. The appeal should also include any information and/or documentation which supports your position, such as fees from other providers in your geographic area. We will send you a written explanation of the results of our review within 30 days of our receiving your appeal, or within 30 days of our receiving any additional information needed to adequately review your appeal.

### **Contestability/Time Limit on Certain Defenses**

Our issuance of this Policy is based on the information disclosed in your application, a copy of which is attached. If any information called for by the application is inaccurate or missing, and we issued you coverage we would not have issued had complete and accurate information been listed on the application, we can rescind this coverage or deny any otherwise valid claim for care/assistance that begins within two years from the Policy Effective Date.

inflation increase or a higher benefit option, that additional portion of coverage could be rescinded due to a misrepresentation.

If you realize there is any inaccurate information on the application, or information missing from your application, you should notify us immediately by writing to our Home Office at the address listed on the first page of this Policy.

In the event this Policy is rescinded after we have paid benefits, we may not recover the payments already made.

### **Coordination of Benefits with Other Penn Treaty Network America Insurance Company<sup>SM</sup> Policies**

Should benefits for care/assistance covered by this Policy also be payable under any other policy and/or rider issued by Penn Treaty Network America Insurance Company<sup>SM</sup>, the benefits to be paid under this Policy shall not, when combined with the benefits payable under said other policies/riders, exceed the actual charge incurred for the care/assistance received.

### **Right of Subrogation**

If you or someone acting on your behalf is a claimant in any action or proceeding in which payment is received from any third party as a result of a court judgment, verdict, arbitration award, compromised settlement, etc, to compensate you for losses sustained, we shall have a Right of Subrogation or reimbursement for any benefits paid under your Policy. We shall not be responsible for any attorney's fees or court costs incurred or associated with the recovery of such payment from any third party unless otherwise specifically provided by law.

### **Right to Recovery**

If we make payments with respect to benefits in a total amount which is, at any time, in excess of the benefits payable under the provisions of this Policy, we will have the right to recover such excess from:

- 1) your or any persons to whom such payments were made; and
- 2) any organization which should have made such payments.

### **Unpaid Premium**

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

### **Extension of Benefits**

If this Policy terminates while you are confined in a **Long Term Care Facility**, benefits shall continue to be payable provided the confinement continues without interruption and is otherwise covered by the Policy and will be continued until the earlier of the following dates:

## C. General

### 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.

### 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 premium due date if the renewal premium is not paid when due.

### 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 hereby amended to conform to its minimum requirements.

### Reduction of Coverage

You will have the right to reduce the benefits of this Policy without providing evidence of insurability. Such a reduction may include, for example, changes which result in a longer **Deduction Period**, a lower **Facility Daily Benefit** or **Home and Community Care Daily Benefit** (if you purchased a Home Health Care Rider) amount, or a lower **Maximum Lifetime Benefit**; provided, however, that such reduction in coverage may not reduce benefits to a level below the minimum level required by the Insurance Commissioner of the State of Washington on the date such reduction is requested.

### Nonduplication with State or National Health Care Benefits

In the event that a state or federal program is enacted which substantially duplicates all or part of the coverage of this Policy, current benefits or features which are duplicated by such a program will be revised or eliminated promptly and in an orderly manner. Any such revision or elimination of benefits will not take effect until approved by the Insurance Commissioner of the State of Washington. If such a revision results in a change in premium, the change in premium will take effect at the same time as the change in benefits. Any unearned premium for any period of time which extends beyond the effective date of such change will be immediately refunded to you.

### Governing Jurisdiction

This Policy is governed by the laws of the state in which you purchased it.

### 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

**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. If no coverage would have been issued had your correct age been given, this Policy will be considered null and void and all premiums paid will be refunded.

**Other Long Term Care Insurance**

The application for this Policy lists all other Long Term Care policies in force or applied for on the date of application for this Policy. Any Long Term Care policy fully admitted on the application may stay in force after this Policy is issued unless you agreed in the application to terminate or replace it.

**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.

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## Glossary of Defined Terms

**Activities of Daily Living** - Basic, day-to-day, human functions and are comprised of the following six activities:

- 1) Eating is feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table).
- 2) Bathing is washing oneself by sponge bath; or in a tub or shower, including the task of getting into or 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 and 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 functions; or when unable to maintain control of bowel and bladder functions, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

**Adult Day Health Care** - A day program which provides social and health-related services, and supports frail, impaired, elderly or other disabled adults who can benefit from care in a group setting outside the **Home**, including assistance with the **Activities of Daily Living** and taking medications.

**Adult Day Health Care** must be provided in an **Adult Day Health Care Center**.

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

**Assisted Living Facility** - 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 24 hour a day care/assistance sufficient to meet the daily living needs of individuals with functional and/or cognitive deficiencies;
- 2) has a trained and ready to respond employee on duty at all times to provide care/assistance;
- 3) provides three 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.

**Calendar Month** - Begins on the first day of the month and ends on the last day of the month.

**Calendar Week** - Begins at 12:01 AM on Sunday, and ends seven calendar days later, on the

**Confined** - Assigned to a bed and physically present within the facility.

**Family Member** - Your spouse, and your and your spouse's respective parents, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nephews, nieces and in-laws. The **Family Member** can be skilled or unskilled.

**Home** - An unsupervised dwelling which is your personal residence, whether it is owned or leased by you. **Home** includes a home for the retired or aged. It does not include a hospital, sanitarium or **Long Term Care Facility**.

**Home Care Services - Homemaker Care, Home Health Care, and Hospice Care.**

**Home Health Care** - Can be personal care, which is assistance with the **Activities of Daily Living** and/or supervision that is required due to **Severe Cognitive Impairment**, which may be caused by Alzheimer's disease, senile dementia, etc. This personal care may also include assistance with the **Instrumental Activities of Daily Living**. **Home Health Care** also includes skilled nursing services or other professional medical services, such as physical therapy and speech therapy.

**Home Health Care Agency** - An organization that provides **Home Care Services** and is licensed by the state in which services are rendered, if so required. If the state in which the services are provided does not require such licensure, the agency will be considered a **Home Health Care Agency** if it meets the following requirements:

- 1) it has a full-time administrator;
- 2) it maintains written records of care/assistance provided to the patient; and
- 3) it maintains an independent office that is staffed no less than 40 hours per week.

**Homemaker Care** - Assistance with the **Instrumental Activities of Daily Living**. **Homemaker Care** also includes supervision that is required due to **Severe Cognitive Impairment**, which may be caused by Alzheimer's disease, senile dementia, etc.

**Hospice Care** - Care provided in a **Hospice Facility** which is designed to provide palliative care; alleviate the physical, emotional, social and spiritual discomforts associated with experiencing the last phases of life due to the existence of a terminal disease; and provide supportive care to your primary caregiver and your family.

**Hospice Facility** - Facility or institution that meets at least one of the following:

- 1) it is, or would be upon request, acceptable to Medicare as a provider of **Hospice Care**.
- 2) it is licensed by the jurisdiction in which it is located as a Hospice organization.
- 3) it meets all of the following:
  - a) its main function is to provide palliative care or management of the terminal illness and

someone being at arm's length to intervene and help you perform the activity when necessary; or someone prompting you and providing verbal cues so you can perform the activity.

**Instrumental Activities of Daily Living** - Those tasks that are necessary to and consistent with one's ability to safely reside in a private, unsupervised dwelling. They are comprised of the following five activities:

- 1) Meal Preparation is the preparation of food for human consumption, including cooking and cleanup.
- 2) Shopping/Travel is the use of public or private transportation to get to a store and shop for groceries, pick up prescriptions and to get to medical appointments.
- 3) Light Housekeeping/Laundry is maintaining a clean **Home** living environment so that your health, safety and welfare are not jeopardized. Light Housekeeping is limited to those tasks necessary to maintain a clean immediate living area, which is comprised of your bedroom, kitchen, living room and bathroom. This includes washing, drying and storing your clothing, bed linens, etc. Light Housekeeping does not include the cleaning of any additional rooms, such as extra bedrooms. Light Housekeeping also does not include any heavy cleaning such as annual "spring cleaning", any type of **Home** construction or maintenance, work on the exterior of the **Home**, lawn care, snow removal, maintenance of a vehicle, or any other service provided outside the **Home**.
- 4) Handling Money/Bill Paying is depositing and/or withdrawing funds at a financial institution and paying bills.
- 5) Medication Management is safely controlling, dispensing, administering and/or assisting with administration of medications, properly prescribed by a medical professional, in the proper dosages and at the proper times.

**Licensed Health Care Practitioner** - Any **Physician**, registered professional nurse, or licensed social worker. If you choose to use our free **Care Solutions<sup>SM</sup>** service, we can provide a **Care Coordinator** who may act as the **Licensed Health Care Practitioner**.

**Long Term Care Facility** - Includes a **Nursing Facility** or **Assisted Living Facility**.

**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.

**Nursing Facility** - A facility, or distinctly separate part of a hospital or other institution, which is



**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 in claim paying status. When your needs are assessed by either an in-house Registered Nurse or other health care professional we contract with, he/she may also develop a written **Plan of Care** designed to meet your individual needs.

**Physician** - Any doctor, other than you or a **Family Member**, properly licensed as a practitioner of the healing arts and operating within the scope of that license.

**Plan of Care** - Specifies what you can and cannot do for yourself. It also specifies the type and frequency of care/assistance you require, as well as a projection of how long you will require this level of care/assistance.

**Respite Care** - May be **Home Health Care**, or care provided in a **Long Term Care Facility** or **Adult Day Health Care Center**, the purpose of which is to temporarily relieve the primary caregiver.

**Severe Cognitive Impairment** - Is a loss or deterioration in intellectual capacity that is (a) comparable to (and includes) Alzheimer's disease, senile dementia, etc, and (b) measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time, and deductive or abstract reasoning.

**Severe Cognitive Impairment** must result in your requiring supervision to maintain your safety and/or the safety of others.

**Waiver of Premium Waiting Period** - Number of days you must receive care/assistance that is covered by this Policy (even if subject to the **Deductible Period**), before renewal premiums will be waived. The **Waiver of Premium Waiting Period** is 90 days.

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



President



Secretary