

# 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> LONG TERM CARE INSURANCE POLICY

### TAX-QUALIFIED STATUS

This contract for Long Term Care Insurance is not intended to be a federally-qualified Long Term Care Insurance contract.

This policy is not a tax-qualified policy specifically because it offers benefit triggers (Conditions of Eligibility) that are more flexible than those permitted in a tax-qualified policy. This means it will generally be easier to qualify for benefits under this Policy than under a tax-qualified policy. As a result, this Policy may pay benefits in situations the tax-qualified policy will not.

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

This Policy is Guaranteed Renewable for Your Lifetime, subject to the Policy maximums. It may be kept in force by the timely payment of premiums. We cannot refuse to renew this Policy as long as You pay the premiums when due. We cannot change the renewal premium rates for this Policy during the first three (3) years that it is in force. We also cannot change the premium rates due to a change in Your age or health; We can only change them if they are changed for all policies in Your state on this Policy Form. We also may not increase the premium more than once during a twelve (12) month period. Such a change would have to be filed with Your state commissioner of insurance. Notice of any such change in premiums will be sent at least thirty-one (31) days in advance. (Payment of the renewal premium will not restore or replenish the benefits available under this Policy. Please refer to the Policy's **Restoration of Benefits** provision on Page 12 to learn how benefits may be restored.)

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

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

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

**CAUTION: THE ISSUANCE OF THIS POLICY IS BASED UPON YOUR RESPONSES TO THE QUESTIONS ON YOUR APPLICATION. A COPY OF YOUR APPLICATION IS ATTACHED. IF YOUR ANSWERS ARE INCORRECT OR UNTRUE, WE MAY HAVE THE RIGHT TO DENY BENEFITS OR RESCIND YOUR POLICY. THE BEST TIME TO CLEAR UP ANY QUESTIONS IS NOW, BEFORE A CLAIM ARISES! IF, FOR ANY REASON, ANY OF YOUR ANSWERS ARE INCORRECT, CONTACT US AT OUR HOME OFFICE: 3440 LEHIGH STREET, PO BOX 7066, ALLENTOWN, PA 18105-7066.**

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# POLICY SCHEDULE

**POLICY NUMBER**

**EFFECTIVE DATE**

**INSURED**

**FIRST RENEWAL DATE**

**AGE**

**INITIAL PREMIUM**

**POLICY FEE**

**RENEWAL PREMIUM**

\$

\$

\$

## **PREMIUMS**

**ANNUAL**

**SEMI-ANNUAL**

**QUARTERLY**

\$

\$

\$

**MONTHLY**

**AUTOMATIC BANK WITHDRAWAL (MONTHLY)**

\$

\$

## **BENEFITS**

**MAXIMUM DAILY BENEFIT**

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

**MAXIMUM LIFETIME BENEFIT**

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

**ELIMINATION PERIOD**

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

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

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



## SECTION I: POLICY BENEFITS

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

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

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

### ASSISTED LIVING FACILITY BENEFITS

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

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

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

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

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

(Please refer to Page 5 for the definition of **Activities of Daily Living** and Page 6 for the definition of **Cognitive Impairment**.)

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

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

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

## **ASSISTED LIVING FACILITY BENEFITS CONDITIONS OF ELIGIBILITY**

You become eligible to receive the **Assisted Living Facility Benefits** when:

- 1) You are unable to perform two (2) or more of the **Activities of Daily Living** without human assistance or continual supervision. Human assistance includes hands-on physical aid or support, as well as stand-by assistance, reminders and verbal cueing.

The **Activities of Daily Living** are the basic, day-to-day, human functions and are comprised of the following:

- 1) Eating is reaching for, picking up, and grasping a utensil and cup; getting food on a utensil, and bringing food, utensil, and cup to mouth; manipulating food on plate; and cleaning face and hands as necessary following meals.
- 2) Bathing is cleaning the body using a tub, shower, or sponge bath, including getting a basin of water, managing faucets, getting in and out of tub or shower, and reaching head and body parts for soaping, rinsing, and drying.
- 3) Dressing is putting on, taking off, fastening, and unfastening garments and undergarments and special devices, such as back or leg braces, corsets, elastic stockings or garments, and artificial limbs or splints.
- 4) Ambulating is walking or moving around inside or outside the home, whether or not the use of a cane, crutches, braces, walker or wheelchair is required.
- 5) Transferring is moving from one sitting or lying position to another sitting or lying position, for example, from bed to a wheelchair or sofa; coming to a standing position; and repositioning to promote circulation and prevent skin breakdown.
- 6) Toileting is getting on and off a toilet or commode; emptying a commode; managing clothing and wiping and cleaning the body after toileting; and using and emptying a bedpan and urinal.
- 7) Continence is the ability to control bowel and bladder, as well as use ostomy or catheter receptacles, and apply diapers and disposable barrier pads.

**OR**

2) You are afflicted with **Cognitive Impairment**.

**Cognitive Impairment** is confusion and/or disorientation resulting from a deterioration or loss of intellectual capacity that is not related to, or a result of, mental illness, but which can result from Alzheimer's Disease and other forms of Organic Brain Syndrome. **Cognitive Impairment** must result in You requiring supervision to maintain Your safety and/or the safety of others. The deterioration or loss of intellectual capacity may be established through the use of standardized tests that reliably measure impairment in the following areas: short-term and/or long-term memory; orientation as to person, place and time; and deductive or abstract reasoning.

OR

3) Your confinement is certified by Your **Physician** as essential to Your health, safety and welfare and this certification is in accordance with the usual standards of medical practice for Your injury or sickness. (This is sometimes referred to as the confinement being "Medically Necessary".)

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

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

# NURSING FACILITY BENEFITS

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

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

(Please refer to Page 4 for the definition of **confined**.)

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

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

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

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

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

## NURSING FACILITY BENEFITS CONDITIONS OF ELIGIBILITY

The **Nursing Facility Benefits Conditions of Eligibility** are identical to the **Assisted Living Facility Benefits Conditions of Eligibility**. (Please refer to Page 5 for the **Assisted Living Facility Benefits Conditions of Eligibility**.)



## ADULT DAY CARE BENEFITS

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

- 1) the actual charge incurred; or
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule; or
- 3) the reasonable and customary charge for **Adult Day Care** rendered in the same geographic area.

**Adult Day Care** is medical or non-medical care provided on a less than 24-hour basis in an **Adult Day Care Center** for persons in need of personal services, supervision, protection and/or assistance in sustaining daily needs, including the **Activities of Daily Living** and taking medications. (Please refer to Page 5 for the definition of **Activities of Daily Living**.)

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

### **ADULT DAY CARE BENEFITS CONDITIONS OF ELIGIBILITY**

The **Adult Day Care Benefits Conditions of Eligibility** are identical to the **Assisted Living Facility Benefits Conditions of Eligibility**. (Please refer to Page 5 for the **Assisted Living Facility Benefits Conditions of Eligibility**.)

# HOSPICE CARE BENEFITS

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

- 1) the actual charge incurred; or
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule; or
- 3) the reasonable and customary charge for **Hospice Care** rendered in the same geographic area.

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

## ***HOSPICE CARE BENEFITS CONDITIONS OF ELIGIBILITY***

The **Hospice Care Benefits Conditions of Eligibility** are identical to the **Assisted Living Facility Benefits Conditions of Eligibility**. (Please refer to Page 5 for the **Assisted Facility Living Benefits Conditions of Eligibility**.)

## RESPITE CARE BENEFITS

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

- 1) the actual charge incurred; or
- 2) 50% of the **Maximum Daily Benefit** listed in the Policy Schedule; or
- 3) the reasonable and customary charge for similar services rendered in the same geographic area.

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

**Home Health Care** is skilled nursing services and/or assistance with the **Activities of Daily Living** provided by a nurse, certified nurse's aide, home health aide or other caregiver, whether skilled or unskilled.

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

### **RESPITE CARE BENEFITS CONDITIONS OF ELIGIBILITY**

The **Respite Care Benefits Conditions of Eligibility** are identical to the **Assisted Living Facility Benefits Conditions of Eligibility**. (Please refer to Page 5 for the **Assisted Living Facility Benefits Conditions of Eligibility**.)

## SECTION II: ADDITIONAL BENEFITS

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

### BED RESERVATION BENEFITS

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

### ALTERNATIVE PLAN OF CARE

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

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

Benefits extended under the **Alternative Plan of Care** will be deducted from the **Maximum Lifetime Benefit** listed in the Policy Schedule and will, correspondingly, reduce the benefits available for the other forms of care/assistance covered by this Policy by an equal amount. (Please refer to Page 15 for the definition of **Maximum Lifetime Benefit**.)

Neither **Home Health Care** nor **Homemaker Care** will be considered for benefits under the **Alternative Plan of Care**. (Please refer to Page 10 for the definition of **Home Health Care**.)

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

## RESTORATION OF BENEFITS

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

- 1) You have not been confined to an **Assisted Living Facility** or **Nursing Facility** and You did not receive **Adult Day Care, Hospice Care, Home Health Care** or **Homemaker Care** for a period of one hundred and eighty (180) consecutive days; and
- 2) Your **Physician** certifies that:
  - a) You recovered sufficiently to not require confinement to, and you were not advised to be confined to, an **Assisted Living Facility** or **Nursing Facility**; and
  - b) You recovered sufficiently to not receive, and You were not advised to receive, **Adult Day Care, Hospice Care, Home Health Care** or **Homemaker Care** (whether provided by a **Family Member** or any other caregiver) during that one hundred eighty (180) day period. (Please refer to Page 10 for the definition of **Home Health Care** and Page 11 for the definition of **Homemaker Care**.)

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

## WAIVER OF PREMIUM BENEFIT

Once You have received benefits for ninety (90) continuous days for confinement to an **Assisted Living Facility** or **Nursing Facility** and/or for **Adult Day Care** and/or **Hospice Care** received on a regular basis, (a regular basis is five (5) days or more per week), We will waive the payment of premiums for this Policy and any riders attached to this Policy while You continue to be so eligible for benefits. We will refund any premium paid for coverage that extends beyond the date You become eligible for the **Waiver of Premium Benefits**. Premiums will again become payable immediately upon Your no longer being eligible for the **Waiver of Premium Benefits**.

## 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, and Your Policy has been in force for a minimum of three (3) years.

In the event premiums are increased in the future, and the amount of said premium increase exceeds the amount shown in Table I on Page 14, then on or before 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. This reduced paid-up coverage shall remain valid and in force for as long as You shall live.

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 15 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 thirty (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, at any time, the benefits of the Policy were restored in accordance with the Policy's **Restoration of Benefits** provision, any benefits paid prior to the date of restoration shall not serve to reduce the benefits available under the reduced paid-up coverage benefit. (Please refer to page 12 for the **Restoration of Benefits** provision.)

Any time You are eligible for the **Waiver of Premium Benefit** shall be considered time the Policy is in force for the purpose of determining if it was in force for at least three (3) years. Premiums waived or refunded in accordance with the **Waiver of Premium Benefit** shall not be considered as premiums paid when calculating the **Nonforfeiture Maximum Lifetime Benefit**. (Please refer to page 12 for the **Waiver of Premium Benefits** provision.)

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.

## SECTION III: BENEFIT LIMITATIONS

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

### MAXIMUM DAILY BENEFIT

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

### MAXIMUM LIFETIME BENEFIT

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

### ELIMINATION PERIOD

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

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

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

### PRE-EXISTING CONDITIONS LIMITATION

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

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



## SECTION IV: ADDITIONAL FEATURES

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

### THIRD PARTY NOTIFICATION OF LAPSE

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

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

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

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

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

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

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

(Please refer to Page 6 for the definition of **Cognitive Impairment** and Page 5 for the definition of **Activities of Daily Living**.)

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

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

Although You have probably chosen this Policy over a tax-qualified policy because this Policy has more reasonable benefit triggers (Conditions of Eligibility) and, therefore, offers more comprehensive coverage, We also recognize neither the U.S. Congress, nor the Treasury Department, have ruled on whether this Policy's benefits will be tax-free, as is the case with a tax-qualified policy. We will allow You to convert this Policy to a tax-qualified policy in the event the benefits of this policy are ruled as taxable income, or at any other time you desire. We will make this conversion even if You are receiving benefits under this Policy at the time. 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 benefit eligibility criteria in the new policy will be those imposed by the Health Insurance Portability and Accountability Act of 1996.)

## **EXTENSION OF BENEFITS**

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

## SECTION V: EXCLUSIONS

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.

Exclusions: The Policy will not pay benefits for:

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

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

## **SECTION VI: GENERAL CONTRACT PROVISIONS**

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

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

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

**Cancellation:** We cannot cancel this Policy at any time. Once this Policy's thirty (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 date following Our receipt of Your request.

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

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

**Grace Period:** A grace period of thirty-one (31) days is granted for the payment of each premium due after the first premium, during which time Your Policy continues in force. If the renewal premium is not paid before the Grace Period ends, Your Policy will lapse. (If You have elected a Third Party to receive notice of Your Policy lapsing, it will lapse thirty (30) days after such notice has been provided.)

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

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

**Conformity with Montana Statutes:** The provisions of this Policy conform to the minimum requirements of Montana law and control over any conflicting statutes of any state in which the insured resides on or after the Effective Date of this Policy.

## CLAIMS UNDER THIS POLICY:

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

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

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

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

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

**Notice of Claim:** Written notice of claim must be given within six (6) months after a covered loss starts or as soon as reasonably possible. The notice can be given to Us at 3440 Lehigh Street, PO Box 7066, Allentown, PA 18105-7066 or to an authorized agent. Notice should include Your name and Policy number.

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

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

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

**Claims Involving Other Policies:** Should benefits for care/assistance covered by this Policy also be available through other coverage, benefits shall be paid in accordance with the age of each respective policy/plan, with the policy/plan having the earliest effective date being the first to provide benefits. After all benefits available under the oldest policy/plan have been paid, any remaining eligible charge(s) shall then be considered under the policy/plan with the second oldest effective date. After benefits have been paid under the second policy/plan, any remaining charge(s) will then be considered under the third oldest policy/plan, and so on, until You have been reimbursed in full for the charge(s) in question. All such charges remain subject to the other terms and conditions of this Policy. (Benefits will not be paid under this Policy to the extent that they would serve to reimburse You, when combined with the benefits paid through any and all other polices/plans, for more than the actual expense incurred.)

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

**Appealing a Denial of Benefits:** You, or someone authorized to act on 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 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. We will send You a written explanation of the results of Our review within thirty (30) days of Our receiving Your appeal, or within thirty (30) days of Our receiving any additional information needed to adequately review Your appeal.

**Contestability/Time Limit on Certain Defenses:** No claim for care/assistance which begins after six (6) months from the Effective Date of coverage will be reduced or denied because a physical condition had existed before the Effective Date of coverage, (refer to the Pre-Existing Conditions Limitation on Page 15), unless this Policy is voided due to a material misstatement made in the application. After two (2) years from the Effective Date of coverage, no misstatements, except fraudulent ones, made in the application may be used to void this Policy.

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

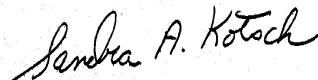
**Misstatement of Age:** If Your age has been misstated at the time You applied for this Policy, all amounts payable shall be such as the premium paid would have purchased given the correct age.

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

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



President



Secretary