SIMPLE LTC SOLUTION

Penn Treaty Network America Insurance Company[SM]
3440 Lehigh Street, PO Box 7066
Allentown, PA 18105-7066
(800) 362-0700

SIMPLE LTC SOLUTION

This Policy provides benefits for Long Term Care provided in a Nursing Facility, in an Assisted Living Facility/Adult Foster Care Facility, Residential Care Facility, and in your Home.

Important terms appear in **bold print**. These terms are defined, usually where they first appear in this Policy. The terms "we", "us" and "our" refer to Penn Treaty Network America Insurance Company[SM].

Tax-Qualified Status

This Policy is not intended to be a tax-qualified Long Term Care Insurance policy. A Tax-Qualified Policy must contain more restrictive benefit triggers (which specify how ill or disabled you must be in order to be eligible for the Policy's benefits). Because this Policy is considered Non-Tax-Qualified, it is not eligible for the more favorable tax treatment of a Tax-Qualified Policy.

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

We can change the premiums for this Policy if we change them for everyone that bought this Policy in the same state you purchased it. 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. The premiums of this Policy can never be changed because your age has changed or because of a change in your individual health.

Notice To Buyer - 30 Day Right To Examine Policy

The benefits of this Policy are subject to limits. These limits are explained inside this Policy. If you require Long Term Care, this Policy will not cover all of the costs you incur. We recommend that you review the Policy, including its benefits and limitations, as soon as you receive it.

If you are not completely satisfied with the coverage you have purchased, you can receive a refund of the entire premium paid if you return this Policy by mailing it to us at the address listed above within 30 days of your receiving it. If you return this policy for a refund within the first 30 days, we will mail you a refund of the entire premium paid within 30 days and the Policy will immediately be considered void from the beginning, as if it had never been issued.

CAUTION: WE ISSUED THIS POLICY BASED UPON YOUR ANSWERS TO THE QUESTIONS ON YOUR APPLICATION. A COPY OF YOUR APPLICATION IS ATTACHED TO THIS POLICY. IF YOUR RESPONSES ARE INCORRECT, UNTRUE OR INCOMPLETE, WE MAY HAVE THE RIGHT TO DENY BENEFITS OR RESCIND YOUR POLICY. IF, FOR ANY REASON, ANY OF YOUR ANSWERS ARE INCORRECT, UNTRUE OR INCOMPLETE, PLEASE NOTIFY US IMMEDIATELY BY SENDING A DETAILED WRITTEN EXPLANATION TO THE ATTENTION OF OUR UNDERWRITING DEPARTMENT AT THE

ADDRESS LISTED ABOVE. THE BEST TIME TO CLEAR UP ANY QUESTIONS IS NOW, BEFORE YOU HAVE A CLAIM!

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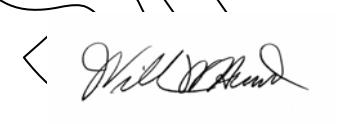
Our Pledge – Your Right to Convert to a Tax-Qualified Policy

Although you may have 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 to be 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 contained in a tax-qualified policy, as set forth by the Health Insurance Portability and Accountability Act of 1996.)

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



President

Secretary

Claims Under This Policy

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

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

This Policy provides incentives, in the form of enhanced benefits, for notifying us as early as possible that you need care that may be covered by this Policy. We will reduce the Policy's deductible by 20% if you notify us 10 or more days before the care actually begins. We will reduce the deductible by 10% if you notify us within 15 days after the care begins. For more information on these incentives, please refer to the **Early Notification of Claim Benefit** in Section 4 of this Policy.

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[SM]** service. To access our **Care Solutions[SM]** service, you simply have to call us at (800) 362-0700. Please refer to the **Care Solutions[SM]** benefit in Section 4 of this Policy.

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Governing Jurisdiction

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

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. No verbal statement by an executive officer of Penn Treaty Network America Insurance Company℠ or other employee is binding upon us.

Legal Actions

No legal action may be brought to recover on the Policy within 60 days after written Proof of Loss has been given as required by this Policy. No action shall be brought after three years 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. 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.

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Death While Insured
If you die while insured under the Policy, we will refund the portion 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.

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.

Renewal Date
The expiration/anniversary date, which is listed on the Policy Schedule, is one year from the Effective Date. You will have the option of either renewing or canceling the Policy on this date.

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.

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Policy Schedule

Policy Number:
Insured:
Effective Date:
First Renewal Date:
Age:
Franchise Name: (if applicable)

Initial Premium	$XXXXX
Policy Fee	$XXXX
Renewal Premium	$XXXXXX

Premiums

Annual	$XXXXX
Semi-Annual	$XXXXX
Quarterly	$XXXXX
Monthly	$XXXXX
Automatic Bank Withdrawal (Monthly)	$XXXX

If you choose to pay more frequently than once a year (i.e., semi-annually, quarterly, monthly or through automatic bank withdrawal), the sum of these payments over a one year period will be greater than the amount of one annual payment. For additional information, see Section 7(B) Premiums (Modal Payments).

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

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 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 reinstate this Policy if we receive the following within six months of the last renewal premium due date:

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 or more of the **Activities of Daily Living**), on the renewal premium due 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 the date your request is postmarked.

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, 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 you receive.)

Reinstatement
If your Policy lapses, we can consider reinstating it if we receive the renewal premium and a reinstatement application within six months of the renewal premium due date. If we approve your reinstatement application, your Policy will be reinstated as of the date of our approval. If we disapprove your application, we must do so in writing within 45 days of receiving the application, otherwise, your Policy will be reinstated 45 days after the date of our receiving the reinstatement application.

The reinstated Policy will cover only loss resulting from accidental injury that occurs after the date of reinstatement and loss due to sickness that begins more than 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

Policy Maximums

Policy Maximum Daily Benefit	$XXXXXX
Nursing Facility Maximum Daily Benefit	$XXXXXX
Assisted Living Facility/ Home Care Maximum Daily Benefit	$XXXXX
Maximum Lifetime Benefit	$XXXXXXX
Deductible	$XXXXXX

Type of Care	**Maximum Amount**
Facility Benefits	
Nursing Facility	$XXXXX per day
Assisted Living Facility/ Adult Foster Care Facility	$XXXXXX per day
Residential Care Facility	$XXXXX per day
Bed Reservation	XX days per year
Home Care Benefits	
Homemaker Care	$XXXXX per day
Home Health Care	$XXXXX per day
Hospice Care	$XXXXX per day
Private Caregiver	$XXXXX per day
Additional Benefits	
Adult Day Care	$XXXXX per day
Alternative Plan of Care	Included

Riders Issued on the Same Date as this Policy

Rider Name	**Premium Amount**

Section 1: Facility Benefits

This section tells you about the benefits available for care received in a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility** or in a **Residential Care Facility**.

A. Nursing Facility Benefits

For each day you are **Confined** to a **Nursing Facility** and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the **Nursing Facility's Daily Fee**; or
2) the **Nursing Facility Maximum Daily Benefit** listed in the Policy Schedule.

Nursing Facility Benefits – Defined Terms

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

Nursing 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 registered professional or licensed practical or licensed vocational nurse on duty or on call at all times;
3) maintains daily clinical records for all patients; and
4) has appropriate methods and procedures for handling and administering drugs and biologicals.

B. 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

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 **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential 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:

1) the date you are discharged from the **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential Care Facility**; or
2) the date your Policy's **Maximum Lifetime Benefit** is exhausted; or
3) the date you die.

(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.)

A **Nursing Facility** may sometimes be called a Skilled Nursing Facility, Intermediate Care Facility or Long Term 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's definition of a **Nursing Facility**.

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

Nursing Facility's Daily Fee
Daily rate for room and board, nursing care and assisted living 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 part of the **Nursing Facility's Daily Fee**. 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 will also not be considered part of the **Nursing Facility's Daily Fee**.

B. Assisted Living Facility/Adult Foster Care Facility Benefits

For each day you are **Confined** to an **Assisted Living Facility/Adult Foster Care Facility** and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the **Assisted Living Facility/Adult Foster Care Facility's Daily Fee**; or
2) the **Assisted Living Facility/Home Care Maximum Daily Benefit** listed in the Policy Schedule.

Assisted Living Facility/Adult Foster Care Facility Benefits – Defined Terms

Assisted Living Facility/Adult Foster Care 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 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 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.

*__Adult Foster Care Facilities__ are not required to have a trained and ready to respond employee on duty at all times.

An **Assisted Living Facility/Adult Foster Care Facility** may sometimes be called an Adult Congregate Living Facility, Custodial Care 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/Adult Foster Care Facility**.

If a facility or institution (such as a congregate care facility or life care community) has multiple licenses and/or

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.

disclosed, and as a result, we offered you coverage which you otherwise would not have been offered.

If, subsequent to purchasing this Policy, you elect to increase its coverage and evidence of insurability is required, any such increase will be subject to a new Contestability/Time Limit on Certain Defenses provision. The two year contestable period applicable to this additional coverage shall begin with the Effective Date of said additional coverage.

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[SM] Policies

Should benefits for care covered by this Policy also be payable under any other policy and/or rider issued by Penn Treaty Network America Insurance Company[SM], the benefits to be paid under this Policy shall not, when combined with the benefits payable under said other policies/riders, exceed 80% of the actual charge incurred for the care 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

multiple purposes, only the section, wing, ward or unit (including a separate room or apartment) that specifically qualifies as an **Assisted Living Facility/Adult Foster Care Facility** will be covered by this Policy.

Assisted Living Facility/Adult Foster Care Facility's Daily Fee

Daily rate for room and board, and assisted living care provided by the **Assisted Living Facility/Adult Foster 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 **Assisted Living Facility/Adult Foster Care Facility's Daily Fee**. Any amount that exceeds what the **Assisted Living Facility/Adult Foster Care Facility** normally charges its private-pay patients with similar daily care needs for the same accommodations and care/assistance will also not be considered as part of the **Assisted Living Facility/Adult Foster Care Facility's Daily Fee**.

C. Residential Care Facility Benefits

For each day you are **Confined** to an **Residential Care Facility** and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the **Residential Care Facility's Daily Fee**; or
2) the **Assisted Living Facility/Home Care Maximum Daily Benefit** listed in the Policy Schedule.

Residential Care Facility – Defined Terms

Residential Care Facility
A facility licensed by the appropriate federal or state agency to engage primarily in providing care for six or more persons over the age of 18 on a 24 hour basis and which:

1) provides basic residential care services resulting from inability to perform **Activities of Daily Living**;
2) provides basic residential care for **Cognitive Impairment**; and
3) provides scheduled registered nursing or licensed practical nursing available either on staff or through a contract. The registered nurse must be available to provide supervision to the Licensed Practical Nurse (LPN).

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 **Residential Care Facility** will be covered by this Policy.

A **Residential Care Facility** may sometimes be called an Adult Congregate Living Facility, Personal Care Facility, Sheltered Living Facility or an **Alzheimer's Care Unit**. 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 **Residential Care Facility**.

Alzheimer's Care Unit
Is a special care unit in a designated, separated area for patients and residents with Alzheimer's disease or other forms of dementia, which is locked, segregated or secured to prevent or limit access by a patient or resident outside the designated or separate area.

1) A **Physician** who will assess your condition and report it to us;
2) A **Physical Assessment**;
3) Medical records from your **Physician(s)** and/or provider(s) of care; or
4) Other information that is determined to be relevant to address the appeal.

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 consideration of your appeal. This notice will also state when a decision on the appeal may be expected.

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 that begins within two years from the Policy Effective Date.

If the care begins more than two years from the Policy Effective Date, your Policy can be rescinded if we can show that relevant facts relating to your health were knowingly and intentionally misrepresented, or were not completely

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

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.

We will send acknowledgment of your appeal within ten days of our receipt of it. We will then consider your appeal. If we need additional information to objectively evaluate your appeal, we may use one or more of the following resources at our expense:

Residential Care Facility's Daily Fee
Daily rate for room and board, and residential care provided by the **Residential 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 **Residential Care Facility's Daily Fee**. Any amount that exceeds what the **Residential Care Facility** normally charges its private-pay patients with similar daily care needs for the same accommodations and care/assistance will also not be considered as part of the **Residential Care Facility's Daily Fee**.

D. Bed Reservation Benefits

We will pay a **Bed Reservation Benefit** when you are charged to hold your room in a **Nursing Facility** or **Assisted Living Facility/Adult Foster Care Facility** for any overnight absence. The amount payable per day under the **Bed Reservation Benefit** shall be equal to the **Nursing Facility** or **Assisted Living Facility/Adult Foster Care Facility Benefit** payable on the day prior to the overnight absence. This benefit will be limited to 15 days per calendar year. Any days not used in a calendar year cannot be carried over to any subsequent years.

Section 2: Home Care Benefits

This section tells you about the benefits available for care received in your **Home**.

A. Home Care Benefits

For each day you receive **Home Care** and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the actual charge incurred; or
2) the **Assisted Living Facility/Home Care Maximum Daily Benefit** listed in the Policy Schedule.

In no event will the actual charge incurred exceed the amount similar **Home Health Care Agencies** typically charge for similar services rendered in the same geographic area.

Home Care Benefits – Defined Terms

Home Care
Homemaker Care, Home Health Care and **Hospice Care** received in your **Home**. **Home Care** must be provided through a **Home Health Care Agency**, however, for **Homemaker Care**, the individual caregiver need not be skilled or certified. (If you would prefer not to utilize a **Home Health Care Agency**, please refer to the **Private Caregiver Benefits** available under this Policy.)

Homemaker Care
Assistance with the **Instrumental Activities of Daily Living**. **Homemaker Care** also includes supervision

should include specifics about how the **Plan of Care** is inaccurate or inappropriate and should also include any information and/or documentation which supports your position. Also, if you would like us to contact your **Physician**, you may request that we do so. We will review this information with the Registered Nurse, or other health care professional and/or the agency/entity he/she is affiliated with, that developed the **Plan of Care** and your **Physician,** if necessary. We will provide you with a written explanation of the result of this review as quickly as possible, but in no event, in more than 30 days from the date we receive your appeal.

Appealing the Amount of Benefits Payable
When we determine, for the purpose of establishing the benefits payable for **Homemaker Care, Home Health Care**, **Hospice Care** and **Adult Day Care**, that the provider of said services is charging more than what a similar provider of similar services charges in the same geographic area, or we determine, for the purpose of establishing the benefits payable for the **Private Caregiver Benefit**, what a **Home Health Care Agency** typically charges for similar services, we will make this determination by:

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

which exceeds the benefits available under the Policy will be your responsibility. You can, of course, elect to receive less care than the **Plan of Care** indicates is necessary if you so desire.)

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). (We may require, as a condition of pre-approval for **Private Caregivers**, that benefits be assigned to the **Private Caregiver**.)

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.

Appealing a Plan of Care
You, or someone authorized to act in your behalf shall have the right to appeal a **Plan of Care** if you believe it is inappropriate or inadequate. Such appeal can be submitted in writing or by telephone and should explain your disagreement with the **Plan of Care**. The appeal

that is required due to **Cognitive Impairment**, which may be caused by Alzheimer's disease, Organic Brain Syndrome, senile dementia, etc.

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 get to medical appointments.
3) Light Housekeeping/Laundry is maintaining a clean **Home** living environment so that your health, safety and welfare is 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 the administration of medications, properly prescribed by a medical professional, in the proper dosages and at the proper times.

Home Health Care
Can be personal care, which includes assistance with the **Activities of Daily Living**; supervision that is required due to **Cognitive Impairment**; which may be caused by Alzheimer's disease, Organic Brain Syndrome, senile dementia, etc; and 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.

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.

Hospice Care
Care 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.

Home
Is your principle place of residence, whether a private home, a foster home, congregate care facility, an **Assisted Living Facility/Adult Foster Care Facility**, **Residential Care Facility** or any other place in a community setting. **Home** does not include a **Nursing Facility**.

- We may access your medical records to get information about your condition (we may not be able to 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 **Physical Assessment** performed.

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 or active. 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.

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

The benefits we pay under this Policy will be based on what the **Plan of Care** we develop indicates is appropriate, subject to the terms, definitions, provisions, limitations and exclusions of this Policy. The amount of benefits we pay will not exceed what the **Plan of Care** indicates is necessary. If you believe the **Plan of Care** is inaccurate or inadequate in any way, you have the right to request that we review the **Plan of Care** in accordance with the Policy's Appealing a **Plan of Care** provision, which can be found below.

(The **Plan of Care** may indicate more care is needed than is covered by this Policy. The cost of any care you receive

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 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 15 months 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 you received. This may include actual proof of payment of the actual expenses incurred. When we request proof of payment, only cancelled checks or documentation of the electronic transfer of funds will be accepted.

We will also provide instructions about any other documentation you will need to submit so that we can consider your claim.

How we will determine if you are eligible for benefits:
We will determine if you meet the **Conditions of Eligibility**. In order to make this determination:

- We may contact you, your **Physician** or other persons familiar with your condition; and/or

Home Health Care Agency
An organization that provides **Home Care** 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.

B. Private Caregiver Benefits

Home Care provided by a **Private Caregiver** can also be covered by this Policy and eligible for benefits if the caregiver is pre-approved by us.

To obtain pre-approval of a **Private Caregiver** that you have selected to care for you, please call our Claims Department at (800) 362-0700 to inform us that you need care that may be covered by this Policy and that you would like to utilize the services of a **Private Caregiver**. We will typically conduct an assessment, which is usually performed by a Registered Nurse over the telephone or through a face-to-face visit. This assessment will help us determine whether you meet the policy's **Conditions of Eligibility** and what type of care/assistance you need.

We will also send you a form that the proposed caregiver will need to complete in order to be considered for pre-approval. If the proposed caregiver is approved, we will notify you in writing. If pre-approval of a **Private Caregiver** is not obtained, you will also be notified in writing and no

benefits will be payable for the care provided by that caregiver.
We reserve the right to disapprove any proposed **Private Caregiver** for any reason and to withdraw the approval of a previously approved **Private Caregiver**. We also reserve the right, as a condition of pre-approval, to require that benefits be assigned to the **Private Caregiver**, which means benefit payments will be sent directly to the **Private Caregiver**.

For each day **Home Care** is provided by a **Private Caregiver** that is pre-approved by us and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the actual charge incurred; or
2) the **Assisted Living Facility/Home Care Maximum Daily Benefit** listed in the Policy Schedule.

In no event will the actual charge incurred for **Private Caregivers** exceed 80% of what **Home Health Care Agencies** typically charge for similar services rendered in the same geographic area.

Private Caregiver Benefits – Defined Terms

Private Caregiver
Anyone that is reasonably qualified to provide **Home Care** that is not a **Family Member** and is not working through a **Home Health Care Agency**. The **Private Caregiver** can be skilled or unskilled. (Individuals that live with you and do not maintain a separate residence will not be eligible for benefits under any circumstances.)

Family Member
Your spouse, and your and your spouse's respective

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. 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 that may be covered by this Policy within 15 days of the care beginning. There is an added incentive for notifying us, when possible, 10 or more days before your care actually begins. For more information on these incentives, please refer to **Early Notification of Claim** in Section 4.

To notify us you require care, or will require care, 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 the caregiver/provider, the date care began, and any bills listing the charges incurred to date.

12) 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, it will be covered, subject to the terms of this Policy.
13) Required as a result of cosmetic surgery, except for that which is due to disease or accident.

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

parents, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nephews, nieces and in-laws.

Section 3: Conditions of Eligibility

This section explains how ill or disabled you must be in order to qualify for the benefits of this Policy.

You become eligible to receive the benefits of this Policy when, due to illness or injury:

1) you require **Human Assistance** with one or more of the **Activities of Daily Living** and two or more of the **Instrumental Activities of Daily Living;**

OR

2) you have **Cognitive Impairment**, (which may be caused by Alzheimer's disease, Organic Brain Syndrome or senile dementia, etc.).

Conditions of Eligibility – Defined Terms

Human 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.

Activities of Daily Living

Basic, day-to-day, human functions comprised of the following five activities:

1) Eating and Prescription Drugs is your ability to take medicine or maintain an adequate food and fluid intake according to your dietary needs without assistance from another person.
2) Dressing is your ability in selecting appropriate clothing, tying shoes, fastening buttons or attaching

Section 6: Exclusions

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

This Policy will not pay benefits for care/assistance:

1) That begins before this Policy is in force or is received while this Policy is not in force.
2) Provided by a **Family Member**, or by a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, **Residential Care Facility** or **Home Health Care Agency** owned or operated by a **Family Member**.
3) That you would not be legally obligated to pay for in the absence of this insurance.
4) Provided outside of the 50 United States or the District of Columbia.
5) Payable under any Worker's Compensation or Occupational Disease Law.
6) Required due to 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) Required as a result of terrorism, war, or an act of war, whether declared or not.
8) Required as a result of attempted suicide or intentionally self-inflicted injuries.
9) Required as a result of your being legally intoxicated or under the influence of a non-Physician prescribed narcotic.
10) 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**.
11) Required as a result of your commission of a felony or your being engaged in an illegal occupation.

Facility, or **Residential Care Facility**, etc. This means each dollar in benefits paid under this Policy will reduce the remaining amount available (the remaining pool of money) for all benefits by an equal amount. (For example, if your **Maximum Lifetime Benefit** is $125,000 and we pay $10,000 in benefits for **Home Care**, the total remaining benefits available for **Home Care** and/or confinement to a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential Care Facility** will be limited to $115,000.) The **Maximum Lifetime Benefit** cannot be restored or replenished under any circumstances. Once the **Maximum Lifetime Benefit** is exhausted, this Policy can never provide benefits again. The **Maximum Lifetime Benefit** is 1250 times your **Nursing Facility Maximum Daily Benefit** and is listed in the Policy Schedule.

Deductible

The **Deductible** must be satisfied before benefits will be available under this Policy. The **Deductible** is the amount of expenses that you must pay yourself before you can receive the benefits of this Policy. To be applied to the **Deductible**, the expenses must otherwise be covered by the Policy. For each day of care/assistance, any amount of covered expenses that exceeds the **Policy Maximum Daily Benefit** will not be applied to the satisfaction of the **Deductible**. Any amount Medicare pays for your care will not count towards satisfaction of the **Deductible**.

The **Deductible** must be satisfied only once during the lifetime of this Policy and it applies to all of the benefits available under this Policy on a combined basis. (For example, if you satisfy the **Deductible** for **Home Care** and would then require admission to a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential Care Facility**, it will not be necessary for you to satisfy the **Deductible** again.) The **Deductible** is 30 times your **Nursing Facility Maximum Daily Benefit** and is listed in the Policy Schedule.

prosthetic devices without assistance from another person.

3) Personal Hygiene is your ability to do the activities associated with personal hygiene such as bathing and washing, including re-bandaging of sores and wounds without the assistance of another person.
4) Mobility is your ability to change position or get into and out of a chair, wheelchair, bed or other stationary positions or to walk or transfer yourself without the assistance of another person.
5) Bowel and Bladder Control is your occasional loss of control of either the bowel or bladder, or both, or your not being able to clean up or perform external care of a catheter without the assistance of another person.

Cognitive Impairment

Confusion and/or disorientation resulting from a deterioration or loss of intellectual capacity that can result from Alzheimer's Disease and other forms of Organic Brain Syndrome. **Cognitive Impairment** must result in your requiring supervision to maintain your safety (which may result from wandering) 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.

Section 4: 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

This Policy provides an incentive, in the form of enhanced benefits, for notifying us you need care that may be covered by this Policy as quickly as possible.

EARLY NOTIFICATION
If you notify us 10 or more days before the care begins:

We will reduce the **Deductible** listed in the Policy Schedule by 20%.

TIMELY NOTIFICATION
If you notify us within 15 calendar days of the care beginning:

We will reduce the **Deductible** listed in the Policy Schedule by 10%.

Calling us will enable us to advise you as early as possible about whether you meet the **Conditions of Eligibility** 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 that may be 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.

Section 5: Benefit Limitations

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

Policy Maximum Daily Benefit

The **Policy Maximum Daily Benefit** is the maximum amount we will pay for any one day of care/assistance that is covered by this Policy. The **Policy Maximum Daily Benefit** is listed in the Policy Schedule.

Nursing Facility Maximum Daily Benefit

The **Nursing Facility Maximum Daily Benefit** is the maximum amount we will pay for any one day of confinement to a **Nursing Facility**. The **Nursing Facility Maximum Daily Benefit** is listed in the Policy Schedule.

Assisted Living Facility/Home Care Maximum Daily Benefit

The **Assisted Living Facility/Home Care Maximum Daily Benefit** is the maximum amount we will pay for any one day of confinement to an **Assisted Living Facility/Adult Foster Care Facility** or **Residential Care Facility**. The **Assisted Living Facility/Home Care Maximum Daily Benefit** is also the maximum amount we will pay for any one day of **Home Care** and/or **Adult Day Care** received during the same calendar day. The **Assisted Living Facility/Home Care Maximum Daily Benefit** is listed in the Policy Schedule.

Maximum Lifetime Benefit

The **Maximum Lifetime Benefit** is the maximum amount we will pay over the life of this Policy. The **Maximum Lifetime Benefit** is essentially a pool of money and it applies to all of the benefits available under this Policy on a combined basis. It may be used interchangeably for **Home Care, Adult Day Care**, and/or confinement to a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care**

needed. The **Care Coordinator** will also follow-up with you to ensure the **Plan of Care** continues to be appropriate in the likely event that your needs change.

If you elect to utilize our **Care Solutions**[SM] service, we will try to help you identify the providers available in your community. You will still have the freedom to select the provider you desire. If, for any reason, you are not satisfied with a caregiver, you may request that the **Care Coordinator** try to identify other providers from which to choose. The **Care Coordinator** can contact the caregivers you select to arrange for the delivery of the care required.

Care Solutions[SM] - Defined Terms

Care Coordinator
Health care professional, usually a Registered Nurse, we employ or contract with to provide our Policyholders the **Care Solutions**[SM] services described above.

Care Solutions[SM]
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.

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.

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 you need. For more information on the Claims process, please refer to Section 7.

B. Adult Day Care Benefits

For each day you receive **Adult Day Care** and you meet the **Conditions of Eligibility** (listed in Section 3), we will pay the lesser of:

1) 80% of the actual charge incurred; or
2) the **Assisted Living Facility/Home Care Maximum Daily Benefit** listed in the Policy Schedule.

In no event will the actual charge incurred exceed the amount **Adult Day Care Centers** typically charge for similar services rendered in the same geographic area.

Adult Day Care Benefits – Defined Terms

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

Adult Day 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 Care** and is licensed, if so required.

C. Alternative Plan of Care Benefits

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 **Home Care** and confinement in a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential Care Facility** 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**, and without which **Home Care** or confinement to a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential 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 live independently at **Home**.

To be considered for this benefit, you must meet the **Conditions of Eligibility** and the alternative must reduce or eliminate the amount of **Home Care** needed; or eliminate the need for confinement to a **Nursing Facility**, **Assisted Living Facility/Adult Foster Care Facility**, or **Residential 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 no event will we pay more than 80% of the actual expense incurred for anything covered under an approved **Alternative Plan of Care**. Any benefits paid under the **Alternative Plan of Care** benefit will reduce the **Maximum Lifetime Benefit**.

D. Care Solutions[SM]

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