



## LONG-TERM CARE INSURANCE - OUTLINE OF COVERAGE

For Long-Term Care Insurance Form LTC09M

Tax-Qualified

**NOTICE TO BUYER:** The 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 the long-term care insurance policy is based upon the responses to questions on your application. A copy of your application will be attached to your policy if one is issued to you. If your answers are incorrect or untrue, we have the right to deny benefits or rescind the 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 this address: Mutual of Omaha Insurance Company, Long-Term Care Service Office, P.O. Box 64901, St Paul, MN 55164-0901.

### 1. POLICY DESIGNATION

This is an individual policy of insurance to be issued in the state of Missouri.

### 2. PURPOSE OF THE OUTLINE OF COVERAGE

This outline of coverage provides a very brief description of the important features of the policy. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the individual or group policy contains governing contractual provisions. This means that the individual or group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR POLICY CAREFULLY!**

### 3. FEDERAL TAX CONSEQUENCES

The policy is intended to be federally tax-qualified long-term care insurance under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

### 4. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED

#### Renewability

**THIS POLICY IS GUARANTEED RENEWABLE.** This means you have the right to continue the policy in force for as long as you live or until the maximum lifetime benefit is exhausted. Subject to the terms of the policy, we cannot cancel your coverage as long as you pay the required premium when it is due. Mutual of Omaha Insurance Company cannot change any of the terms of your policy on its own, except that, in the future, **WE MAY INCREASE THE PREMIUM YOU PAY.**

#### Waiver of Premium

We will waive the payment of premium for the policy if you are receiving Nursing Home Benefits, Assisted Living Facility Benefits or Home Health Care Benefits for, in any month, at least eight days of Home Health Care or Adult Day Care. We will waive premium so long as such benefits are payable. The Elimination Period must be satisfied before we will waive the payment of premium for this policy. Any premium paid for a period for which premiums have been waived will be credited towards future premium payments. When the waiver period ends, premium payments will resume for this policy and must be paid to keep the policy in force.

### 5. TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS

**We reserve the right to increase the premium for this policy, but never more than once per year. However, any change in premium must apply to all policies issued to persons of the same Policy Class. That means, except when required by a change in benefits under the policy, premium will not increase due to a change in your age or health or your use of the long-term care coverage. We must give you at least 60 days written notice before we change premium. We will not increase the premium for this policy before the Rate Guarantee Period, if any, shown in the Policy Schedule has expired, except when required by a change in benefits under the policy.**

### 6. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED

- a) You may cancel your policy for any reason within 30 days after you receive it. To do so, mail or deliver the policy to either us or to the agent or office through which it was purchased. We will refund the full amount of any premium paid within 30 days of such a policy return: and the policy will be considered never to have been issued.

- b) The policy contains a provision for the return of unearned premium in the event of termination due to death. Upon receipt of notice that you cancelled your policy or that you have died, we will refund the portion of the premium paid for the period between the date of cancellation or death and the next premium due date. We will pay the refund to you or, upon your death, your spouse, if living, or to your estate.
- c) The optional Full Return of Premium at Death Benefit provides for a refund of premiums upon your death. If the company receives proof of your death occurring while your coverage was in force, the total amount of premiums paid for your coverage, from the effective date of the Full Return of Premium at Death Benefit coverage up to the date of your death may be refunded without interest.

The optional Return of Premium at Death Less Claims Benefit provides for a refund of premiums if you die while the policy is in force, less the amount of claims paid under the policy. We will not add interest to the benefit paid under this benefit.

The optional Return of Premium (Less Claims Paid) if Death Occurs Before Age 65 Benefit provides for a refund of premiums if you die while the policy is in force but prior to the policy anniversary date coinciding with or next following your 65<sup>th</sup> birthday. We will not add interest to the benefit paid under this benefit.

#### **7. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE**

If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from Mutual of Omaha Insurance Company. Neither Mutual of Omaha Insurance Company nor its agents represent Medicare, the federal government, or any state government.

#### **8. LONG-TERM CARE COVERAGE**

Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a Nursing Home, in the community, or in the Home. This policy reimburses you for expenses you incur for covered long-term care expenses.

#### **9. BENEFITS PROVIDED BY THE POLICY**

##### **Benefits**

Benefits are available up to the monthly and lifetime maximum until the applicable maximum lifetime benefit has been reduced to zero. Refer to your completed application for the level of coverage and features selected.

##### **Care Coordination**

Care Coordination provides its fullest coverage only when the Plan of Care is prepared by a Care Coordinator designated by us.

If you use a Care Coordinator designated by us, we will pay the eligible expenses made by a Care Coordinator for the following services: (a) assessing your need for long-term care services; (b) developing your Plan of Care; (c) coordinating the delivery of long-term care services; and (d) if you desire, monitoring the delivery of such long-term care services.

You may choose to use your own Care Coordinator to perform an Assessment and develop a Plan of Care instead of using a Care Coordinator designated by us. If you choose to use your own Care Coordinator, we will pay the Eligible Expenses you incur for your Care Coordinator to perform an initial Assessment and develop an initial Plan of Care only. The maximum benefit payable will not exceed an amount equal to one-sixth of your Nursing Home Maximum Monthly Benefit shown on your Policy Schedule.

You are not required to use a Care Coordinator to receive benefits under the policy. While a Care Coordinator will assist you in identifying qualified providers, you are responsible for choosing your long-term care providers. You are not required to use the providers identified in any Plan of Care developed by a Care Coordinator. You do not need to satisfy the Elimination Period to receive the services of a Care Coordinator. The eligible expenses made by a Care Coordinator will not reduce your maximum lifetime benefit.

##### **Facility Assessment**

We will pay the eligible expenses made by a Care Coordinator to assess the safety and adequacy of the facility in which you are receiving long-term care. The Care Coordinator must provide you or your representative with a written report of such facility assessment. We will pay for such assessment no more than once per calendar year.

### **Nursing Home Benefit**

We will pay a Nursing Home Benefit if you are confined to a Nursing Home. The Nursing Home Benefit is equal to the eligible expenses made by a Nursing Home each month, up to the Nursing Home maximum monthly benefit. Eligible expenses payable under the Nursing Home Benefit are limited to: (a) room and board; (b) Ancillary Services; and (c) patient supplies provided by the Nursing Home for care of its residents.

Eligible expenses do not include Physician's charges; hospital and laboratory charges; prescription or non-prescription medication; transportation; items and services furnished at your request for comfort, convenience or entertainment, such as televisions, telephones and beauty care; or guest meals or spouse charges.

### **Nursing Home Bed Reservation Benefit**

If you are confined to a Nursing Home and absent for any reason other than discharge, we will continue to pay the Nursing Home Benefit as if you were still confined. This Nursing Home Bed Reservation Benefit will be paid only if you have incurred a charge to reserve your place at the Nursing Home. No additional Nursing Home Bed Reservation Benefits are payable in any calendar year once we have paid Nursing Home Bed Reservation Benefits for the maximum number of days (up to 30 days in a calendar year.) Any unused days cannot be carried over into the next calendar year.

### **Assisted Living Facility Benefit**

We will pay an Assisted Living Facility Benefit if you are confined to an Assisted Living Facility. The Assisted Living Facility Benefit is equal to the eligible expenses made by an Assisted Living Facility each month, up to the Assisted Living Facility maximum monthly benefit. Eligible expenses payable under the Assisted Living Facility Benefit are limited to: (a) room and board for a one-bedroom unit; (b) Ancillary Services; and (c) patient supplies provided by the Assisted Living Facility for care of its residents.

Eligible expenses do not include Physician's charges; hospital and laboratory charges; prescription or non-prescription medication; transportation; items and services furnished at your request for comfort, convenience or entertainment, such as televisions, telephones and beauty care; or guest meals or spouse charges.

### **Assisted Living Facility Bed Reservation Benefit**

If you are confined to an Assisted Living Facility and absent for any reason other than discharge, we will continue to pay the Assisted Living Facility Bed Reservation as if you were still confined. This Assisted Living Facility Bed Reservation benefit will be paid only if you have incurred a charge to reserve your place at the Assisted Living Facility. No additional Assisted Living Facility Bed Reservation Benefits are payable in any calendar year once we have paid Assisted Living Facility Bed Reservation Benefits for the maximum number of days (up to 30 days in a calendar year.) Any unused days cannot be carried over into the next calendar year.

### **Home Health Care Benefit**

We will pay a Home Health Care benefit if you receive Home Health Care or Adult Day Care. The Home Health Care Benefit is equal to the eligible expenses incurred by you for Home Health Care or Adult Day Care each month, up to the Home Health Care maximum monthly benefit amount selected. To be eligible for Home Health Care Benefits, eligible expenses incurred by you for Home Health Care must be provided by a Home Health Care Agency or independent provider and for Adult Day Care must be provided by an Adult Day Care Center. Home Health Care Benefits include eligible expenses incurred by you for transportation to and from an Adult Day Care Center.

### **Respite Care Benefit**

In order to provide temporary relief to an unpaid caregiver, you may receive Respite Care during a temporary stay in a Nursing Home or Assisted Living Facility or in your Home or an Adult Day Care Center. When you receive Respite Care, we will pay the eligible charges made by a Nursing Home or Assisted Living Facility or incurred by you for Home Health Care or Adult Day Care each month, up to the Respite Care maximum monthly benefit. Respite Care Benefits will be paid for no longer than the period of time selected and shown in your policy schedule. You do not need to satisfy the Elimination Period to receive Respite Care Benefits.

### **Hospice Care Benefit**

If you are terminally ill, you may receive Hospice Care during a confinement to a Nursing Home or Assisted Living Facility or in your Home or Adult Day Care Center. When you receive Hospice Care, we will pay Nursing Home benefits, Assisted Living Facility benefits and Home Health Care benefits, without requiring you to satisfy the Elimination Period. No additional Hospice Care benefits are payable if your Physician ceases to certify you as terminally ill.

### **International Benefit**

We will pay an International Benefit if you are confined to a Nursing Home or Assisted Living Facility or receive Home Health Care or Adult Day Care outside of the United States, its possessions or territories, Canada or the United Kingdom. The International Benefit is equal to the maximum monthly benefit selected by you. The International Benefit is paid each month you are eligible to receive the International Benefit. The International Benefit will be paid regardless of whether eligible expenses incurred by you in any month are more or less than the maximum monthly benefit. No additional International Benefits are payable under this policy once we have paid International Benefits equal to the International Benefit Lifetime Maximum. All payments of International Benefits will be made in U.S. dollars.

### **Stay-At-Home Benefits \***

We will pay the eligible expenses for Stay-At-Home Benefits if recommended in a written Plan of Care. Except for the Caregiver Training Benefit, it must be mutually agreeable to you and us that the Stay-At-Home Benefit is a cost-effective alternative to benefits otherwise provided by the policy. We will not pay eligible expenses incurred prior to the date of mutual agreement.

You can receive Stay-at-Home Benefits at the same time you receive other benefits under the policy. No further Stay-at-Home Benefits will be paid once we have paid Stay-At-Home Benefits in an amount equal to the Stay-At-Home Lifetime Maximum. (These benefits combined are payable up to two times the Basic/Professional/Home Health Care maximum monthly benefit.) You do not need to satisfy the Elimination Period to receive Stay-at-Home Benefits.

### **\* Caregiver Training Benefit**

We will pay the eligible expenses for training a Family Member or friend to provide care for you in your Home. To be eligible for this benefit, the training must cover the proper use and care of a therapeutic device or an appropriate care giving procedure by a trainer approved by us. We will not pay to train someone who will be paid to care for you. The training can be received while you are confined in a hospital, Assisted Living Facility or Nursing Home only if it is reasonably expected that such training will make it possible for you to return Home where you can be cared for by the person receiving the training.

### **\* Durable Medical Equipment Benefit**

We will pay the eligible expenses for Durable Medical Equipment. Eligible expenses payable under the Durable Medical Equipment Benefit are limited to the purchase price of the Durable Medical Equipment or, if such Durable Medical Equipment is normally rented on a periodic basis, the rental charge. The decision whether to purchase as opposed to rent Durable Medical Equipment will be made by us at our sole discretion.

### **\* Home Modification Benefit**

We will pay the eligible expenses for modifications to your Home which are intended to enhance your ability to perform the Activities of Daily Living and/or allow you to remain in your Home safely. Eligible expenses payable under the Home Modification Benefit are limited to the expenses incurred by you for labor, equipment, and supplies. The Home Modification Benefit may not be used solely to increase the value of your Home.

### **\* Medical Alert System Benefit**

We will pay the eligible expenses for a Medical Alert System to be installed in your Home. Eligible expenses payable under the Medical Alert System Benefit are limited to the installation and rental charges for a Medical Alert System.

### **Alternate Care Benefit**

We may, at our sole discretion, pay an Alternate Care Benefit. An Alternate Care Benefit will be paid if you receive an alternative type of care, treatment, service or supply for which benefits are not payable under the policy. The amount of any Alternate Care Benefit will be determined by us at time we approve such care. Your Licensed Health Care Practitioner, you or your representative and we must all agree that the alternative type of care appropriately meets your needs and is a cost-saving alternative to other benefits provided by the policy.

At the time we approved such care, we will determine whether you must satisfy the Elimination Period to receive Alternate Care Benefits. Upon written notice to you or your representative, we may, at our discretion, discontinue paying you Alternate Care Benefits without affecting your rights to other benefits provided by the policy.

## **Cash Benefit**

### **Payment of Cash Benefits**

We will pay a Cash Benefit each month you are Chronically Ill, if you elect this benefit at the time of claim. The amount of the Cash Benefit to be paid each month is the amount you select and shown in the policy schedule.

A Cash Benefit will be paid in advance each month you are eligible for a Cash Benefit. If we determine you are eligible for a Cash Benefit for less than an entire month, we will adjust the Cash Benefit for that month. The Cash Benefit will be prorated based on the actual number of days you are eligible for a Cash Benefit in such month. We will assume that such month consists of 30 days regardless of the actual number of days in such month. If in any month you receive a Cash Benefit in excess of the amount for which you are eligible, we will reduce any future benefits paid to you under the policy by the amount of the unearned Cash Benefit.

### **Effect of Receiving Cash Benefits**

While you are receiving Cash Benefits, no other benefits are payable under the policy. You may elect to discontinue receiving Cash Benefits by providing written notice to us. After Cash Benefits have been discontinued, you may receive any other benefit offered under the policy for which you are eligible. If you later decide not to receive other benefits under the policy, you may again elect to receive Cash Benefits.

### **Other Information**

You do not need to satisfy the Elimination Period to receive Cash Benefits. We reserve the right to require you to submit a new Plan of Care at least once every 60 days while you are receiving Cash Benefits.

### **Additional Benefit for Injury**

If you elect this option: You are eligible for an Additional Benefit for Injury if, prior to the policy anniversary date coinciding with or next following your 65<sup>th</sup> birthday, you sustain an injury which results in your confinement to a Nursing Home or Assisted Living Facility or receiving Home Health Care Benefits. You must sustain such injury while the policy is in force, but when you are not Chronically Ill.

To confirm your eligibility, you must undergo an assessment within 90 days of sustaining any accident or trauma. Based on such assessment, a Licensed Health Care Practitioner must certify that you sustained an injury. You will no longer be eligible for the Additional Benefit for Injury if a Licensed Health Care Practitioner determines that you are no longer Chronically Ill or you are Chronically Ill for reasons other than your injury.

We will pay an Additional Benefit for Injury any month you incur eligible expenses in excess of the Nursing Home Benefits, Assisted Living Facility Benefits or Home Health Care Benefits paid to you that month.

## **OPTIONAL BENEFITS**

You may elect any of the following options to expand the benefits under the policy:

### **Waiver of Elimination Period for Home Health Care Benefit**

If elected, you do not need to satisfy the Elimination Period to receive Home Health Care Benefits under the policy.

### **Restoration of Benefits**

If benefits have been paid under the policy and you later become eligible for Restoration of Benefits, we will restore your maximum lifetime benefit. Except for any benefits paid for your spouse under any Spouse Shared Care Benefit to the policy, the maximum lifetime benefit will be restored to the amount that would have applied if no benefits had been paid under the policy. To be eligible for Restoration of Benefits, a Licensed Health Care Practitioner must certify that you meet the following requirements for a period of 180 consecutive days: (a) the ability to perform, without Substantial Assistance from another individual, all Activities of Daily Living; and (b) no need for Substantial Supervision by another person to protect yourself from threats to health and safety due to Severe Cognitive Impairment; and (c) no Physician or Licensed Health Care Practitioner has informed you that you require long-term care services. The maximum lifetime benefit will be restored only once during the term of the policy.

### **Spouse Security Benefit**

We will pay a Spouse Security Benefit if you receive other benefits under the policy. However, we will not pay a Spouse Security Benefit if you receive benefits under any Cash Benefit rider attached to the policy. The Spouse Security Benefit is equal to the other policy benefits received by you each month times 60%. Spouse Security Benefits will not reduce the maximum lifetime benefit.

### **Spouse Waiver of Premium Benefit**

You are eligible for this benefit, if both you and your spouse are covered under a separate in force Mutual of Omaha Insurance Company Long-Term Care Insurance policy (Form LTC09M), with a Spouse Waiver of Premium rider.

We will waive the payment of your premium for the policy when and so long as the premium for your spouse's policy is waived under the terms of his or her policy. When the waiver period under your spouse's policy ends, premium payments will resume for your policy and must be paid to keep your policy in force.

An increase in the premium paid by you for the policy may occur as result of your adding or increasing a policy benefit following the policy effective date. We will waive the increased amount of the premium when and so long as the premium for your spouse's policy is waived under the terms of his or her policy, but only after the expiration of the Qualification Period (10 years).

### **Spouse Survivorship Benefit**

This benefit is applicable only if both you and your spouse are covered under policy (Form LTC09M) Long-Term Care Insurance Policies with this benefit, and you and your spouse are living on the date the Survivorship Benefit has been in force for the length of the Qualification Period (10 years), and both policies are in force. If your spouse dies on or after the date the Survivorship Benefit has been in force for the length of the Qualification Period, your policy will become paid up effective on its next policy renewal date and will continue in force without further premium payments for the rest of your lifetime. The premium for any benefit added or increased after the death of your spouse will not be paid up.

### **Spouse Shared Care Benefit**

If both you and your spouse are each covered under an identical separate in force Mutual of Omaha Insurance Company's Long-Term Care policy (Form LTC09M), you may draw from your spouse's maximum lifetime benefit to pay benefits under your policy. Benefits will be paid in accordance with the terms and conditions in effect under your policy at the time your maximum lifetime benefit was reduced to zero. The maximum lifetime benefit under your spouse's policy will be reduced to the extent that you draw against it to pay benefits under your policy.

### **Christian Science Providers**

If you are eligible to receive Alternate Care Benefits, we may, at our discretion, pay an Alternate Care Benefit for services: (a) provided by an accredited Christian Science Nurse listed in the Christian Science Journal; and (b) incurred while confined in a Christian Science nursing organization/facility currently recognized by The Commission for Accreditation of Christian Science Nursing Organizations/Facilities, Inc., or any comparable accrediting organization.

## **LIMITED PREMIUM PAYMENT OPTIONS**

You may elect any of the following options to pay the premiums for your policy within a limited time period:

### **Single Premium Payment Option**

If you select this option, that means you paid a single premium for the policy. You will be required to make no further premium payments to keep the policy in force.

### **10-Year Premium Payment Option**

If you select this option, you will pay premium for the policy for 10 policy years. Except as otherwise provided in the rider, from and after the 11<sup>th</sup> policy anniversary date, you will be required to make no further premium payments to keep the policy in force. From and after the 11<sup>th</sup> policy anniversary date, you will not be eligible for any refund under the Refund of Unearned Premiums provision of the policy.

If an increase in premium for the policy occurs as a result of your adding or increasing a policy benefit, you will pay the amount of the increase in premium for 10 Policy Years. Thereafter, you will be required to make no further premium payments to keep the policy in force.

### **20-Year Premium Payment Option**

If you select this option, you will pay premium for the policy for 20 policy years. Except as otherwise provided in the rider, from and after the 21<sup>st</sup> policy anniversary date, you will be required to make no further premium payments to keep the policy in force. From and after the 21<sup>st</sup> policy anniversary date, you will not be eligible for any refund under the Refund of Unearned Premiums provision of the policy.

If an increase in premium for the policy occurs as a result of your adding or increasing a policy benefit, you will pay the amount of the increase in premium for 20 Policy Years. Thereafter, you will be required to make no further premium payments to keep the policy in force.

### **To-Age-65 Premium Payment Option**

If you select this option, you will pay premium for the policy until the Paid Up Premium Date. (**Paid Up Premium Date** means the policy anniversary date coinciding with or next following your 65<sup>th</sup> birthday.) Except as otherwise provided in this rider, from and after the Paid Up Premium Date, you will be required to make no further premium payments to keep the policy in force. From and after the Paid Up Premium Date, you will not be eligible for any refund under the Refund of Unearned Premiums provision of the policy.

If an increase to the premium paid by you for the policy occurs as a result of your adding or increasing a policy benefit, you will pay the amount of the increase in premium until the policy anniversary date next following the Paid Up Premium Date. Thereafter, you will be required to make no further premium payments to keep the policy in force.

### **OPTIONAL NONFORFEITURE BENEFITS**

#### **Nonforfeiture Benefit – Shortened Benefit Period**

If you elect the optional Nonforfeiture Benefit – Shortened Benefit Period, your coverage will be extended as a Nonforfeiture Benefit, if your policy lapses due to non-payment of premium. However, the Non-forfeiture Benefit will NOT take effect if your policy lapses before the third policy anniversary date.

Under the Nonforfeiture Benefit – Shortened Benefit Period, we will pay benefits under the policy in the amounts and in accordance with the terms of the policy on the date the policy lapsed. However, the maximum lifetime benefit will be reduced resulting in your benefits being paid for a shorter length of time. The maximum lifetime benefit will be reduced to an amount equal to the greater of:

- (a) the maximum monthly benefit in effect on the date the policy lapsed; or
- (b) the total amount premiums paid for your policy.

The total of all benefits paid under the policy will not exceed the maximum lifetime benefit that would have been paid if your policy did not lapse.

#### **Contingent Nonforfeiture Benefit**

You will receive coverage under this benefit if you do not elect the Nonforfeiture Benefit--Shortened Benefit Period.

#### **Notice of Substantial Premium Increase**

We will notify you of any increase in premium for your policy which constitutes a Substantial Premium Increase at least 60 days prior to the date your premium will change. The notice will include the amount of the premium and will offer you the following options:

- (a) You may reduce benefits under your policy to the level you can obtain for the premium in effect prior to the increase, without undergoing additional underwriting; or
- (b) You may elect to receive the Contingent Nonforfeiture Benefit. You have 120 days following the premium due date to make this election. If your policy lapses during the 120 days following the premium due date, you will be deemed to have made the election to receive this benefit.

If you are also eligible for the Limited Premium Payment Contingent Nonforfeiture Benefit, you must choose between receiving either that benefit or the Contingent Nonforfeiture Benefit. You may not elect to receive both benefits.

#### **Contingent Nonforfeiture Benefit**

Under the Contingent Nonforfeiture Benefit, we will pay benefits under the policy in the amounts and in accordance with the terms of the policy on the date the policy lapsed. However, the maximum lifetime benefit will be reduced resulting in your benefits being paid for a shorter length of time. The maximum lifetime benefit will be reduced to an amount equal to the greater of:

- (a) the maximum monthly benefit in effect on the date the policy lapsed; or
- (b) the total amount premiums paid for your policy.

The total of all benefits paid under the policy will not exceed the maximum lifetime benefit that would have been paid if your policy did not lapse.

Please refer to the Potential Rate Increase Disclosure Form to determine whether or not a change in premiums constitutes a Substantial Premium Increase. Substantial Premium Increase means a cumulative increase to your annual premium that is equal to or exceeds the percentage of your initial annual premium as shown in the Potential Rate Increase Disclosure Form and based on your issue age.

**Insurance Specialties**  
**7505 State Hwy 37 / PO Box 275**  
**Purdy MO 65734**  
**800-789-0182**

## **ELIGIBILITY FOR THE PAYMENT OF BENEFITS**

You are eligible for benefits under the policy if you are Chronically Ill. You are Chronically Ill if, within the preceding twelve month period, a Licensed Health Care Practitioner certifies that: (a) You are unable to perform, without Substantial Assistance from another person, at least two Activities of Daily Living for a period that is expected to last at least 90 consecutive days due to a loss of functional capacity; or (b) You require Substantial Supervision to protect yourself from threats to health and safety due to a Severe Cognitive Impairment.

## **DEFINITIONS**

**Activities of Daily Living** means the following self-care functions:

**Bathing:** Washing oneself by sponge bath; or in either a tub or shower, including the task of getting into or out of the tub or shower.

**Continance:** The ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag.)

**Dressing:** Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

**Eating:** Feeding oneself by getting food into the body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously.

**Toileting:** Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

**Transferring:** Moving into or out of a bed, chair or wheelchair.

**Adult Day Care** means a program for five or more individuals of social and health-related services provided during the day in a community group setting for the purpose of supporting frail, impaired elderly or other disabled adults who can benefit from care in a group setting outside the Home.

**Adult Day Care Center** means a facility that is licensed or certified to provide Adult Day Care by the state in which it operates. If the state does not license or certify such facilities, then it must meet all of the following standards:

- (a) it provides Adult Day Care in a protective setting and under appropriate supervision;
- (b) it operates on less than a 24-hour basis;
- (c) it keeps a written record of services for each person; and
- (d) it has established procedures for obtaining appropriate aid in the event of a medical emergency.

**Alzheimer's Facility** means a specialized facility that is engaged primarily in providing care for persons with Alzheimer's disease or other Severe Cognitive Impairment and has the appropriate state licensure, certification or registration to operate as an Alzheimer's Facility.

**Ancillary Services** means physical, occupational, speech, and respiratory therapies, wound care, medication management, continence care support and similar care-related services or supplies that support Activities of Daily Living.

**Assisted Living Facility** means a facility or distinctly separate part of a facility that is engaged primarily in providing non-skilled long term care. If required by the state in which it is located, an Assisted Living Facility must have the appropriate state licensure, certification or registration to operate as an Assisted Living Facility.

If the state in which it is located does not require an Assisted Living Facility to be licensed, certified or registered, the facility must meet the following requirements:

- (a) provides services and care on a continuous 24-hour basis for persons requiring Substantial Assistance with the Activities of Daily Living or Substantial Supervision due to Severe Cognitive Impairment;
- (b) maintains trained staff on duty at all times to provide the services and care;
- (c) provides at least three meals a day and accommodates special dietary needs;
- (d) provides residential services and Maintenance or Personal Care Services in one location;
- (e) maintains formal arrangements with a Physician or nurse to furnish medical care in case of an emergency; and
- (f) maintains appropriate procedures to provide onsite assistance with prescription medications.

An Alzheimer's Facility or a Hospice Care Facility may be an Assisted Living Facility if such facility meets the requirements contained in this definition for an Assisted Living Facility located in a state which does not require licensure, certification or registration.

Assisted Living Facility does not include a hospital or clinic; a place that operates primarily for the treatment of alcoholism, drug addiction or mental or nervous disorder; a Nursing Home; a domiciliary care facility; or your primary place of residence in an area used principally for independent residential living; or a similar establishment.

**Care Coordinator** means a Licensed Health Care Practitioner who is qualified by training and experience to assess and coordinate the overall care needs of a person who is Chronically Ill. The care coordinator may provide services independent of, or be employed by or under contract to, an agency. You are not required to use a Care Coordinator designated by us. You may choose to use your own Care Coordinator.

**Chronically Ill** has the meaning found for such term in the ELIGIBILITY FOR BENEFITS section of this outline and the policy.

**Elimination Period** means the number of calendar days shown in the policy schedule. (Refer to the LIMITATIONS OR CONDITIONS ON ELIGIBILITY OF BENEFITS section of this outline for additional information.)

**Family Member** means your mother, father, son, daughter, brother, sister or spouse.

**Home** means the place where you maintain your primary independent residence. Home does not include: a Nursing Home; a hospital; an Assisted Living Facility; any other institutional setting where you are dependent on others for assistance with Activities of Daily Living; or the residence of the person providing the Home Health Care.

**Home Health Care** means medical and non-medical services, provided to ill, disabled or infirm persons in their Homes. Such services include, but are not limited to: (a) part-time or intermittent skilled services provided by a nurse; (b) services to support your compliance with your medication/treatment regimen; (c) home health aide services; (d) physical therapy, respiratory therapy, occupational therapy, speech therapy or audiology therapy; (e) services provided by a specialist in the field of nutrition or the administration of chemotherapy; (f) Homemaker Services; (g) Maintenance or Personal Care Services; (h) Respite Care; (i) Hospice Care.

**Home Health Care Agency** means an entity that is regularly engaged in providing Home Health Care for compensation and employs staff who are qualified by training or experience to provide such care. The entity must: (a) be supervised by a qualified professional such as a registered nurse (RN), a licensed social worker, or a Physician; (b) keep clinical records or care plans on all patients; (c) provide ongoing supervision and training to its employees appropriate to the services to be provided; and (d) have the appropriate state licensure, accreditation or certification, where required.

**Homemaker Services** means those services needed to maintain an adequate Home environment such as: laundry services; routine food shopping and errands; meal preparation and cleanup; and domestic or cleaning services.

**Hospice Care** means palliative care to alleviate the physical, emotional and social discomfort of individuals who are terminally ill.

**Hospice Care Facility** means a facility which provides Hospice Care under the direction of a Physician on an inpatient basis. A Hospice Care Facility must be licensed or certified by the state in which it is located, if such license is required.

**Licensed Health Care Practitioner** means any of the following who is not a Family Member: a Physician; a registered nurse (RN); a licensed social worker; or any other individual who meets such requirements as may be prescribed by the Secretary of the Treasury of the United States.

**Maintenance or Personal Care Services** means any care the primary purpose of which is the provision of needed assistance with helping you conduct Activities of Daily Living while you are Chronically Ill. This includes protection from threats to health and safety due to Severe Cognitive Impairment.

**Nursing Home** means a facility or distinctly separate part of a facility that is engaged primarily in providing nursing care. If required by the state in which it is located, a Nursing Home must have the appropriate state licensure, certification or registration to operate as a Nursing Home.

If the state in which it is located does not require a Nursing Home to be licensed, certified or registered, the facility must meet the following requirements:

- (a) provides twenty-four (24) hour-a-day nursing care under the supervision of a licensed practical nurse (LPN), registered nurse (RN) or a Physician;
- (b) maintains a medical record of each inpatient; and
- (c) provides nursing care at skilled, intermediate, or custodial levels.

An Alzheimer's Facility or a Hospice Care Facility may be a Nursing Home if such facility meets the requirements contained in this definition for a Nursing Home located in a state which does not require licensure, certification or registration.

Nursing Home does not include a hospital or clinic; a place which operates primarily for the treatment of alcoholism, drug addiction, or mental or nervous disorders; an Assisted Living Facility; an adult residential care home; a domiciliary care facility; or your primary place of residence in an area used principally for independent residential living; or a similar establishment.

**Physician** means a doctor of medicine or osteopathy legally authorized to practice medicine and surgery by the state in which he or she performs such function or action (as defined in Section 1861 (r) (1) of the Social Security Act) other than you or a Family Member. He or she must be providing services within the scope of his or her license.

**Plan of Care** means a written plan of services prescribed for you by a Licensed Health Care Practitioner. We reserve the right to discuss the Plan of Care with the Licensed Health Care Practitioner. We have the right to verify that your Plan of Care is appropriate and consistent with generally accepted standards for care of the Chronically Ill. The Plan of Care must specify the type, cost, frequency and providers of the services you require. The Plan of Care will be modified as required to reflect changes in your functional or cognitive abilities, social situation, and care service needs.

**Policy Class** means persons who are insured by us under this policy form with the same issue age, rate classification and benefits similar to the benefits under the policy.

**Qualified Long-Term Care Services** means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services and Maintenance or Personal Care Services which are required by a Chronically Ill person.

**Respite Care** means the supervision and care of you while the Family Members or other individuals who normally provide substantial amounts of unpaid care on a daily basis take short-term leave or rest that provides them with temporary relief from the responsibilities of providing care.

**Severe Cognitive Impairment** means a loss or deterioration in intellectual capacity that is comparable to and includes Alzheimer's disease and similar forms of irreversible dementia; and is measured by clinical evidence and standardized tests that reliably measure impairment in your: (a) short-term or long-term memory; (b) orientation as to people, places or time; (c) deductive or abstract reasoning; and (d) judgment as it relates to safety awareness.

**Substantial Assistance** means either Hands-on Assistance or Standby Assistance.

- (a) **Hands-on Assistance** means the physical assistance of another person without which you would be unable to perform the Activities of Daily Living.
- (b) **Standby Assistance** means the presence of another person, within your arm's reach, that is necessary to prevent, by physical intervention, injury while you are performing the Activities of Daily Living.

**Substantial Supervision** means continual supervision (which may include cueing by verbal prompting, gestures or other demonstrations) by another person that is necessary to protect you from threats to your health or safety (including, but not limited to, such threats as may result from wandering.)

## 10. LIMITATIONS AND EXCLUSIONS

We will not pay benefits for:

- (a) services provided from a Family Member;
- (b) services for which no charge would be made in the absence of insurance;
- (c) for services provided outside of the United States, its possessions or territories, Canada or the United Kingdom (except as provided in the INTERNATIONAL BENEFIT section of this policy);
- (d) services provided due to suicide (while sane), attempted suicide or an intentionally self-inflicted injury;
- (e) for treatment of alcoholism or drug addiction (except for an addiction to a prescription medication when administered in accordance with the advice of your Physician);
- (f) for treatment of mental or nervous disorders (except for Alzheimer's disease);
- (g) for treatment provided in a government facility unless we are required by law to cover the charges;
- (h) for treatment of an injury or sickness which would entitle you to benefits under any state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law;
- (i) for services received while this policy is not in force (except as provided in the **Extension of Benefits** section);
- (j) services provided due to an act of declared or undeclared war.

## **LIMITATIONS OR CONDITIONS ON ELIGIBILITY OF BENEFITS**

### **Conditions**

Except as otherwise provided in the policy, you must incur eligible expenses for Qualified Long-Term Care Services in order to receive benefits under the policy. Such Qualified Long-Term Care Services must be specified in a Plan of Care prepared for you by a Licensed Health Care Practitioner. Except for Stay-at-Home Benefits, if you are eligible for more than one type of benefit under the policy on a single day, we will pay the benefit which pays the greater amount.

### **Satisfying the Elimination Period**

Except as otherwise provided in the policy, we will not pay benefits for eligible expenses incurred during the Elimination Period. The Elimination Period commences on the first day you are eligible for benefits under the policy and on which you: (a) are confined to a Nursing Home or an Assisted Living Facility; (b) receive Home Health Care or Adult Day Care; or (c) receive long-term care services covered under the policy that are Medicare eligible (for which benefits are not payable under the policy). The Elimination Period must be satisfied only once during the term of the policy.

### **Maximum Lifetime Benefit**

Except as otherwise provided in the policy, any benefits paid under the policy will reduce the amount of your maximum lifetime benefit. No additional benefits are payable under the policy once the maximum lifetime benefit has been reduced to zero.

### **Non-Duplication of Benefits**

We will not pay benefits under the policy to the extent that eligible expenses are reimbursable under Medicare or other government program (except Medicaid) or would be so reimbursable except for the application of a deductible or coinsurance amount.

### **Coordination of Benefits**

Benefits under the policy may be reduced if benefits for eligible expenses are paid by us or one of our affiliates under another individual long-term care insurance policy. Benefits will be reduced under the policy only when payment under the policy and such other long-term care insurance policy(ies) combined would exceed the actual amount you incur for eligible expenses. In no event will we pay more under this policy than the difference between your actual eligible expenses and the amount payable by such other long-term care insurance policy(ies).

If you are insured under one or more policies without a similar Coordination of Benefits provision, such policy(ies) will be deemed primary and pay benefits first. Then, payment will be made under any policy without a similar Coordination of Benefits provision in order of effective date, from the earliest to the latest.

## **THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.**

## **11. RELATIONSHIP OF COST OF CARE AND BENEFITS**

Because the costs of long-term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted. You may elect one of the inflation protection options to increase your coverage. Only increases taken in accordance with one of the inflation protection options do not require proof of insurability.

### **5% Compound Inflation Protection (Lifetime)**

If you elect the optional 5% Compound Inflation Protection Benefit, on each policy anniversary date from and after the compound inflation protection starting date, we will automatically increase the maximum monthly benefit then in effect under the policy by 5%. In addition, on each policy anniversary date from and after the compound inflation protection starting date, we will automatically increase the maximum lifetime benefit remaining at the end of the prior policy year by 5%. The increase in the maximum monthly benefit and the maximum lifetime benefit will be rounded to the nearest whole dollar.

In addition to 5% Compound Inflation Protection (Lifetime) Benefit, as described above, you may select other percentages such as: 3% 4%

### **5% Compound Inflation Protection – 20 Year**

If you elect the optional 5% Compound Inflation Protection -20 Year Benefit, on each policy anniversary date up to and including the 20<sup>th</sup> policy anniversary date, we will automatically increase each maximum monthly benefit then in effect under the policy by 5%. On each policy anniversary date up to and including the 20<sup>th</sup> policy anniversary date, we will automatically increase the maximum lifetime benefit remaining at the end of the prior policy year by 5%. The increase in the maximum monthly benefit and the maximum lifetime benefit will be rounded to the nearest whole dollar.

### **5% Simple Inflation Protection**

If you elect the optional 5% Simple Inflation Protection Benefit, on each policy anniversary date, we will automatically increase the maximum monthly benefit then in effect under the policy by an amount equal to the maximum monthly benefit in effect on the policy effective date multiplied by 5%. In addition, on each policy anniversary date, we will automatically increase the maximum lifetime benefit remaining at the end of the prior policy year by an amount equal to the lesser of: (a) the maximum lifetime benefit in effect on the policy effective date multiplied by 5%; or (b) the maximum lifetime benefit remaining at the end of the prior policy year multiplied by 5%. The increase in the maximum monthly benefit and the maximum lifetime benefit will be rounded to the nearest whole dollar.

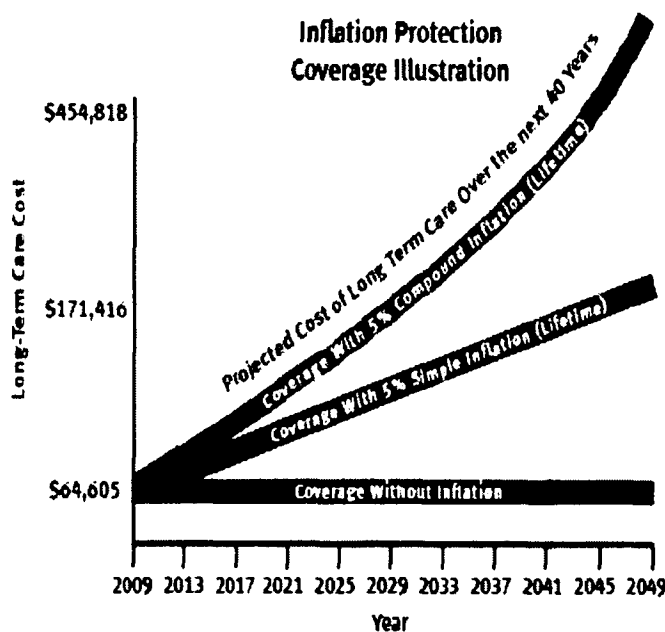
### **Future Purchase Option**

If you elect this benefit, you may, upon written request to us, purchase the Compound Inflation Protection – Lifetime Benefit rider for the policy, on or before the fifth policy anniversary date. You will be eligible to purchase the Compound Inflation Protection – Lifetime Benefit rider if, at the time of purchase: (a) we are not waiving premium under any provision of the policy; and (b) you are not Chronically Ill and have not for the immediate two-year period received benefits under the policy.

**Purchase of Compound Inflation Protection** The Compound Inflation Protection – Lifetime Benefit rider will be effective on the policy anniversary date coinciding with or next following the date of your request. You may purchase the Compound Inflation Protection Lifetime Benefit only once while the policy is in force.

**Your Premium Will Increase** We will increase the premium for the policy if you purchase the Compound Inflation Protection – Lifetime Benefit rider. Premium will increase by an amount determined by us at the time of your purchase. We will increase the premium for the policy on the effective date of your purchase. However, any increase in benefits will NOT occur until the policy anniversary date following the effective date of your purchase.

### **Inflation Protection – Graphic Comparisons**

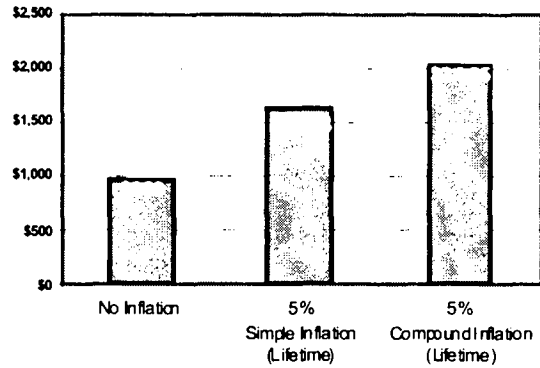


The chart to the left compares and contrasts the anticipated cost for one year of institutional care of a 40-year period with the maximum lifetime benefit for three types of coverage: one with 5% Compound Inflation Protection (Lifetime); one with 5% Simple Inflation (Lifetime); and one with no inflation protection at all. The chart assumes the insured starts with \$64,605.

The chart to the right compares the annual premium paid by a 63-year old person for a policy with 5% Compound Inflation Protection; 5% Simple Inflation Protection; and no inflation protection, assuming the following coverage features:

- a 3-year benefit at \$3000/month (\$3000 times 36 months – \$108,000 MLB);
- \$3000/month Nursing Home MMB;
- \$3000/month Assisted Living Facility MMB;
- \$3000/month Home Health Care MMB; and
- an Elimination Period of 90 days.

**Inflation Protection Annual Premium Illustration**



**12. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS**

Once your application for coverage under the policy is approved, the policy provides coverage for treatment of Alzheimer's disease, Parkinson's disease, senile dementia, and all other forms of organic brain disease.

**13. PREMIUM**

Refer to the table below to find the annual premium.

PREMIUM	
<b>Premium Payment Mode (Adjustment Factor)</b>	Limited Pay - Complete below.
<input type="checkbox"/> Annual (1.0)	<input type="checkbox"/> Semi-Annual (.51)
<input type="checkbox"/> Quarterly (.26)	<input type="checkbox"/> Monthly Electronic Funds Transfer (.09)
Basic Policy Coverage Premium:	\$ _____
Nonforfeiture Benefit – Shortened Benefit Period:	\$ _____
5% Compound Inflation Protection:	\$ _____
3% Compound Inflation Protection:	\$ _____
4% Compound Inflation Protection:	\$ _____
Future Purchase Option:	\$ _____
5% Compound Inflation Protection – 20 Year:	\$ _____
5% Simple Inflation Protection:	\$ _____
Full Return of Premium at Death Benefit:	\$ _____
Return of Premium at Death Less Claims Benefit:	\$ _____
Return of Premium at Death (Less Claims Paid) if Death occurs before Age 65 Benefit:	\$ _____
Additional Benefit for Injury:	\$ _____
Cash Benefit:	\$ _____
Additional Rate Guarantee Period:	\$ _____
Spouse Security Benefit – 60%:	\$ _____
Spouse Shared Care Benefit:	\$ _____
Spouse Waiver of Premium Benefit:	\$ _____
Spouse Survivorship Benefit:	\$ _____
Limited Pay - 10 Year Pay Option:	\$ _____
Limited Pay - 20 Year Pay Option:	\$ _____
Limited Pay - To Age 65 Pay Option:	\$ _____
Single Premium Payment Option:	\$ _____
Waiver of Elimination Period for Home Health Care Benefit:	\$ _____
Restoration of Benefits:	\$ _____
<b>Total Annual Premium:</b>	<b>\$ _____</b>
<b>Modal Premium:</b>	<b>\$ _____</b>
<i>(Annual X Mode Factor)</i>	

#### 14. ADDITIONAL FEATURES

##### **Underwriting**

Medical underwriting is required. We will underwrite your application by reviewing one or more of the following: the information submitted on your application; an attending Physician's report; copies of your medical records; a medical evaluation; a telephone interview; and an in-person interview.

##### **Extension of Benefits**

If your policy lapses for nonpayment of premium while you are continuously confined in a Nursing Home or Assisted Living Care Facility, benefits will be continued under the policy.

##### **Protection Against Unintentional Lapse**

You have the right, at the time of application, to designate at least one person who is to receive notice of lapse or termination for nonpayment of premiums in addition to yourself. You may change this designation at any time. To do so, you must notify us in writing. We will remind you in writing every two years of this opportunity.

If the policy lapses due to nonpayment of premiums because you were Chronically Ill, you may request, within five months of the date of lapse that we reinstate this policy without requiring an application. You must undergo an assessment by a Licensed Health Care Practitioner and obtain a certification that you became Chronically Ill on or before the date of lapse. Upon payment of all past due premiums, the policy will be reinstated as of the lapse date.

#### 15. CONTACT THE STATE SENIOR HEALTH INSURANCE ASSISTANCE PROGRAM IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE POLICY.

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