

BANKERS LIFE AND CASUALTY COMPANY
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COMPREHENSIVE LONG-TERM CARE INSURANCE POLICY

OUTLINE OF COVERAGE
Policy Form GR-N680

THIS POLICY IS AN APPROVED LONG-TERM CARE INSURANCE POLICY UNDER CALIFORNIA LAW AND REGULATIONS. HOWEVER, THE BENEFITS PAYABLE BY THIS POLICY WILL NOT QUALIFY FOR MEDI-CAL ASSET PROTECTION UNDER THE CALIFORNIA PARTNERSHIP FOR LONG-TERM CARE.

THE CONTRACT FOR LONG-TERM CARE INSURANCE IS NOT INTENDED TO BE A FEDERALLY QUALIFIED LONG-TERM CARE INSURANCE CONTRACT.

NOTICE TO BUYER: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.

1. The policy is an individual policy of insurance.
2. **PURPOSE OF 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 actual policy contains governing contractual provisions. This means that the actual 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. **TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED**
If you're not satisfied with the policy, you may return it to us within 30 days after you receive it for a full refund of any premium paid.

Except for a refund of that part of any premium paid beyond your date of death, the policy does not provide for a refund of unearned premium.

In the event your application for coverage is denied, we'll refund any monies paid within 30 days of our notice to you of the denial.

4. **THIS IS NOT MEDICARE SUPPLEMENT COVERAGE** - If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from us. Neither Bankers Life and Casualty Company nor its agents represent Medicare, the federal government, or any state government.
5. **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.

The policy provides coverage for those incurred charges for Long-Term Care services when a Licensed Health Care Practitioner certifies you need such services due to: (a) at least two (2) Impairments in the Activities of Daily Living; or (b) a Cognitive Impairment.

6. BENEFITS PROVIDED BY THE POLICY

After any applicable Elimination Period has been satisfied, we'll pay the charges incurred for Long Term Care Services, up to: (a) the Maximum Daily Benefit amount per day, for Facility Care Covered Expenses; and (b) the Maximum Monthly Benefit amount for Home and Community Based Care Covered Expenses.

The Elimination Period is the number of days you must receive Facility Care or Home and Community Based Care services before benefits are payable. The Elimination Period has to be satisfied only once. Days used to satisfy the Elimination Period do not need to be consecutive and may be accumulated under separate claims. Each day of Home and Community-Based Care received will count as three (3) days toward satisfaction of the Elimination Period. The Elimination Period is _____ days.

The total amount of benefits payable under the policy is subject to a Lifetime Maximum Benefit. The Lifetime Maximum Benefit is \$_____.

FACILITY CARE BENEFITS MAXIMUM DAILY BENEFIT \$_____

A. Nursing Facility Care.

The expense incurred, up to the Maximum Daily Benefit amount, for a Nursing Facility confinement (whether for a skilled, intermediate, or custodial level of care). Expenses include, but are not limited to, room, board and care including ancillary services and supplies. "Nursing Facility" a place which (a) if licensing is required, is licensed as a Nursing Facility to provide nursing care (skilled, intermediate or custodial) for persons at their own expense and maintains all appropriate licensing under the laws where it is located to provide such care; or (b) if licensing is not required, meets ALL of the following requirements: (1) provides 24 hour a day care and have beds for patients who need nursing care;(2) has a trained and ready-to-respond employee on duty at all times to provide care; (3) Provides 3 meals a day and accommodate special dietary needs; and (4) has appropriate methods and procedures for handling and administering drugs and biologicals.

B. Residential Facility Care

The actual charges for Qualified Long-Term Care Services received while confined in a Residential Care Facility. Residential Facility Care includes services and supplies provided by the Residential Care Facility; care and services covered under other benefits of the policy; and other Qualified Long Term Care Services needed to assist you with the disabling conditions that caused you to be a Chronically Ill Individual. No payment is made for any day for which a Nursing Facility Care benefit is paid.

C. Bed Reservation Benefit

The charges incurred, up to the Maximum Daily Benefit, to reserve the bed if you are temporarily absent from the Nursing Facility or Residential Care Facility. We'll pay up to a total of 60 days each Calendar Year.

HOME AND COMMUNITY BASED CARE
BENEFITS

MAXIMUM MONTHLY BENEFIT \$ _____

- A. Home Health Care
The charges incurred, up to the Maximum Monthly Benefit, for: (a) part-time or intermittent skilled nursing services; (b) Home Health Aide services; (c) physical therapy, occupational therapy or speech therapy and audiology services; and (d) medical social services.
- B. Adult Day Care
The charges incurred, up to the Maximum Monthly Benefit for the following services provided at an Adult Day Care Facility: (a) personal care and supervision as needed; (b) social, health and recreational activities designed to improve the Insured's self-awareness and level of functioning; (c) transportation to and from the Adult Day Care Facility; and (d) meals provided by the Adult Day Care Facility.
- C. Hospice Services
The charges incurred, up to the Maximum Monthly Benefit for outpatient services not paid by Medicare, that are designed to (a) provide palliative care; (b) alleviate the physical, emotional, social and spiritual discomforts of an individual experiencing the last phases of life due to the existence of a terminal disease; and (c) to provide supportive care to the primary care giver and the family. Benefits payable for Hospice Care are not subject to satisfying the Elimination Period. For Hospice Care to be payable, your plan of care must certify that you are terminally ill.
- D. Personal Care Services
The charges incurred, up to the Maximum Monthly Benefit for: (a) ambulation assistance; (b) bathing and grooming services; (c) dressing services; (d) bowel, bladder and menstrual care; (e) repositioning, transfer skin care, and range of motion exercises; (f) feeding and hydration assistance; (g) assistance with self-administration of medications; and (h) assistance with the instrumental Activities of Daily Living.
- E. Homemaker Services
The charges incurred, up to the Maximum Monthly Benefit for: (a) domestic or cleaning services; (b) laundry services; (c) reasonable food shopping and errands; (d) meal preparation and clean-up; (e) transportation assistance to and from medical appointments; (f) heavy cleaning which involves thorough cleaning of the home to remove hazardous debris or dirt; and (g) assistance with the telephone.

ADDITIONAL BENEFITS

- A. Respite Care
The charges incurred for Respite Care for up to 21 days each Calendar Year. It is payable up to the maximum benefit amount which is applicable, under the policy, for the type of service being used to provide the Respite Care. Benefits payable are not subject to the Elimination Period and will be payable for the following services: (a) Nursing Facility Care; (b) Residential Facility Care; (c) Home Health Care; (d) Personal Care Services; (e) Homemaker Services; and (f) Adult Day Care.

B. Ambulance Services

The charges incurred, up to \$75 per one way trip, for ambulance service to or from a Nursing Home or Assisted Living Facility. We won't pay for more than four trips each Calendar Year. The Annual Benefit Increases option, if selected do not apply to this benefit. Benefits payable for Ambulance Services are not subject to the Elimination Period nor will they count toward satisfying the Elimination Period.

OPTIONAL BENEFIT RIDERS

ENHANCED SERVICES BENEFIT RIDER - LEVEL ONE - 321L-CA

If this rider is attached to the policy it will provide benefits for Alternate Plan of Care and Home Modifications.

Alternate Plan of Care Benefit

Alternate services, devices or types of care under a written Alternate Plan of Care. This Alternate Plan of Care will be developed by or with health care professionals; agreed to by you, the Licensed Health Care Practitioner and Us and consist of Qualified Long-Term Care Services.

Home Modifications

The charges incurred, up to 30 times the Maximum Daily Benefit, for modifications to your home which allow You to remain at home. "Home Modifications" means installation of certain equipment in, or physical modification to, your home. Home Modifications include, but are not limited to, ramps, grab bars, devices for intravenous injections or other equipment that allow a you to stay at home. Home Modifications must: (a) be recommended as a part of the Plan of Care; (b) be agreed to by you and a Licensed Health Care Practitioner; and (c) consist of Qualified Long Term Care Services. The Elimination Period and Restoration of Benefits provisions do not apply to this benefit.

ENHANCED SERVICES BENEFIT RIDER - LEVEL TWO - 310A-CA

If this rider is attached to the policy it will provide benefits for Alternate Plan of Care, Home Modifications, Home Monitoring Equipment and Caregiver Training

Alternate Plan of Care Benefit

Alternate services, devices or types of care under a written Alternate Plan of Care. This Alternate Plan of Care will be developed by or with health care professionals; agreed to by you, the Licensed Health Care Practitioner and Us and consist of Qualified Long-Term Care Services.

Home Modifications

The charges incurred, up to 30 times the Maximum Daily Benefit, for modifications to your home which allow you to remain at home. "Home Modifications" means installation of certain equipment in, or physical modification to your home. Home Modifications include, but are not limited to, ramps, grab bars, devices for intravenous injections or other equipment that allow you to stay at home. Home Modifications must: (a) be recommended as a part of the Plan of Care; (b) be agreed to by you and a Licensed Health Care Practitioner; and (c) consist of Qualified Long Term Care Services. The Elimination Period and Restoration of Benefits provisions do not apply to this benefit.

Monitoring Equipment Benefit

The charges incurred per month, not to exceed 5% of the Maximum Monthly Benefit, for the rental or lease of an emergency medical response system or medication monitoring or dispensing equipment. This benefit is subject to a lifetime maximum of 12 months. The Elimination Period and Restoration of Benefits Rider (if any such rider is attached to the policy) do not apply to this benefit. If more than one piece of monitoring equipment is installed in your home, this will not increase the maximum payable for this benefit per month.

Caregiver Training Benefit

The charges incurred for Caregiver Training if you require home or community-based care. This benefit pays for training your informal caregiver to care for you so you can remain at home. It is subject to a lifetime maximum benefit equal to 25% of the Maximum Monthly Benefit amount. The Elimination Period and Restoration of Benefits provisions do not apply to this benefit.

CASH BENEFIT RIDER LEVEL ONE - 313A-CA

If this rider is attached to the policy, for each day you are receiving benefit payments for Covered Expenses that are less than the Maximum Daily Benefit amount for Qualified Long Term Care Services, we will pay an additional cash benefit up to 25% of the Maximum Daily Benefit amount. The total benefits paid per day under the policy and this rider will not exceed the Maximum Daily Benefit amount. In order for benefits to be payable, you must be receiving benefits under the Facility Care and/or Home and Community-Based Care benefit provisions of the policy. Any benefits payable under the terms of this rider count against the Lifetime Maximum Benefit.

CASH BENEFIT RIDER - LEVEL TWO - 315A-CA

If this rider is attached to the policy, for each day you qualify for benefits under this rider, we will pay an additional cash benefit up to 25% of the Maximum Daily Benefit for Nursing Home care amount. You qualify for benefits under this rider after the Rider Elimination Period has been satisfied and if you continue to have at least 2 Impairments in the Activities of Daily Living or to be Cognitively Impaired as certified by Licensed Health Care Practitioner. The Rider Elimination period is equal to the Elimination Period elected for the policy. The total benefits paid for any day will not exceed the Maximum Daily Benefit for Nursing Home care amount. Any benefits payable under the terms of this rider count against the Lifetime Maximum Benefit. Any benefits paid do not count toward satisfying the Elimination Period of the policy.

NONFORFEITURE BENEFIT RIDER 216P(02)

If this rider is attached to the policy and the policy lapses for non-payment of premium after the third year, you are eligible for a nonforfeiture benefit in the form of a reduced paid up benefit. This reduced paid up benefit will be an amount equal to the greater of (a) 100% of all premiums you paid for the policy and this rider; and (b) 90 times the Maximum Daily Benefit then in effect at the time the policy lapsed, LESS the total amount of any claims paid under the policy. Additional non-forfeiture benefits for policyholder elected increases in the Maximum Benefit for Any One Period of Expense amount or Maximum Daily Benefit amount will be based on the effective date of such increases. The reduced paid up benefit amount will be the new Maximum Benefit amount for the policy. Expenses for Qualified Long-Term Care Services covered by the policy at time of lapse will be payable until this reduced paid up benefit amount is exhausted.

RESTORATION OF POLICY BENEFITS RIDER 304X-CA

If this rider is attached to the policy, the Lifetime Maximum Benefit will be fully restored when you have not had at least 2 Impairments in the Activities of Daily Living, and have not had a Cognitive Impairment, and have not required or received Prescribed Long Term Care Services, as defined in the policy, for 180 consecutive days. If this policy includes one of the Annual Benefit Increase Options, the Policy's Lifetime Maximum Amount will restore to the amount that would have applied if no benefits had been paid under the Policy. After the Lifetime Maximum Benefit has been fully restored once under the provisions of this rider, the rider will end with no further benefits due.

DUAL WAIVER OF PREMIUM BENEFIT RIDER 311A

If this rider is attached to the policy when the premium under your spouse's policy with us is waived due to receiving benefits for Covered Expenses, we will also waive any premium that becomes due for Your policy if both you and your spouse have a Dual Waiver of Premium Rider in force with us, other than under a Nonforfeiture Benefit, on the date your spouse's premium is waived. You must pay any premium that becomes due after your spouse's premium is no longer waived.

SURVIVOR MAXIMUM BENEFIT INCREASE RIDER 303A

If this rider is attached to the policy and either you or your spouse die, we will increase the Surviving Spouse's Maximum Lifetime Benefit by fifty percent (50%) of the Lifetime Maximum Benefit in effect for the deceased person's policy as of the last anniversary before his or her death. When benefits have been increased under the terms of this rider, no additional premium will be charged for the increased benefit amount.

PAID-UP SURVIVORSHIP RIDER 226G-CA(02)

If this rider is attached to the policy and either you or your spouse die, we will waive the payment of all premiums for the surviving spouse's policy. Premium will be waived after the death of a spouse only if this rider and coverage for both you and your spouse are in force for at least 10 full years.

SHARED MAXIMUM BENEFIT RIDER 308A

If this rider is attached to the policy and you exhausts the policy's Lifetime Maximum Benefit, we will continue to pay benefits until the Shared Maximum Benefit is exhausted. The Shared Maximum Benefit is an additional amount of benefits, equal to your Lifetime Maximum Benefit amount, that is available to both you and your spouse. This Shared Maximum Benefit is a single amount which may be shared by both you and your spouse. Benefits will be paid at the same Maximum Daily Benefit and, if applicable, same Maximum Monthly/Weekly Benefit, subject to all the provisions of the policy. If the policy includes a Benefit Increases option, the Shared Maximum Benefit will increase in the same manner as the Maximum Benefit. The Restoration of Benefits provision does not apply to the Shared Maximum Benefit.

If both you and your spouse are eligible to receive benefits from the Shared Maximum Benefit at the same time, we will pay benefits for each spouse until the Shared Maximum Benefit is exhausted.

In the event of the death of You or Your spouse, benefits remaining under this rider, if any, will continue for the surviving spouse for as long as the policy and this rider remain in force.

LIMITED PREMIUM PAYMENT RIDER 242A

This rider offers a payment method where, after you pay premium for either 10 years or 20 years, your policy will continue in force with no further premiums being payable. Premiums waived during the Waiver of Premium period will not count towards satisfaction of the Limited Premium Payment Period. You may choose to cancel this rider at any time. If you cancel this rider, we will change your Premium Payment Period to non-limited and adjust your premium amount accordingly. The new premium will be based on your age when the policy was issued. When the Limited Premium Payment Period Rider 242A is attached to the policy and the policy lapses after the policy and this rider have been in force for 3 years, you are eligible for a reduced paid up benefit. This reduced paid up benefit will be an amount equal to 100% of all premiums you paid for the policy. The reduced paid up benefit amount will be the new Maximum Benefit for the policy. The new Maximum Benefit will not be less than 30 times the Maximum Daily Benefit amount then in effect at the time the policy lapsed. Charges incurred for expenses covered by the policy at time of lapse will be payable until this new Maximum Benefit is exhausted.

HOW TO QUALIFY FOR BENEFITS

Before benefits are payable: (a) a Licensed Health Care Practitioner (*licensed Physician, registered professional nurse, or licensed social worker*) must certify that Long-Term Care Services are needed because an Insured:(i) has at least 2 impairments in the Activities of Daily Living; or (ii) is Cognitively Impaired; AND (iii) the Elimination Period, if any, must be satisfied.

The *Activities of Daily Living* as used within the policy are limited to the following:

- (a) *Ambulating* - walking or moving around inside or outside the home regardless of the use of a cane, crutches or braces.
- (b) *Bathing* - washing oneself by sponge bath; or in either a tub or shower, including getting into or out of the tub or shower.
- (c) *Continence* - maintaining 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 a catheter or colostomy bag).
- (d) *Dressing* - putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
- (e) *Eating* - feeding oneself by getting food into the body from a table, a plate, cup or other receptacle or by a feeding tube or intravenously.
- F. *Toileting* - getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- (g) *Transferring* - moving from one sitting or lying position to another sitting or lying position; for example, from bed to or from a wheelchair or sofa, coming to a standing position, or repositioning to promote circulation and prevent skin breakdown.

Cognitive Impairment - means a deterioration or loss in intellectual capacity which requires substantial supervision to protect one's self from threats to health and safety. Cognitive Impairment is measured by clinical evidence or standardized tests which reliably measure impairment in one's: (a) short or long term memory; (b) orientation as to people, place, and time; and (c) deductive or abstract reasoning. Such loss of intellectual capacity can result from the following covered conditions: Alzheimer's disease, Parkinson's disease, senile dementia or other nervous or mental disorders.

7. LIMITATIONS AND EXCLUSIONS –

We won't pay for expenses incurred:

- 1. Due to war or act of war;
- 2. To the extent they are paid under Medicare or any other government insurance plan (except Medicaid);
- 3. For services or supplies provided by a member of the Immediate Family;
- 4. For services and supplies not included in the Plan of Care;
- 5. For which no charge is customarily made in the absence of insurance
- 6. Outside the United States, its territories and possessions or Canada except as specifically covered under the International Coverage provision.

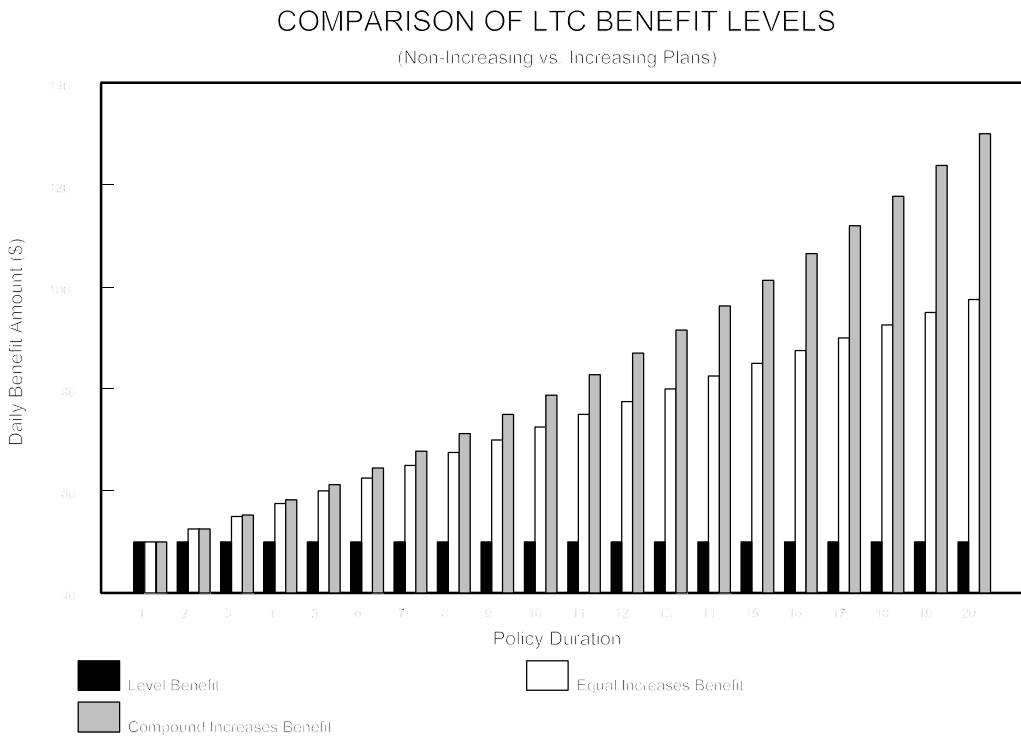
8. RELATIONSHIP OF COST OF CARE AND BENEFITS –

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. A comparison of Long Term Care Benefit levels (non-increasing vs. increasing) over a 20 year period is shown below.

This policy provides options to increase your maximum benefits.

If you select a Compound Increases Benefit Option, your current Maximum Daily Benefit amount and Lifetime Maximum Benefit will increase by the percentage you choose (2%, 3%, 4% or 5%). If you select the Equal Increases Benefit Option, your original Maximum Daily Benefit amount and Lifetime Maximum Benefit will increase by 5%. These increases will take place on each policy anniversary for the time period chosen as long as the policy is in force. Each increased maximum benefit option will be rounded to the next highest multiple of \$0.25.

The following graph compares the Compound Increase Benefit Option at 5% annually against the Equal Increases Benefit Option at 5% annually.



9. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED
Renewability – THE POLICY IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your policy, to continue the policy as long as you pay your premiums on time. Bankers Life and Casualty Company cannot change any of the terms of your policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY, subject to approval by the California Department of Insurance.

Waiver of Premium - After the Elimination Period has been satisfied, we'll waive the payment of any premium for the policy and any attached benefit riders. Premiums will be waived as long as you continue to incur Covered Expenses and have not exhausted the Lifetime Maximum Benefit.

10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS - Once this policy is issued, the policy covers loss due to Alzheimer's Disease, Parkinson's Disease, senile dementia or other organic brain disorders.

11. ANNUAL PREMIUM:

Applicant

Standard **Preferred**

BASIC COVERAGE

\$ _____

Additional Premium for Compound Increases Option for Life

2% Compound Increase Option

\$ _____

3% Compound Increase Option

\$ _____

4% Compound Increase Option

\$ _____

5% Compound Increase Option

\$ _____

Additional Premium for Equal Increases Option For Life

\$ _____

Additional Premium for Enhanced Services Rider - Level One 321L-CA

\$ _____

Additional Premium for Enhanced Services Rider - Level Two 310A-CA

\$ _____

Additional Premium for Cash Rider - Level One 313A-CA

\$ _____

Additional Premium for Cash Rider - Level Two 315A-CA

\$ _____

Additional Premium for Limited Premium Payment Period Rider
242A for 10 yrs.

\$ _____

Additional Premium for Limited Premium Payment Period Rider
242A for 20 yrs.

\$ _____

Additional Premium for Restoration of Benefits Rider 304X-CA

\$ _____

Additional Premium for Nonforfeiture Benefit Rider 216P (02)

\$ _____

Additional Premium for Survivor Maximum Benefit Increase Rider 303A

\$ _____

Additional Premium for Paid-Up Survivorship Rider 226G-CA(02)

\$ _____

Additional Premium for Dual Waiver of Premium Rider 311A

\$ _____

Additional Premium for Shared Maximum Benefit Rider 308A

\$ _____

Applicable Discounts (Select One)

Spousal Companion Married

_____ %

Total Annual Premium

\$ _____

If this policy is replacing an existing long term care policy you have with Bankers Life and Casualty Company, the Total Annual Premium (shown above) may be reduced (1) due to a prior premium credit, or (2) because premiums are based on your original age when the existing policy was issued. Any premium credit will equal 5% for each full year the existing policy was in force. The cumulative credit allowed will not exceed 50% of the premium of the existing policy, and will not reduce the premium to less than the premium of the existing policy. No credit will be provided if a claim has been filed under the existing policy.

The anticipated loss ratio for the life of the policy is expected to meet or exceed the 60% loss ratio, as required under the rules of your state.

- 12. ADDITIONAL FEATURES** - This policy will be issued subject to the following: (a) the information disclosed on the application completed by you; and (b) any additional information that may be needed to complete our evaluation of your application.

Patient Care Coordination - This policy offers a Patient Care Coordination program at no extra cost to you. Under this program, a Patient Care Coordinator (a specialist pre-approved by us) can help you select the provider(s) of care and services best suited for the type of care or treatment needed.

Contingent Benefit at Lapse – This policy provides for a Contingent Benefit at Lapse. If, in the event of a substantial premium increase, you exercise the Contingent Benefit at Lapse, we will convert your current coverage to paid-up insurance with no further premiums being payable. The new Maximum Benefit under paid-up coverage will be equal to the greater of 100% of all premiums you paid for the coverage or 30 times your Maximum Daily Benefit amount. All other benefit amounts will remain at the level attained at the time the policy lapsed. The Annual Benefit Increases, if any, and the Restoration of Policy Benefits provisions will not apply to the paid-up insurance.

- 13. INFORMATION AND COUNSELING** - The California Department of Insurance has prepared a Consumer Guide to Long-Term Care Insurance. This guide can be obtained by calling the Department of Insurance toll-free telephone number. This number is 1-800-927-HELP. Additionally, the Health Insurance Counseling and Advocacy Program (HICAP) administered by the California Department of Aging, provides long-term care insurance counseling to California senior citizens. Call the HICAP toll-free telephone number 1-800-434-0222 for a referral to your local HICAP office