

COMPREHENSIVE LONG-TERM CARE INSURANCE POLICY

OUTLINE OF COVERAGE
Policy Form GR-N380

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 or as provided under the policy's Waiver of Premium provision, 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 *Medicare Supplement Buyer's Guide* 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 INSURANCE 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; or (c) Medical Necessity.

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 expenses covered under the policy; and (b) the Maximum Monthly Benefit amount for Home and Community Based Care expenses covered under the policy.

The Elimination Period is the number of days you must incur expenses for services covered by the policy before benefits are payable. The Elimination Period has to be satisfied only once for each Insured. There is no time limit during which the Elimination Period must be satisfied. Three (3) days of Home and Community-Based Care received during a week will count as seven (7) days toward satisfaction of the Elimination Period. The Elimination Period does not apply to Caregiver Training, Home Modifications, Hospice, Monitoring Equipment or Respite benefits. The Elimination Period is _____ days.

The total amount of benefits payable under the policy is subject to a Maximum Benefit for Any One Period of Expense. The Maximum Benefit for Any One Period of Expense is \$_____.

FACILITY CARE BENEFITS

MAXIMUM DAILY BENEFIT \$ _____

A. Nursing Facility Care

The charges incurred, up to the Maximum Daily Benefit, for care (including room, board, ancillary services and supplies) provided while confined in a Nursing Facility (whether for a skilled, intermediate, or custodial level of care). "Nursing Facility" is an institution which is licensed by the appropriate federal or state agency to engage primarily in providing care and services sufficient to support needs resulting from inability to perform Activities of Daily Living or Cognitive Impairment. A Nursing Facility is not a Hospital, a place that primarily treats Mental Illness, drug addiction or alcoholism, an Insured's primary place of residence in an area used principally for independent residential living (including, but not limited to, boarding homes and adult foster care facilities); a home for the aged, rest home, a place that primarily provides domiciliary, residency or retirement care, a substantially similar establishment, or a place owned or operated by a member of the Immediate Family.

B. Residential Facility Care

The charges incurred for 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 Prescribed 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 Long Term Care Facility or Residential Care Facility. We'll pay up to a total of 30 days each Calendar Year.

HOME AND COMMUNITY BASED CARE BENEFITS

MAXIMUM MONTHLY BENEFIT \$ _____

A. Home Health Care Benefit

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 Care

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. Benefit 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 and (a) there is no reasonable prospect of cure; and (2) life expectancy is one year or less.

- 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. Caregiver Training Benefit
The charges incurred for Caregiver Training if an Insured requires 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, per Insured, equal to 25% of the Maximum Monthly Benefit amount. The Elimination Period and Restoration of Benefits provisions do not apply to this benefit.
- C. 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. The Elimination Period and Restoration of Benefits provisions 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.
- D. Home Modifications
The charges incurred, up to 30 times the Maximum Daily Benefit, for modifications to your home which allow the Insured to remain at home. "Home Modifications" means installation of certain equipment in, or physical modification to, an Insured's home. Home Modifications include, but are not limited to, ramps, grab bars, devices for intravenous injections or other equipment that allow an Insured to stay at home. Home Modifications must be: (a) recommended by the Insured's Physician or a multidisciplinary team; (b) be agreed to by the Insured, a Licensed Health Care Practitioner and Us; and (c) consist of Long Term Care Services. The Elimination Period and Restoration of Benefits provisions do not apply to this benefit.

OPTIONAL BENEFIT RIDERS

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 Long-Term Care Services covered by the policy at time of lapse will be payable until this reduced paid up benefit amount is exhausted.

SURVIVOR MAXIMUM BENEFIT INCREASE RIDER 226A-CA(02)

If this rider is attached to the policy and either you or your spouse die, we will increase the surviving spouse's Maximum Benefit by fifty percent (50%) of the deceased spouse's Maximum Benefit in effect 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. Premium for this rider will be charged for the life of the policy, even after Your benefits increase by reason of Your spouses death.

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 (including the premium for any attached benefit riders). 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 223G-CA

If this rider is attached to the policy and an Insured exhausts the policy's Maximum Benefit, we will continue to pay benefits for that Insured until the Shared Maximum Benefit is exhausted. The Shared Maximum Benefit is an additional amount of benefits, equal to your 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 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.

If an Insured dies, 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.

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; OR (b) a Physician must certify the Insured requires such services for Medically Necessary Care; AND (c) 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.

Medically Necessary Care means all medical services and supplies which: (a) are provided in accordance with accepted standards of medical practice; (b) are provided as needed by the patient's condition; (c) do not exceed in scope, duration, or intensity that level of care which is needed to provide safe, adequate and appropriate care; and (d) where ongoing treatment is not provided solely for the patient's, patient's family, or Physician's convenience.

RESTORATION OF POLICY BENEFITS

The policy's Maximum Benefit for Any One Period of Expense will be fully restored when an Insured no longer requires or receives Long-Term Care Services for 180 consecutive days for the same cause or causes for which a previous Period of Expense began.

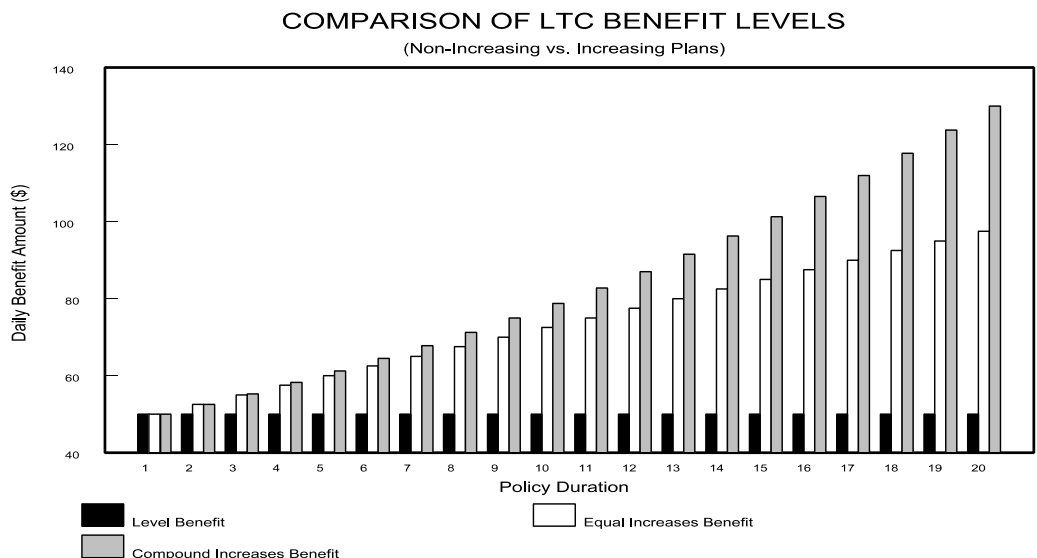
- 7. LIMITATIONS AND EXCLUSIONS** – We won't cover expenses incurred:
- a. Due to war or act of war;
 - b. To the extent they're paid under Medicare or any other government insurance plan (except Medi-cal).
 - c. For services or supplies provided by a member of the Immediate Family;
 - d. For which no charge is customarily made in the absence of insurance; or
 - e. For personal, comfort or convenience items (such as television, radio or telephone), furnished at the Insured's request during a stay in a Nursing Facility or Residential Care Facility.

THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.

- 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 Maximum Benefit will increase by the percentage you choose (3%, 4% or 5%). If you select the Equal Increases Benefit Option, your original Maximum Daily Benefit amount and Maximum Benefit will increase by 5%. These increases will take place on each policy anniversary for as long as the policy is in force. These increases will be made without regard to claims paid. 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 – THIS POLICY IS GUARANTEED RENEWABLE FOR LIFE. That means your coverage will continue for life as long as you pay the premium within the allowable time. We cannot make any change in the coverage or benefits without your consent. We may change the premium but only if the premium change is approved by the California Department of Insurance and the change also applies to all other Bankers Life and Casualty Company policies with this form number issued in California.

Waiver of Premium - After you have incurred expenses for Long Term Care Services covered under the policy for 90 days within Any One Period of Expense, we'll waive the payment of any premium for the policy and any attached benefit riders. Premiums will be waived as long as the Insured continues to incur expenses for Long Term Care Services covered under this policy and has not exhausted the Maximum Benefit. If an Insured is receiving Home and Community-Based Care services, then seven (7) days will be counted toward the 90 day Waiver of Premium period for each week that three (3) or more days of Home and Community-Based Care is received.

10. ALZHEIMER'S DISEASE, ORGANIC BRAIN DISORDERS AND RELATED MENTAL DISEASES- The policy covers loss due to Mental Illness, Alzheimer's Disease, organic disorders or related degenerative and dementing illness if you have at least two (2) Impairments in the Activities of Daily Living, are Cognitively Impaired or require Medically Necessary Care.

11. PREMIUM:	<input type="checkbox"/> Standard	<input type="checkbox"/> Preferred	ANNUAL PREMIUM
BASIC COVERAGE			\$ _____
<input type="checkbox"/> Additional Premium for Compound Increases Option			
<input type="checkbox"/> 3% Compound Increase Option			\$ _____
<input type="checkbox"/> 4% Compound Increase Option			\$ _____
<input type="checkbox"/> 5% Compound Increase Option			\$ _____
<input type="checkbox"/> Additional Premium for Equal Increases Option			\$ _____
<input type="checkbox"/> Additional Prem. for Limited Prem. Payment Period Rider 242A for 10 yrs.			\$ <u>Not Available</u>
<input type="checkbox"/> Additional Prem. for Limited Prem. Payment Period Rider 242A for 20 yrs.			\$ <u>Not Available</u>
<input type="checkbox"/> Additional Premium for Non-forfeiture Benefit Rider 216P(02)			\$ _____
<input type="checkbox"/> Additional Premium for Survivor Max. Benefit Increase Rider 226A-CA(02)			\$ _____
<input type="checkbox"/> Additional Premium for Paid-Up Survivorship Rider 226G-CA(02)			\$ _____
<input type="checkbox"/> Additional Premium for Shared Maximum Benefit Rider 223G-CA			\$ _____
<input type="checkbox"/> Spousal Premium Discount Rider 1999CA(NP) (Applies when your spouse is also issued this coverage.)			_____ %
OR			
<input type="checkbox"/> Companion Premium Discount Rider 14838 (Applies when your companion is also issued this coverage.)			_____ %
Total Annual Premium			\$ _____

If this policy is replacing an existing long term care policy you have with Bankers Life and Casualty, 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 medical underwriting which includes an evaluation of 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.

Spousal Premium Discount Rider 1999CA(NP) - We will discount the annual premium of this policy if both you and your spouse apply for and are accepted for this coverage. The premium discount will be applied toward the total annual premium of both your and your spouse's policy. If a prior coverage premium credit was applied toward your total annual premium, the spousal premium discount under rider 1999CA(NP) will be applied to the total annual premium after the prior coverage premium credit was given.

The discount will end on the renewal date that falls on or after the date your or your spouse's coverage ends for non-payment of premium.

Patient Care Coordination - This policy offers an optional Patient Care Coordination program. 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.

Limited Premium Payment Period Rider 242A – This policy 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.

- 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.