To be retained by the APPLICANT(S)

❑ Policy Form No. ILTC-5000 (CA) (0112)	Individual Comprehensive Long-Term Care Insurance Policy
❑ Policy Form No. INH-5000 (CA) (0112)	Individual Nursing Facility and Residential Care Facility Only Insurance Policy

FEDERAL TAX-QUALIFIED COVERAGE: THIS CONTRACT FOR LONG-TERM CARE INSURANCE IS INTENDED TO BE A FEDERALLY QUALIFIED LONG-TERM CARE INSURANCE CONTRACT AND MAY QUALIFY YOU FOR FEDERAL AND STATE TAX BENEFITS.

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.

FOR INFORMATION ABOUT POLICIES AND CERTIFICATES QUALIFYING UNDER THE CALIFORNIA PARTNERSHP FOR LONG-TERM CARE, CALL THE HEALTH INSURANCE COUNSELING AND ADVOCACY PROGRAM AT THE TOLL-FREE NUMBER, 1-800-434-0222.

Caution: The issuance of this Long-Term Care Insurance Policy is based upon Your responses to questions on Your Application. A copy of Your Application is attached to Your Policy when issued. If Your answers are incorrect or untrue, New York Life Insurance Company has the right to deny benefits or rescind Your Policy. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of Your answers are incorrect, contact New York Life, Long-Term Care at 6200 Bridge Point Parkway, Suite 400, Austin, Texas 78730-5006.

Notice to Buyer: The Policy may not cover all of the costs associated with the 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 long-term care insurance or nursing facility and residential care facility only insurance that is issued in California, the state of solicitation of the Policy and the state where the application was signed.

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 Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both You and New York Life Insurance Company (herein referred to as New York Life, We, Our, or Us). 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.**

   a. **30-Day Free Look.** You have 30 days from the day You receive the Policy to examine it. If You are not satisfied with the Policy for any reason within 30 days of receipt, You may return it to New York Life, Long-Term Care, P. O. Box 149009, Austin, Texas 78714-9955 or to Your producer. Upon Our receipt of any Policy You have returned within the initial 30 days, We will return any premium paid and coverage will be void from the start.

   b. **Premium Refund for Voluntary Policy Surrender or Upon Your Death.** If Your Policy terminates for any reason, We will refund to You any premiums that You have paid past the date of termination. Any payments We make after We receive notification of Your death will be made to Your estate.

4. **THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If You are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from Us or Your producer. Neither New York Life nor its producers 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 Facility, in the community or in the home.

   The Policy provides coverage in the form of an expense reimbursed benefit for covered qualified long-term care expenses, subject to benefit eligibility, policy limitations, elimination periods, and daily and lifetime policy maximums.

6. **NURSING FACILITY BENEFITS PROVIDED BY THE POLICY.**

   a. **Elimination Period and Policy Maximums.**

      (1) **Elimination Period.** The Policy contains an Elimination Period, which is like a deductible. The Elimination Period is the initial number of days that You must receive care or services before benefit payments will begin. The Policy will not pay for care or services received or provided during the Elimination Period. Only days on which You receive care or services covered either under the Policy or by Medicare count toward meeting the Elimination Period. Some Benefits are not subject to the Elimination Period and amounts paid for those Benefits will not count toward satisfying the Elimination Period. The Benefit descriptions below indicate if that Benefit is subject to the Elimination Period.

      Once You have met all the conditions of the Eligibility for Payment of Benefits provision and have satisfied the Elimination Period, the Policy will begin paying benefits for covered care or services. The days counted toward Your Elimination Period do not have to be consecutive, but only service days will be counted, subject to the provisions of the Policy.

      The Policy has an Elimination Period of 20, 90, 180 or 365 days. You select the Elimination Period You want for Your Policy at the time of application.

      (2) **Policy Maximums.** The Policy contains maximum benefits that may be paid for certain Benefits.

         (a) **Policy Lifetime Maximum Benefit.** The Policy Lifetime Maximum Benefit is the maximum dollar amount that will be payable for Benefits under the Policy. The Policy Lifetime Maximum Benefit is shown in the Schedule of Benefits of Your Policy. No further benefits are payable once the total benefits paid equals the Policy Lifetime Maximum Benefit.

         The Policy Lifetime Maximum Benefit is determined by multiplying the Nursing Facility Maximum Daily Benefit by a multiplier. The multiplier is the number of days in the benefit period selected by You at the time of application. The benefit periods and multipliers are: 2 years (730 days), 3 years (1095 days), 4 years (1460 days), 5 years (1825 days), 7 years (2,555 days), 10 years (3,650 days) and Unlimited (lifetime) (no multiplier).

For example, if You select $100 per day as Your Nursing Facility Maximum Daily Benefit and You select a 2-year benefit period, Your Policy Lifetime Maximum Benefit would be:

$100 X 730 (2 years times 365 days) = $73,000.00

(b) **Nursing Facility Maximum Daily Benefit.** The Nursing Facility Maximum Daily Benefit is the maximum dollar amount payable for any one day of care in a Nursing Facility or a Residential Care Facility. The Nursing Facility Maximum Daily Benefit is selected by You at the time of application and is described below.

(c) **Home and Community-Based Care Maximum Daily Benefit.** The Home and Community-Based Care Maximum Daily Benefit is the maximum dollar amount that is payable on any one day, except as provided for the Advantages of Using the Care Coordinator provision described below.

The Home and Community-Based Care Maximum Daily Benefit is a percentage of the Nursing Facility Maximum Daily Benefit and that percentage is selected by You at the time of application. The allowable percentages are:

- 0% (for a Policy with no Home and Community-Based Care Benefits – Nursing Facility and Residential Care Facility Only Insurance; or
- 50% to 100% in 10% increments. **The minimum You must have for Home and Community-Based Care is $50 per day.**

(d) Other maximum benefits or limits to benefit payments are described in the Benefit provisions to which they apply. Benefit provisions are described below and are described in more detail in the Policy. The Limitations and Exclusions of the Policy are described both below and in the Policy. In the case of any conflict between descriptions in this Outline of Coverage and the Policy, the Policy language will govern.

b. **Institutional Benefits.**

(1) **Nursing Facility Care or Residential Care Facility Benefit.** We will pay the Eligible Charges for each day that You are confined in a Nursing Facility or a Residential Care Facility for up to the Nursing Facility Maximum Daily Benefit selected, provided that Your stay must begin while Your coverage under the Policy is in force.

(a) The Eligible Charges of a Nursing Facility or a Residential Care Facility include only the daily charge to inpatients for room and board plus ancillary supplies and services.

(b) The Eligible Charges while You are confined in a Residential Care Facility may include other charges covered by the Policy up to the Nursing Facility Maximum Daily Benefit.

(c) The Elimination Period applies to this Benefit, and amounts We pay will count against the Policy Lifetime Maximum Benefit.

Nursing Facility Maximum Daily Benefit: $100 to $400 based on Your selection.

Reminder: The Daily Benefit for Home and Community-Based Care is $50 per day.

(2) **Bed Hold Reservation Benefit.** After You have been approved for and are receiving benefits for Nursing Facility or Residential Care Facility benefits, We will pay a benefit for each day (up to 30 days per calendar year) to assure a place will be available for You when You return from a temporary absence for any reason.

(3) **Extended Coverage Benefit.** If You are confined in a Nursing Facility or a Residential Care Facility and You are receiving benefits while the Policy is in force, and You continue to be confined without interruption after the Policy lapses or terminates, We will extend benefits by continuing to pay benefits for such confinement while You remain so confined, up to the Policy Lifetime Maximum Benefit.

c. **Non-Institutional Benefits.**

(1) **Home and Community-Based Care.** These Benefits are available when You receive care or services in Your home or residence, in the community or when You are confined in a Residential Care Facility. For each day You receive Home and Community-Based Care, We will pay the Eligible Charges for the Home and Community-Based Care You receive on that day, up to the Home and Community-Based Care Maximum Daily Benefit. Home and Community-Based Care includes Home Health Care, Adult Day Care, Personal Care and Homemaker Services. Such services may be provided by skilled or unskilled workers, **but will not be paid when services are provided by a Family Member who lives in Your home or residence.** You may not receive Home and Community-Based Care Benefits while you are confined in a Nursing Facility. **(These benefits are not available in the Nursing Facility and Residential Care Facility Only Insurance Policy.)**

(a) **Home Health Care.** Benefits for Home Health Care are only payable if provided by a person who:

(i) Is employed by a Home Health Agency; or

(ii) Is properly licensed to provide such services, if licensure is required by the jurisdiction where the care or services are performed.

(b) **Adult Day Care.** Benefits for Adult Day Care are payable for Eligible Charges for care and services provided by an Adult Day Care Center.

(c) **Homemaker Services.** Benefits for Homemaker Services are payable when such services are performed by a person who:

(i) Is employed by a Home Health Agency; or

(ii) Is properly licensed to provide such services if licensure is required by the jurisdiction where the care or services are performed.

(d) **Personal Care.** Benefits for *Personal Care* are only payable when such services are performed by a person who:

(i) Is employed by a Home Health Agency; or

(ii) Is properly licensed to provide such services if licensure is required by the jurisdiction where the care or services are performed.

(e) **Other Considerations.** You cannot receive benefits under the Home and Community-Based Care Benefit for any day on which We are also paying Nursing Facility Benefits or other benefits because You are confined in a Nursing Facility.

The Eligible Charges while You are confined in a Residential Care Facility may include other charges covered by the Policy up to the Nursing Facility Maximum Daily Benefit.

The Elimination Period applies to this Benefit. Any amounts We pay under this Benefit will be counted against the Policy Lifetime Maximum Benefit.

d. **Other Benefits Included in The Policy**

(1) **Durable Medical Equipment Benefit.** We will pay the charges You incur to purchase or rent Durable Medical Equipment, up to the Durable Medical Equipment Lifetime Maximum Benefit, provided that the Durable Medical Equipment must be prescribed in Your Plan of Care; and

(a) Be first purchased or rented after the Policy Effective Date.

(b) The Durable Medical Equipment must enable You to perform any of the Activities of Daily Living and allow You to remain in Your home for an expected period of at least 90 days after the purchase or rental; and

(c) The Durable Medical Equipment must not materially increase the value of Your home or residence.

The Elimination Period does not apply to the Durable Medical Equipment Benefit. Any benefits We pay under this Benefit will not be considered daily benefits. **(This benefit is <u>not</u> available in the Nursing Facility and Residential Care Facility Only Insurance Policy.)**

(2) **Care Coordinator Benefit.** We will pay the Care Coordinator's charges to prescribe a Plan of Care for You, if You request the Care Coordinator Benefit. We will pay the charges for the Care Coordinator, except if You elect to provide Us with a Plan of Care from a Licensed Health Care Practitioner instead of the Care Coordinator, We will evaluate Your claim and pay benefits in accordance with the Policy's provisions.

(a) While You are following the Plan of Care prescribed for You by the Care Coordinator, We will also pay:

(i) The charges of the Care Coordinator to determine if You remain a Chronically Ill Individual and to prescribe a current Plan of Care for You at least annually; and

(ii) The Care Coordinator's charges to coordinate the services You receive under Your Plan of Care.

You do not have to meet the Elimination Period to use the Care Coordinator, and the amounts We pay the Care Coordinator do not count against Your Policy Lifetime Maximum Benefit. You must, however, satisfy the applicable Elimination Period before We will pay benefits for any care or services the Care Coordinator coordinates, and the benefits We pay will count against the Policy Lifetime Maximum Benefit as provided in each Benefit.

(b) **Advantages of Using the Care Coordinator.** While You are following the Plan of Care prescribed by the Care Coordinator, We will also enhance Your Home and Community-Based Care Benefit as follows: **(This benefit is not available in the Nursing Facility and Residential Care Facility Only Insurance Policy.)**

(i) We will reduce the Elimination Period that must be satisfied before the Home and Community-Based Care benefits are payable to 20 days of service. The full Elimination Period must be satisfied before benefits other than Home and Community-Based Care are payable.

(ii) We will determine Your Home and Community-Based Care benefits on a monthly, rather than a daily basis. This means that We will pay the Eligible Charges You incur for Home and Community-Based Care benefits in any calendar month, up to 31 times the Home and Community Based Care Maximum Daily Benefit shown on the Schedule of Benefits of the Policy.

(iii) We will pay a benefit for each day on which You receive at least 4 hours of Informal Care **(which will not be paid when provided by a Family Member who lives in Your home or residence)** and on which no other covered services are provided. We will pay:

1. An Informal Care daily indemnity benefit of **50% of the Home and Community-Based Care Maximum Benefit**; up to
2. A lifetime maximum of 365 days while Your coverage is in force.

(3) **Informal Caregiver Training Benefit.** We will pay the cost of training a person to provide You with Informal Care in Your residence, up to a lifetime maximum of 5 times the Nursing Facility Maximum Daily Benefit, provided that:

(a) The training must be prescribed in Your Plan of Care;

(b) The training cannot be received while You are confined in a hospital, Nursing Facility or a Residential Care Facility, unless it is expected that You will return home where the person that is receiving the training can care for You; and

(c) We will not pay any benefits to train an individual who will be providing care other than Informal Care for You.

You do not have to meet the Elimination Period to use this Benefit. The benefits We pay under this Benefit are not considered a daily benefit, and days on which any person is being trained under this Benefit do not count toward satisfying the Elimination Period.

(4) **Respite Care Benefit.** We will pay a benefit for each day You receive care, up to a maximum of 21 days per calendar year, to allow those caring for You at home to get temporary relief (for example, for a holiday, vacation, or emergency).

(a) For each day that You receive care and are confined in a Nursing Facility or a Residential Care Facility, We will pay the Eligible Charges of the Nursing Facility or Residential Care Facility, up to the Nursing Facility Maximum Daily Benefit.

(b) For each day that You receive Home and Community-Based Care, We will pay the Eligible Charges for Home and Community-Based Care, up to the Home and Community-Based Care Maximum Daily Benefit.

You do not have to meet the Elimination Period before We will pay benefits under this Benefit, and the days for which We pay benefits under this Benefit do not count toward satisfying the Elimination Period.

(5) **Hospice Care Benefit.** If You become Terminally Ill, for each day You receive care provided by a Hospice, We will pay:

(a) The Eligible Charges of the Hospice; up to

(b) The Nursing Facility Maximum Daily Benefit amount.

(c) Provided that You meet all of the requirements of the Eligibility For The Payment Of Benefits provision of the Policy.

The Elimination Period does not apply to this Benefit, and the days on which We pay benefits under this Benefit do not count toward satisfying the Elimination Period.

(6) **World Wide Coverage Benefit.** If You become eligible for benefits while outside the United States or its territories, the Policy will pay its benefits in accordance with its terms for Eligible Charges You incur for covered services received outside the United States or its territories, up to a lifetime maximum of 100 times the Nursing Facility Maximum Daily Benefit.

(7) **Request for Non Listed Benefits.** Once You have met all of the conditions of the Eligibility For The Payment of Benefits provision, You may request a Request for Non Listed Benefits. If We agree, We will pay benefits in accordance with the Request for Non Listed Benefits provision of the policy. The following additional terms apply under this Benefit:

(a) Except as We expressly agree in the Request for Non Listed Benefits, Your rights and Ours will be governed by all of the Policy terms.

(b) All of the benefits We agree to pay under the Request for Non Listed Benefits must be for Qualified Long-Term Care Services as defined in Internal Revenue Code Section 7702B(c).

(c) We may agree with You only for a set period of time (for example, one year). At the end of that period of time, the Request for Non Listed Benefits will end unless We agree with You to renew it. You may terminate a Request for Non Listed Benefits at any time, by giving Us at least 15 days advance written notice of the termination.

(d) After a Request for Non Listed Benefits terminates, We will resume paying benefits for Eligible Charges You incur in accordance with all of the terms of the Policy.

(e) Requests for Non Listed Benefits are necessarily unique to each insured, and We reserve the right to decline to agree to any such request, or to any proposed term of a Request for Non Listed Benefits, but We will consider all requests for a Request for Non Listed Benefits on a non-discriminatory basis.

(8) **Waiver of Premium Benefit.** After You have satisfied the Elimination Period and are receiving benefits under the Policy, the premium payments which become due will be waived. You do not have to pay any premium payments until You are no longer receiving benefits. If Your premium payment mode is other than monthly, Your premium payment mode will be changed to monthly. If Your premium payment mode is other than monthly when You begin to actually receive benefits, any premium which You have already paid for any coverage during the period for which premiums are waived will be returned to You.

(9) **Contingent Nonforfeiture Benefit.** The Contingent Nonforfeiture Benefit will be triggered if you do not have the Optional Nonforfeiture Benefit Rider in force and if:

(a) We increase the premium rates to a level which results in a substantial cumulative increase in the premiums for the policy; and

(b) This Policy lapses within 120 days of the due date of the premium so increased.

The purchase of additional coverage will not be considered a premium rate increase, nor will a reduction in benefits be considered a premium change.

On or before the effective date of a substantial premium increase that could trigger the Contingent Nonforfeiture Benefit, we will:

(a) Offer to reduce the benefits of the Policy so that the current premium payments are not increased;

(b) Offer to convert the coverage to a paid-up status with a shortened benefit period based on the contingent nonforfeiture benefit amount. This option may be elected at any time during the 120-day period; and

(c) Notify You that a lapse at any time during the 120-day period will be deemed to be the election of the offer to convert to paid-up coverage.

If the Contingent Nonforfeiture Benefit becomes effective, then benefits will be payable under the Policy any time You qualify for benefits during the remainder of Your life; subject to all the terms and conditions of the Policy; and will be based on all the Maximum Daily Benefit(s) and Lifetime Maximum Benefit(s) in effect at the time of lapse and not increased after lapse.

The contingent nonforfeiture benefit amount will be the greater of 100 percent of the sum of all premiums paid, including the premiums paid prior to any changes in benefits or thirty (30) times the Nursing Facility Maximum Daily Benefit at the time of lapse.

The contingent nonforfeiture benefit amount will not exceed the remaining Policy Lifetime Maximum Benefit at the time the Policy lapses and the Contingent Nonforfeiture Benefit becomes effective.

(10) **Restoration Benefit.** For each complete year following Your recovery from a loss for which benefits have been paid under the Policy, We will add to Your Policy Lifetime Maximum Benefit 100 times the Nursing Facility Maximum Daily Benefit. The Policy Lifetime Maximum Benefit will never be greater than it would have been if no benefits had been payable under the Policy. Only Your Policy Lifetime Maximum Benefit is affected by this Benefit. Any other Limitations and Exclusions on individual benefit payments contained in the Policy remain unaffected by this provision.

(11) **Optional Benefits.** In addition to the Optional Riders described in the Relationship of Cost of Care and Benefits provision below, the following are optional benefits that You may select and which will be provided at an additional premium cost:

(a) **Shared Care Rider.** This optional rider can be selected when both spouses have identical long-term care insurance policies in force with New York Life Insurance Company with the same Policy Effective Dates. If both policies are in force when one of the insured spouse's Policy Lifetime Maximum Benefit is reached, additional benefits will be payable under that insured's policy up to the Shared Care Maximum Benefit. The Shared Care Maximum Benefit of one spouse will be reduced by any benefits previously paid for the other spouse under the Shared Care Rider attached to that person's Policy. This optional rider has additional requirements to keep the Rider in force that are described in the termination section of the Rider.

Divorce or dissolution of marriage will not automatically terminate this Rider. Divorce or dissolution of marriage will not cause the premiums of this rider to increase.

(b) **Couples Additional Benefit Rider.** This optional rider can be selected when both spouses have identical long-term care insurance policies in force with New York Life Insurance Company with the same Policy Effective Dates. This optional rider has additional requirements to keep the rider in force that are described in the termination section of the Rider. Each of the following additional benefits will be payable while the Rider remains in force with respect to that additional benefit:

(i) **Spousal Premium Waiver Benefit.** This Benefit will waive the premiums for the Policy and any attached Riders for any period of time for which Your spouse's premiums are waived due to the Waiver of Premium provision of the spouse's Policy. The waiver does not include unscheduled increases in coverage amounts or other changes to the Policy after Spousal Premium Waiver Benefits become payable.

(ii) **Spousal Elimination Period Benefit.** This Benefit will allow any day either You or Your spouse is eligible for benefits to count toward Your Elimination Period. Any day You and Your spouse are both eligible for benefits will count as two days toward Your Elimination Period.

(iii) **Survivorship Benefit.** This Benefit provides that if Your spouse dies after Your spouse's Policy has remained in effect for at least 10 years while this Benefit remains in force, then Your Policy, including any attached Riders, will become paid-up and no further premium payments will be required. This Benefit will terminate on the earliest of the following to occur:

1. You become eligible for benefits under the Policy within the first 10 years it is in force;
2. Your spouse becomes eligible for benefits under Your Spouse's Policy within the first 10 years it is in force; or
3. The Couples Additional Benefit Rider terminates.

Divorce or dissolution of marriage will not automatically terminate this Rider. Divorce or dissolution of marriage will not cause the premiums of this rider to increase.

(c) **Return of Premium Upon Death Benefit Rider.** This Benefit provides that if You die while this Rider and Your Policy are in force a Return of Premium Upon Death Benefit will be paid in one lump sum to Your estate. The amount payable will be calculated as follows:

(i) The sum of all premiums paid for Your Policy (with no accumulation for interest and excluding any premiums waived);

(ii) Less the amount of any benefits paid or payable under Your Policy.

Coverage under this Rider will terminate when the first of the following occurs:

(i) Your coverage under the Policy ends;

(ii) The first day of the following month after You notify Us in writing that You wish to terminate Your coverage under this Rider;

(iii) The Premium Due Date of any premium for this Rider not paid by the end of the Grace Period; or

(iv) The first day You become eligible for an Optional Nonforfeiture Benefit or a Contingent Nonforfeiture Benefit.

No Return of Premium Upon Death Benefit will be paid if You die after this Rider terminates.

NOTE: The payment of the Return of Premium Upon Death Benefit may have Federal Income Tax consequences. New York Life Insurance Company does not give legal or tax advice. However, We do recommend that You consult a qualified tax professional or attorney to determine any tax implications.

(d) **Optional Nonforfeiture Benefit Rider.** If this optional Rider is selected, the Rider will provide for a period of paid-up long-term care insurance coverage after the Policy lapses after having been in force for 3 years. During this paid-up period, benefits will be payable in the same manner as if the Policy had remained in force, based on the Daily Maximum Benefit(s) in effect at the time of lapse. The Daily Maximum Benefit(s) will not increase after lapse. The total amount payable for claims after the Policy lapses will be limited to the nonforfeiture benefit amount. The nonforfeiture benefit amount will be the lesser of:

(i) One hundred percent (100%) of the total sum of all premiums paid while the Policy was in force; or

(ii) The Policy Lifetime Maximum Benefit, reduced by the sum of all the benefits paid while the Policy was in force and prior to lapse.

Provided that the nonforfeiture benefit amount described above will not be less than:

(i) Thirty (30) times the Nursing Facility Maximum Daily Benefit in effect at the time of lapse if the Policy and this Benefit have been in force for at least 3 years, but less than 10 years; or

(ii) Ninety (90) times the Nursing Facility Maximum Daily Benefit in effect at the time of lapse if the Policy and this Benefit have been in force for 10 years or more.

No benefit is payable under this optional rider if the Policy lapses before it has been in effect for at least 3 years.

e. **Eligibility for Payment of Benefits.**

(1) You will be eligible for payment of benefits provided by the Policy when We determine that You:

(a) Are unable to perform without Substantial Assistance from another individual 2 or more of the Activities of Daily Living due to a loss in functional capacity which is expected to last at least 90 days; or

(b) Have suffered a Severe Cognitive Impairment.

You are considered to be able to perform an Activity of Daily Living if You are able to perform that activity with the aid of equipment, but without the Substantial Assistance of another person.

The Activities of Daily Living include Bathing, Continence, Dressing, Eating, Toileting, and Transferring and are defined as follows:

- Bathing, means washing Yourself by sponge bath or in either a tub or shower, including the task of getting into or out of the tub or shower.
- Continence, means Your ability to maintain control of bowel and bladder functions; or when unable to maintain control of bowel or bladder functions, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag.)
- Dressing, means putting on and taking off all items of clothing and any necessary braces, fasteners, or artificial limbs.
- Eating, means feeding Yourself by getting food into Your body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.
- Toileting, means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- Transferring, means moving into or out of a bed, chair or wheelchair.

Severe Cognitive Impairment means Cognitive Impairment such that You require Substantial Supervision to protect Yourself or others from threats to health and safety. Cognitive Impairment means a deficiency in a person's:

- Short or long-term memory;
- Orientation as to person, place, and time;
- Deductive or abstract reasoning; or
- Judgment as it relates to safety awareness.

The loss or deterioration of intellectual ability is determined using reliable tests and clinical evidence demonstrating the impairment. Loss of intellectual ability can result from Alzheimer's Disease or similar forms of senility or irreversible dementia or other mental illness.

(2) We will confirm Your eligibility by:

(a) Having an Assessment performed at Our request and Our expense to confirm Your functional and cognitive status;

(b) Having You certified by a Licensed Health Care Practitioner as a Chronically Ill Individual;

(c) Reviewing the written Plan of Care prescribed for You by a Licensed Health Care Practitioner insuring that it prescribes the types of care, services or supplies that You need; and

(d) Making sure that the care and services You receive are in accordance with that Plan of Care.

(3) Before any benefit payments are payable:

(a) You must have satisfied the Elimination Period; and

(b) Be receiving care and services that are provided for in the Policy.

(4) Additional Considerations for Payment of Benefits:

(a) No benefits are payable if an Exclusion or Limitation described in the Policy applies.

(b) The benefits We pay under the Policy will count toward the Policy Lifetime Maximum Benefit, except as expressly provided in a Benefit provision.

(c) The care and services for which You claim benefits must be prescribed in a written Plan of Care.

(d) The Policy must remain in force except as provided in the Extended Coverage Benefit.

7. **LIMITATIONS AND EXCLUSIONS.**

a. **Preexisting Conditions.** The Policy while it is in force will pay benefits for Eligible Charges that are the result of preexisting conditions.

b. **Non-Eligible Facilities and Providers.** The Policy will not pay for Eligible Charges that are provided by facilities or providers that do not meet the requirements for that type of facility or provider as described in the Policy.

c. **Non-Eligible Levels of Care.** The Policy does not pay benefits for unlicensed providers, care or treatment provided by immediate family members.

d. **General Limitations and Exclusions.**

(1) Due to war, whether declared or undeclared;

(2) Due to attempted suicide, or any intentionally self-inflicted injury;

(3) As a result of voluntary participation in a riot or attempting to commit an assault or felony;

(4) For care received outside of the United States or its territories except as provided in the World Wide Coverage Benefit;

(5) Which would not be made in the absence of this insurance;

(6) For treatment of alcoholism and drug addiction unless the drug addiction was a result of the administration of drugs as part of treatment by a Physician;

(7) For treatment provided in a government facility unless We are required by law to cover the charges;

(8) For treatment of an injury or sickness which would entitle You to benefits under any state or federal workers' compensation, employers' liability or occupational disease law;

(9) From Family Members unless the Family Member is a regular employee of an organization which is providing the services, and the organization receives the payment for the services; and the Family Member receives no compensation other than the normal compensation for employees in his or her job category;

(10) For *Informal Care* provided by *Family Members* who live in Your home or residence (The Informal Care Benefit is not available in the Nursing Facility and Residential Care Facility Only Insurance Policy);

(11) For prescription drugs, unless You incur such charges while a resident in a Nursing Facility or a Residential Care Facility and the facility charges include such prescription drugs;

(12) To the extent that benefits are payable by Medicare or would be payable except for the application of a deductible or coinsurance amount;

(13) To the extent that benefits are payable under no-fault motor vehicle insurance benefits;

(14) For items of comfort such as toiletries, television rental, beauty and hair charges.

e. **Specific Limitations and Exclusions.**

(1) **Maximum Benefits.** The maximum benefits We will pay are shown on the Schedule of Benefits of the Policy. We will not pay for Home and Community-Based Care on any day that You are confined in a Nursing Facility. Home and Community-Based Care benefits may be paid on any day You are confined in a Residential Care Facility provided the total benefits payable for that day will not exceed the Nursing Facility Maximum Daily Benefit.

(2) **Policy Lifetime Maximum Benefit.** This is the maximum dollar amount that is payable by the Policy during the lifetime of the Policy.

(3) **Chronically Ill Individual Certification.** This is a certification, at least once every 12 months, made by a Licensed Health Care Practitioner, certifying that You are a Chronically Ill Individual per the provisions of the Policy. No benefits are payable unless You are certified as a Chronically Ill Individual.

(4) **Care Not Included in a Plan of Care.** The Policy does not pay benefits for care or services unless such care and services are prescribed in a written Plan of Care prepared by a Licensed Health Care Practitioner.

(5) **Effect of Federal Law.** No benefits are payable under the Policy which would cause the Policy to fail to qualify as a Qualified Long-Term Care Insurance Contract under Sections 7702B(b) of the Internal Revenue Code.

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

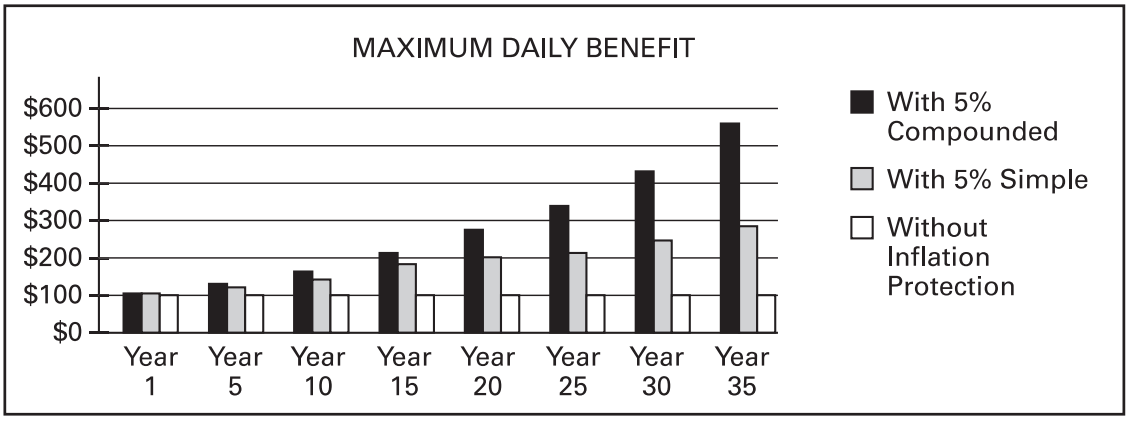
8. **RELATIONSHIP OF COST OF CARE AND BENEFITS.** Because the costs of long-term care services will likely increase over time, You should consider whether and how the benefits of the Policy may be adjusted. Unless You select the 5% Compound Annually for Life Inflation Protection Rider, the Simple Increases Annually for Life Inflation Protection Rider, or one of the CPI-U Benefit Increase Options (all described below), the Policy benefit levels will not increase over time without additional underwriting or health screening.

   a. **5% Compound Annually for Life Inflation Protection Rider.** If this optional Rider is selected, We will increase all of the Maximum Daily Benefit(s) and the Lifetime Maximum Benefit(s) on each Policy Anniversary Date while both the Policy and the Rider are in force. Each annual increase will be 5% of the Maximum Daily Benefits just prior to the increase, depending upon Your selection. All Lifetime Maximum Benefits will be increased by the same percentage. When calculating the Lifetime Maximum Benefits, claims which have been paid will not be considered. Your coverage will increase without additional underwriting or health screening. Your premiums, however, will not increase as a result of the increases provided for by this optional rider. If You do not want the 5% Compound Annually for Life rider You must positively reject the offer in the Acknowledgement section of Your application before You can select any other inflation protection options.

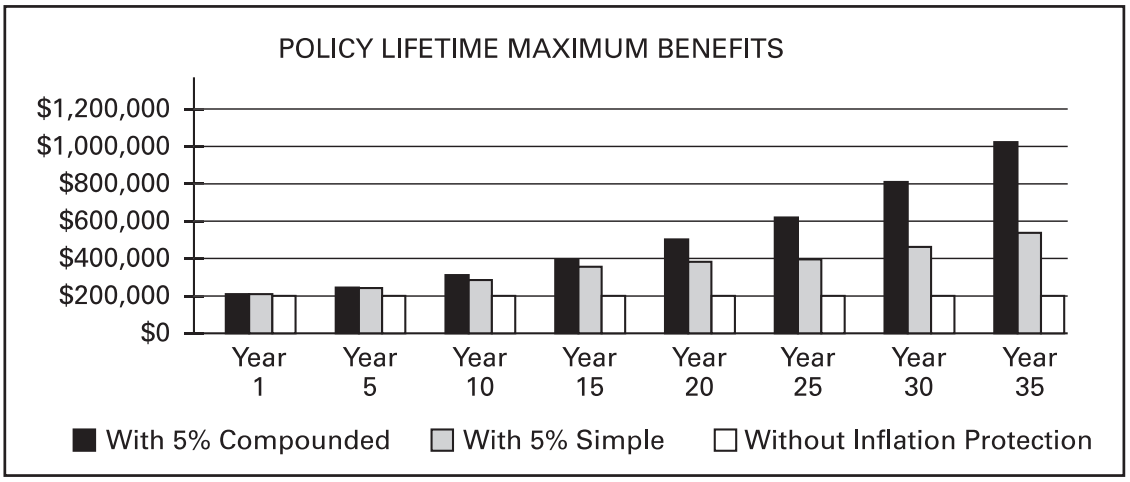
   b. **Simple Increases Annually for Life Inflation Protection Rider.** If the Simple Increases Annually for Life Inflation Protection Rider is selected, We will increase all the Maximum Daily Benefit(s) and the Lifetime Maximum Benefit(s) on each Policy Anniversary Date while both the Policy and this Rider are in force. Each annual increase will be 3%, 4%, 5% or 6% (as You selected) of the original Maximum Daily Benefit(s) at the time this Rider became effective. All Lifetime Maximum Benefits will be increased by the same percentage. When calculating the Lifetime Maximum Benefits, claims that have been paid will not be considered. Your coverage will increase without additional underwriting or health screening. Your premiums, however, will not increase as a result of the increases provided for by this optional Rider. You must positively reject the 5% Compound Annually for Life Inflation Protection Rider before You can select this optional Rider.

   c. **Graphs Illustrating the Effects of Inflation Over Time on Policy Benefits.**

      (1) The following graph compares the effect of the increases in Maximum Daily Benefits due to the optional Inflation Protection Riders, as well as the result of no increases over time.



      (2) The following graph compares the effect of the increases in the Lifetime Maximum Benefits due to the optional Inflation Protection Riders, as well as the result of no increases over time.



d. **CPI-U, CPI-U +1%, CPI-U +2% Benefit Increase Offer Rider.** This Rider provides for annual offers to increase Your Maximum Daily Benefit(s) and Lifetime Maximum Benefit(s) by a percentage. The increases will be effective on the first and each subsequent anniversary of the Rider Effective Date. The percentage increase is determined by subtracting one-hundred percent (100%), ninety-nine percent (99%) or ninety-eight percent (98%) from the ratio, expressed as a percentage, of the Consumer Price Index for all Urban Consumers (CPI-U) for all items as determined by the Bureau of Labor Statistics of the United States Department of Labor which was in effect for September of the calendar year immediately preceding the Rider Anniversary at which the option is offered, divided by the CPI-U Index in effect for September of the second calendar year preceding the year of the offer. Your coverage will increase without additional underwriting or health screening. Your premiums will increase as a result of these increases, using Your age at issue to calculate the cost of the additional coverage amount. You must positively reject the 5% Compound Annually for Life Inflation Protection Rider before You can select this optional Rider.

e. **Automatic Compound Annual CPI-U, CPI-U +1%, CPI-U +2% Benefit Increase Rider.** This Rider provides for an automatic annual increase to Your Maximum Daily Benefit(s) and Lifetime Maximum Benefit(s) by a percentage. The increase will be effective on the first and each subsequent anniversary of the Rider Effective Date. The percentage increase is determined by subtracting one hundred percent (100%), ninety-nine percent (99%) or ninety-eight percent (98%) from the ratio, expressed as a percentage, of the Consumer Price Index for all Urban Consumers (CPI-U) for all items as determined by the Bureau of Labor Statistics of the United States Department of Labor which was in effect for September of the calendar year immediately preceding the Rider Anniversary at which the option is offered, divided by the CPI-U Index in effect for September of the second calendar year preceding the Rider Anniversary. The minimum increase will be one percent (1%). Your coverage will increase without additional underwriting or health screening. Your premiums will not continue to increase as a result of these increases. You must positively reject the 5% Compound Annually for Life Inflation Protection Rider before You can select this optional Rider.

f. **Notification of New Benefits/Provisions.** We will notify You within 12 months if We develop any new Benefits, new Benefit Eligibility, or new provisions not in Your Policy. To be eligible for an upgrade of Your existing Policy, You must not have filed a claim, be receiving benefits, or be within the Elimination Period of that Policy.

In the event You are eligible for an upgrade, We will offer You the opportunity to upgrade Your Policy, as approved by the California Department of Insurance, subject to Our underwriting requirements for the upgraded coverage, and as may be appropriate in one of the following ways:

- By adding a rider or endorsement to Your Policy, which may or may not have an additional premium, based on Your attained age at that time. The premium for Your original Policy will remain unchanged based on Your age at issue; or
- By replacing Your existing Policy with a subsequent Policy based on Your attained age and subject to a premium credit for past premiums paid; or
- By replacing Your existing Policy with a subsequent Policy based on Your original issue age.

The premium credit for the replacement Policy, issued at Your attained age, shall not be less than 5 percent of the annual premium paid for the prior Policy for each full year the prior Policy was in force, but cumulative credit allowed will not exceed 50 percent.

g. **Requests for Additional Coverage.** You can at any time after the Policy is issued, conditioned on Your continued good health, apply for increases in daily benefit levels and/or increases in Lifetime Maximum Benefits. We will apply our then applicable underwriting standards to evaluate Your insurability for the increased coverage. You may be approved for the additional coverage You applied for, or You may be declined due to a deterioration of Your health. Your premium would increase based on Your attained age for the new coverage approved.

h. **Lower Benefit Plan.** After one year from the Policy Effective Date of this Policy, You have the right to reduce Your premiums by changing to a lower benefit plan.

- Electing a lower Policy Lifetime Maximum Benefit (without changing the Nursing Facility Maximum Daily Benefit, and the Home and Community-Based Maximum Daily Benefit); or
- Reducing the Nursing Facility Maximum Daily Benefit, and the Home and Community-Based Care Maximum Daily Benefit elected as well as the Policy Lifetime Maximum Benefit; or
- Converting to a Nursing Facility and Residential Care Facility Only Insurance Policy.

We will notify You of the options to reduce coverage of the premiums applicable to the reduced coverage and the premiums applicable to the reduced coverage amounts when Your Policy is about to lapse, and whenever the premiums are increased.

The premium payments for the reduced plan will be based on the reduced amount of coverage and Your age as of the Policy Effective Date of this Policy.

9. **TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE CONTINUED IN FORCE OR DISCONTINUED.**

a. **RENEWABILITY: THE POLICY IS GUARANTEED RENEWABLE.** This means You have the right, subject to the terms of the Policy, to continue the Policy as long as You pay premiums on time. New York Life cannot change any of the terms of the Policy on its own, except that, in the future, **IT MAY INCREASE THE PREMIUM YOU PAY.**

b. **WAIVER OF PREMIUM.** After You have satisfied the Elimination Period and are receiving benefits under the Policy, the premium payments which become due will be waived. This means that You would not have to pay premiums for the Policy until You are no longer receiving benefit payments. If Your premium payment mode is other than monthly Your premium payment mode will be changed to monthly. If Your premium payment mode is other than monthly when You begin to actually receive benefits, any premium which You have already paid for any coverage during the period for which premiums are waived will be returned to You.

c. **TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.** Changes in Premiums: New York Life has the right to change the premium rates for the Policy. Premium rate increases are subject to Insurance Department approval, will be made only on a class basis and will take effect on a Policy Anniversary Date. We will notify You at least 60 days prior to any premium change.

10. Premiums may also change based on any changes that You request to Benefits as described in the Increases in Benefits and Lower Benefit Plan provisions of the Policy.

11. **ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.** The Policy provides coverage for Alzheimer's disease, other organic brain disorders and all other mental illnesses on the same basis as care and services You receive for any other illnesses covered under the terms of the Policy provisions. This means there is no exclusion in the Policy for mental illness.

12. **PREMIUM**

a. There is an additional cost if You decide to pay premiums other than on an annual basis or once per policy year. The total premium You will pay in a policy year, if You pay more frequently than annually, will be greater than if You pay on an annual basis or once per policy year. The total premium You will pay can be determined by looking at the chart below. For premium payments made more frequently than annually (semi-annually, quarterly, and monthly), multiply the annual premium by the following percentages:

Payment Frequency	**Percentage of Annual Premium**
Semi-annual:	51%
Quarterly:	26%
Monthly:	9%

For example, if the annual premium is $1,000, and You elect to pay semi-annually, You will make two payments of $510 (.51 X $1,000 = $510) during the policy year for a total of $1,020 ($510 + $510) or $20 more than if You paid on an annual basis or once per policy year.

b. The annual premium for the Policy with the benefits and premium payment frequency You selected is:

Applicant $ _____ Spouse $ _____

c. The annual premium for the policy and additional benefits is:

Applicant $ _____ Spouse $ _____, which consists of:

	Applicant	Spouse
Base Policy	_____	_____
Inflation Protection	_____	_____
Shared Care Rider	_____	_____
Couples Rider	_____	_____
Return of Premium Upon Death Benefit Rider	_____	_____
Nonforfeiture Rider	_____	_____

13. **Medical Underwriting for the Policy is based on Your Health Status.** Experienced underwriters will determine whether Your Application will be approved by reviewing Your Application, Eligibility Questions and Health Statement. The Physicians You list in Your Application may be contacted to provide information about Your health, including copies of Your medical records. We may also ask You additional questions by telephone, personal interview and/or written questionnaire. We have the right to request additional underwriting information, as well as to decline to cover individuals who, in our opinion, do not meet Our underwriting requirements. Your application will be reviewed and if a declination is appropriate, such declination will be on a non-discriminatory basis.

14. **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 California Department of Insurance toll-free 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 number 1-800-434-0222.

Information about Your Local HICAP office provided by Your agent:

Local HICAP office address: _____
Street Address

_____
City, State Zip

Local HICAP office telephone number: _____