



**JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)**

Group Long-Term Care

PO Box 111, Boston, MA 02117

Tel. No. 1-800-439-3030 (from within the United States)

TTY 1-800-255-1808 for hearing impaired

1-617-572-0048 (from outside the United States)

The City of Seattle  
Long-Term Care Insurance  
**Disclosure Form**

Policy No.: 28687-LTC

Certificate Form No.: C-FACE(2002-2) WA

The decision to buy new long-term care insurance is very important. It should be carefully considered.

The following data gives you some general tips and furnishes you with a summary of benefits available under our policy.

Your long-term care certificate provides thirty days within which you may decide without cost whether you wish to keep it. For your own information and protection, you should be aware of and seriously consider certain factors that may affect the insurance protection available under our policy.

If you now have insurance which provides benefits for long-term care, **READ YOUR POLICY CAREFULLY.**

Look for what is said about renewing it. See if it contains waiting periods before benefits are paid. Note how it covers preexisting conditions (health conditions you already have). Compare these features with similar ones in any new policy. Use this information to measure the value of any insurance or health care plans you now have.

**DON'T BUY MORE INSURANCE THAN YOU REALLY NEED.** One policy that meets your needs is usually less expensive than several limited policies.

If you are eligible for state medical assistance coupons (Medicaid), you should not purchase long-term care insurance.

After you receive your Certificate, make sure you have received the coverage you thought you bought. If you are not satisfied with the coverage, you may return it within thirty (30) days for a full refund of premium.

**Federal Tax Consequences:** This Policy is intended to be a qualified long-term care contract under section 7702b(b) of the Internal Revenue Code of 1986, as amended.

**Caution:** If you were required to answer health questions, the issuance of this insurance coverage is based upon your responses to the questions on your application. A copy of your application will be provided to you. If your answers are incorrect or untrue, We may have the right to deny benefits or rescind your insurance. The best time to clear up any questions is now, before a claim arises. If, for any reason, any of your answers is incorrect, contact Us at this address. Throughout this outline of coverage "We" and "Us" mean the

John Hancock Life Insurance Company (U.S.A.)  
Group Long-Term Care B-6  
P.O. Box 111  
Boston, MA 02117

**NOTICE TO BUYER:** This insurance may not cover all of the costs associated with long-term care incurred by you during the period of coverage. You are advised to review carefully all limitations.

**1. INSTITUTIONAL CARE**

**What levels of care are covered by the policy?**

Does the policy provide benefits for the following levels of care?

Skilled Nursing Care?

Intermediate Nursing Care?

Custodial/Personal Care?

YES

NO

✓	_____
✓	_____
✓	_____

*(By state law, all long-term care policies in Washington State must cover all three of the above levels of care.)*

**Where can care be received and be covered under the policy?**

Does the policy pay for care in any licensed facility?

Is the alternative plan of care benefit available with institutional part of policy?

Does the alternative plan of care benefit include home care?

Does the alternative plan of care benefit include structural home improvements?

_____	✓
_____	✓
_____	✓
_____	✓

**2. HOME/COMMUNITY BASED CARE**

**What types of care are covered by the policy?**

**Does the policy provide home care benefit for:** (Check all that apply)

Adult day care

Adult day health care

Chore services

Home health aides

Homemaker services

Hospice

Hygiene/personal care

Laboratory services

Meals/nutrition services

Medical equipment/supplies

Prescription drugs

Physician Services

Nursing Services

Respite care

Social workers

Therapies: (physical, speech, occupational, respiratory)

Transportation

✓	_____
✓	_____
_____	✓
✓	_____
✓	_____
✓	_____
✓	_____
_____	✓
_____	✓
_____	✓
_____	✓
✓	_____
✓	_____
✓	_____
✓	_____
_____	✓

Are these separate or post confinement benefits:

Separate

✓

Post Confinement

\_\_\_\_\_

**Where can Home/Community-based care be received?**

Check all that apply

Adult day care centers

Alternative care facilities

Assisted living facilities

Boarding homes

Community centers

Congregate care facilities

Multiple family residences

Single family residences

Other:

✓	_____
_____	✓
_____	✓
✓	_____
_____	✓
✓	_____
✓	_____
✓	_____

Does the alternative plan of care benefit include home care?

Does the alternative plan of care benefit include structural improvements?

Must the alternative plan of care be pre-certified?

_____	✓
_____	✓
✓	_____

**3. BOTH INSTITUTIONAL AND COMMUNITY BASED CARE**

**What is the maximum daily benefit amount for:**

Institutional/Nursing home care?

\*

Home/Community based care?

\*

**Are there limits on the number of days (or visits) per year for which benefits are paid for:**

Institutional/Nursing home care?

No

Home/Community based care?

No

**What are the dollar limits the policy will pay during the certificateholder's lifetime for:**

Institutional/Nursing home care?

\*

Home/Community based care?

\*

Total lifetime limit?

\*

**What basic features and benefits does the policy offer?**

**YES**

**NO**

Is the certificate guaranteed renewable?

✓

Can you purchase additional increments of coverage? If yes:

✓

When can additional coverage be purchased?

Anytime with EVI.

How much can be purchased?

Higher amounts offered under plan

When is additional coverage no longer available for purchase?

At age 85 or older, or if coverage is in reduced paid-up status, or if the insured met the benefit eligibility requirements in prior 6 months.

**YES**

**NO**

**Does the policy have inflation protection?**

✓

If yes, what is the % amount of the increase?

5%

Is the rate of increase simple or compound?

Compound

When do increases stop?

At age 85 or older, or if coverage is in reduced paid-up status, or if the insured met the benefit eligibility requirements in prior 6 months.

**If policy includes inflation coverage, what is the daily benefit for:**

Institutional/Nursing home care.

5 years from policy effective date?

\*\*

10 years from policy effective date?

\*\*

Home/Community based care.

5 years from policy effective date?

\*\*

10 years from policy effective date?

\*\*

After the limits have been reached for inflation adjustments, what is the maximum daily benefit for?

Institutional/Nursing home care

N/A

Home/Community based care

N/A

After the limits have been reached for inflation adjustments, what is the maximum lifetime benefit for?

Institutional/Nursing home care

N/A

Home/Community based care

N/A

\* Refer to your enrollment material.

\*\* Varies by option selected.

**Is there a waiver of premium provision for:**

Institutional/Nursing home care?	<u>✓</u>	<u>      </u>
Home/Community based care?	<u>✓</u>	<u>      </u>
How many days of confinement in an institution are required before the waiver of premium is available?	<u>After qualification period is satisfied</u>	
How many days of confinement at home are required before the waiver of premium benefit is available?	<u>After qualification period is satisfied</u>	
How many days of benefits must be paid before waiver is effective?	<u>After qualification period is satisfied</u>	

<b>YES</b>	<b>NO</b>
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**Does the policy have a nonforfeiture benefit?**

If yes, how many years must policy be in effect before the insured benefits from nonforfeiture values?	<u>3 years</u>	<u>      </u>
What would the benefit value be in terms of dollars after 20 years?	<u>Minimum of 90 times the DMB</u>	

What does the nonforfeiture benefit promise?

**Example:**

If you lapse your coverage after 3 years of continuous coverage, the sum of the premiums you have paid (but not less than 30 times your NH DMB) will become your new coverage limit, subject to maximum daily benefits.

<b>YES</b>	<b>NO</b>
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**Does the policy have a death benefit?**

If yes, specify value (in dollars of %):

100% of premiums paid minus benefits payable up to age 65. The percentage of premium decreases by 10% per year beginning at age 66. There is no benefit payable at age 75 or older

<u>✓</u>	<u>      </u>
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What conditions or limitations apply, if any?

No benefit is payable if coverage is in reduced paid-up status.

<b>YES</b>	<b>NO</b>
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**Does the policy have a restoration of benefits provision?**

If yes, give amount of benefit and minimum required # of days between benefits.	<u>24 months</u>	<u>      </u>
If disability recurs, is there a new elimination or waiting period before benefits begin again?	<u>      </u>	<u>✓</u>
If yes, after how long?	<u>      </u>	<u>      </u>
How long is the waiting period for pre-existing conditions?	<u>NA</u>	<u>      </u>
How is the pre-existing conditions defined?	<u>NA</u>	<u>      </u>

**When do Benefits begin?**

How long is the elimination or waiting period before benefits begin for:	
Institutional/Nursing home care	<u>90 days</u>
Home/Community based care	<u>90 days</u>

**What gatekeepers are required before benefits start?**

- Doctor certification
- Case management
- Medical necessity
- Plan of treatment
- If yes, by whom?

YES	NO
✓	_____
✓	_____
_____	✓
✓	_____
Licensed Health Care Practitioner	

- Inability to perform activities of daily living (ADLs)
- If yes, how many ADLs must fail before benefits begin?
- If the policy uses an ADL gatekeeper(s), define "inability to perform ADL".

2 of 6 ADLs

*Substantial Assistance from another individual needed to perform 2 of 6 ADLs.*

- Is there a separate benefit qualification for cognitive impairment?
- Who determines a qualifying event?

✓

Licensed Health Care Practitioner determines and John Hancock verifies.

- Define any separate benefit qualifications requirement if there is a cognitive impairment.

*Substantial Supervision needed to protect yourself from threats to health and safety.*

**What does the insurance cost?  
How often can the premium increase?**

- By how much annually can the premium increase?

Refer to the enrollment material

*The premium cannot increase unless there is an increase for an entire class of policies.*

*No annual limit is specified in the Policy.*

- Is there a discount if both spouses buy policies?
- If so, how much?
- Do you lose the discount if one spouse dies?

YES	NO
_____	✓

**IV. ADDITIONAL POLICY INFORMATION**

1. The policy is a group policy of insurance that is issued in the State of Washington.
2. **PURPOSE OF DISCLOSURE FORM**

This Disclosure Form provides a very brief description of the important features of the policy. This is not an insurance contract, but only a summary of coverage. Only the group policy contains governing contractual provisions. This means that the group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, it is very important that you **READ YOUR CERTIFICATE CAREFULLY!**

3. **FEDERAL TAX CONSEQUENCES**

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

4. **TERMS UNDER WHICH THE INSURANCE MAY BE CONTINUED IN FORCE OR DISCONTINUED**

(a) **RENEWABILITY: THE COVERAGE IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of the policy, to continue your coverage as long as you pay your premiums on time. We cannot change any of the terms of your coverage on our own unless required by law, except that, in the future, **WE MAY INCREASE THE PREMIUM YOU PAY.**

(b) **CONTINUATION** - You may keep this insurance in force by paying the required premium when due as long as the group policy continues in force, you remain in an eligible class, and you have not exhausted your Lifetime Maximum Benefit. If your coverage under the policy ends, you may be entitled to continue your coverage.

Exhaustion of Lifetime Maximum Benefit, failure to pay premium and immediate group insurance replacement may alter continuation rights.

(c) **WAIVER OF PREMIUM.** We will waive premium payments while you meet the Benefit Trigger once you have completed the Qualification Period. To keep your coverage in effect after you no longer meet the Benefit Trigger, you must resume premium payments on a timely basis.

5. **TERMS UNDER WHICH WE MAY CHANGE PREMIUMS**

**We may change the premium rates when the terms of the policy are changed. We cannot change your premium because of age or health. We can change your premium based on the experience of your premium class, but only if We change the premiums for all other Insureds in the same premium class.**

6. **CIRCUMSTANCES UNDER WHICH THE CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED**

(a) If you are not satisfied with the coverage provided, you may return your certificate within 30 days of the date it was delivered to you. Mail or deliver the certificate to us. We will then refund any premium paid.

(b) After the initial 30-day period, if you die or decide to cancel coverage, we will return the pro rata portion of unearned, collected premium.

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

If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from John Hancock. Neither John Hancock Life Insurance Company (U.S.A.) nor its agents represent Medicare, the Federal government or any state government.

8. **LONG-TERM CARE INSURANCE**

Policies of this category are designed to provide coverage for one or more 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 reimbursement for actual charges incurred on any day for covered long term care expenses up to the applicable Daily Maximum Benefit selected. A Qualification Period must be satisfied before most benefits are payable. The benefits described in the next item may be affected by the **LIMITATIONS AND EXCLUSIONS** item that follows it.

9. **BENEFITS PROVIDED THROUGH THE POLICY**

(a) Subject to policy requirements and limitations, the policy provides reimbursement for actual charges incurred by you up to the applicable Daily Maximum Benefit for:

- ◆ Nursing Home room and board and care services;
- ◆ Alternate Care Facility room and board and care services;
- ◆ Home Health Agency services of its personnel;
- ◆ Adult Day Health Care Provider attendance; and
- ◆ Informal Care.

Except for amounts payable under the Stay at Home Benefit, the most we will pay for all services received for any day will not exceed the Nursing Home Daily Maximum Benefit.

Qualification Period means the number of days for which we will not pay benefits while you meet the Benefit Trigger. That means either:

- ◆ you need Substantial Assistance from another individual to perform at least two of the Activities of Daily Living; or
- ◆ you need Substantial Supervision due to the presence of a Severe Cognitive Impairment.

The days used to satisfy your Qualification Period do not need to be consecutive. The Qualification Period needs to be met only once while your coverage remains continuously in force. We will count toward the total number required only those days on which you actually do meet the Benefit Trigger while insured under the policy.

Stay at Home Benefits are available while you meet the Benefit Trigger, including while you are in the Qualification Period. If you are diagnosed as Terminally Ill while insured under the policy, and We determine that your Qualification Period has begun, We will pay benefits for Hospice Care as if you had fully completed your Qualification Period as long as you meet the Benefit Trigger. Otherwise, We will not pay for charges during the Qualification Period.

The number of days in your Qualification Period is shown in your enrollment material.

(b) Institutional Benefits:

- ◆ **Nursing Home Benefit.** We will pay the Nursing Home Benefit if you are confined in a Nursing Home or Hospice facility and receiving Nursing Care, Custodial Care, Hospice Care, or Respite Care. We will pay the actual charges incurred for confinement up to the Nursing Home Daily Maximum Benefit.
- ◆ **Alternate Care Facility Benefit.** We will pay the Alternate Care Facility Benefit if you are confined in an Alternate Care Facility and receiving Custodial Care. We will pay the actual daily charges incurred for confinement in the Alternate Care Facility up to the Alternate Care Facility Daily Maximum Benefit.
- ◆ **Bed Hold Benefit.** If you have been confined in a Nursing Home or an Alternate Care Facility and your stay is interrupted for any reason while a benefit is payable under the policy, we will pay actual charges to hold your bed for a total of 60 days per calendar year. We pay no more than the amount that would have been payable for charges incurred daily had you remained confined in the reserving facility.

(c) Non-institutional Benefits:

- ◆ **Stay At Home Benefit.** We will pay up to the Stay At Home Lifetime Benefit Amount for Care Planning Visits, Home Modification, and/or certain services or expenses not otherwise covered. Except for Care Planning Visits, you must be living in your home to be eligible, and we must have determined that your Qualification Period has begun. The Stay at Home Benefit is an amount equal to 30 times your Nursing Home Daily Maximum Benefit. It does not reduce your Lifetime Maximum Benefit.
- ◆ **Community Based Professional Care Benefit.** We will pay up to the Community Based Professional Care Daily Benefit if you are receiving Home Health Care, Adult Day Health Care, Hospice Care or Respite Care in your home, a rest home or in an Adult Day Health Care Center. We will pay the actual daily charges incurred up to the Community Based Professional Care Daily Benefit.
- ◆ **Informal Care.** We will pay the Informal Care Benefit if you are eligible for payment of benefits and receiving Custodial Care or Homemaker Services from an informal caregiver in your Home. A Calendar Year Maximum applies and is shown in your enrollment material.

(d) **Eligibility for Payment of Benefits.** You may be eligible for benefits under the policy if you meet the Benefit Trigger and satisfy the conditions below. You meet the Benefit Trigger if we verify that:

- ◆ you need Substantial Assistance from another individual to perform at least two of the Activities of Daily Living; or
- ◆ you require Substantial Supervision due to the presence of a Severe Cognitive Impairment in order to protect yourself from threats to health and safety.

Activities of Daily Living mean the following activities: bathing, continence, dressing, eating, toileting, and transferring.

Severe Cognitive Impairment means a loss or deterioration in intellectual capacity that is comparable to and includes Alzheimer's disease and similar forms of irreversible dementia. The need for Substantial Supervision due to the presence of Severe Cognitive Impairment must be established by clinical evidence and standardized tests that reliably measure impairment in the person's short-term or long-term memory; orientation as to person, place, or time; deductive or abstract reasoning; or judgment as it relates to safety awareness.

(e) **Conditions.** To receive benefits under the policy, all the following must be satisfied.

- ◆ You must satisfy your Qualification Period while your coverage is in effect. Limited exceptions were described in 9(a) above.
- ◆ You must receive services covered under the policy and, if the coverage is optional, it must have been selected by you on your application and approved by us. Furthermore, services must be specified in your Plan of Care.
- ◆ You must submit to us satisfactory written Proof of Loss.

Because the policy is intended to be tax-qualified under Federal law, you must ALSO provide us with one of the following written certifications:

- ◆ a Licensed Health Care Practitioner must certify that, due to the loss of functional capacity, you need Substantial Assistance from another person to perform at least two Activities of Daily Living for a period expected to last 90 days.
- ◆ a Licensed Health Care Practitioner must certify that, due to the presence of a Severe Cognitive Impairment, you require Substantial Supervision to protect yourself from threats to health and safety.

This written certification must be renewed and submitted to us every 12 months.

## 10. LIMITATIONS AND EXCLUSIONS

### (a) Limitations on Benefits

- ◆ No care, service or expense will be covered unless it is included in your Plan of Care. The Plan of Care may be amended from time to time.
- ◆ All benefits, except the Stay at Home Benefit, are subject to the Lifetime Maximum Benefit for the option selected and shown on the enrollment material.
- ◆ To receive reimbursement under the Nursing Home Benefit, care must be provided in a facility or a distinctly separate part of a facility, that meets one of the following standards:
  - it is licensed in the jurisdiction in which it operates to provide Nursing Care (skilled or intermediate); or
  - it is approved by Medicare as a skilled nursing facility; or
  - it meets Federal certification requirements as a Hospice facility or is licensed, certified or registered under the law of its jurisdiction to provide Hospice Care.

Care and services delivered in the Nursing Home but not part of the facility's bill are not eligible for reimbursement unless the outside provider is part of your Hospice Care program.

- ◆ To receive reimbursement under the Alternate Care Facility Benefit, care must be provided in a facility or a distinctly separate part of a facility that is engaged primarily in providing 24-hour Custodial Care and that:
  - a. is licensed by the appropriate licensing agency, if any, to provide primarily Custodial Care; or,
  - b. if licensing is not required in the jurisdiction, it is engaged primarily in providing 24-hour Custodial Care to at least 3 unrelated inpatients if in the state of Washington or 5 or more unrelated persons if outside the state of Washington; and
    - provides 3 full meals daily, accommodating patients' special dietary needs; and
    - has an awake employee, who is trained to provide Custodial Care, on duty at all times.
    - provides care as a part of a Plan of Care; and
    - has appropriate methods and procedures for medication management; and
    - has a formal arrangement for obtaining appropriate aid in the event of a medical emergency.

This benefit does not apply unless you are resident in the facility.

- ◆ Community-Based Professional Services are not provided in residential facilities like Nursing Homes or Alternate Care Facilities. They must be provided by someone who is not Immediate Family (except as described under **Exclusions** below).
- ◆ Informal Care Benefits are subject to the following limits:
  - Benefits payable for charges incurred on any day will not exceed the lesser of: the Maximum Daily Benefit for Informal Care shown in the enrollment material for the option selected; and the charges incurred on that day.
  - No benefits will be payable for charges for Informal Care incurred during a calendar year after benefits totaling the Calendar Year Maximum for Informal Care have become payable for those charges incurred during one year. The Calendar Year Maximum is shown in the enrollment material for the option selected.
  - No benefit is payable under this coverage for any charge to the extent that a benefit is payable for that charge under the Community Based Professional Care Benefit.
  - The total of benefits payable for all charges incurred on any day under this coverage and under the Community Based Professional Care Benefit will not exceed the Nursing Home Daily Maximum Benefit.

Informal Care must be provided in your Home. The person providing the care must be 18 years or older; or employed through a Home Health Agency; or certified to provide such care in the jurisdiction where the care is provided.

- ◆ The policy contains a Coordination of Benefits provision that may reduce or eliminate the benefits otherwise payable under the policy with respect to benefits payable under another Plan.

(b) **Exclusions**

- ◆ Conditions resulting from the following are not eligible for coverage.
  - a. Your intentionally self-inflicted injury.
  - b. War, whether declared or not, or any act of war; or service in any armed forces or auxiliary units.
  - c. Your commission or attempt to commit a felony; your engaging in an illegal occupation; or participating in an insurrection or riot.
- ◆ The policy does not cover:
  - a. care, services or treatment specifically provided for detoxification or rehabilitation for alcohol or drug addiction; or
  - b. charges normally not made in the absence of insurance; or
  - c. except under the Informal Care Benefit, care treatment or charges provided by a member of Your Immediate Family, unless
    - the family member is one of the following professionals -- a duly licensed registered nurse, licensed vocational nurse, licensed practical nurse, physical therapist, occupational therapist, speech therapist, respiratory therapist, licensed social worker, or registered dietitian; and
    - the family member is a regular employee of a Nursing Home, Alternate Care Facility, Adult Day Center or Home Health Care Agency that 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.
  - d. care, services, or supplies furnished by or covered as a benefit under a program of any government or its subdivisions or agencies, except:
    - a program established by the Federal government for its civilian employees;
    - Medicare; and
    - Medicaid (This means any state medical assistance program under Title XIX of the Social Security Act as amended from time to time).
  - e. any service or supply to the extent that charges for it are reimbursable under Medicare, or would be so reimbursable but for the application of a deductible or coinsurance or co-payment amount under Medicare. This exclusion will not apply in those instances where Medicare is determined to be secondary payor under applicable law.

No benefit is payable under the Policy for care received outside the United States, except as described in International Coverage.

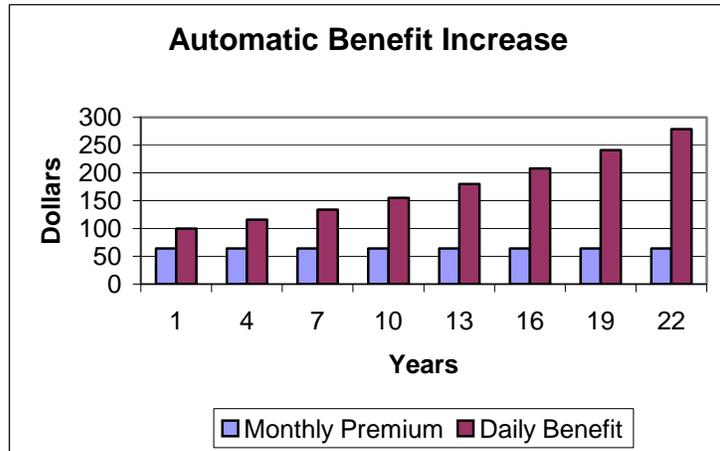
**THE POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.**

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

Because the costs of long-term care services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted

The policy contains an **Automatic Benefit Increase (ABI)** Option. If selected, your Nursing Home Daily Maximum Benefit will increase annually by an amount equal to 5% of the Nursing Home Daily Maximum Benefit in effect during the prior policy year. The annual increase is automatic and will occur on each anniversary of the Policy Effective Date. No increases will occur if your coverage is being continued in effect under a Nonforfeiture benefit. The premium for Automatic Benefit Increase is included in the policy premium if you elect Automatic Benefit Increase Coverage. Your premium will not change, except as described in the policy.

The graph to the side shows the change in the Nursing Home Daily Maximum Benefit and the monthly premium under the Automatic Benefit Increase. The graph illustrates a Certificate that has been issued to a person who is age 50, has chosen a Nursing Home Daily Maximum Benefit of \$100/day and a 5-year Benefit Period.

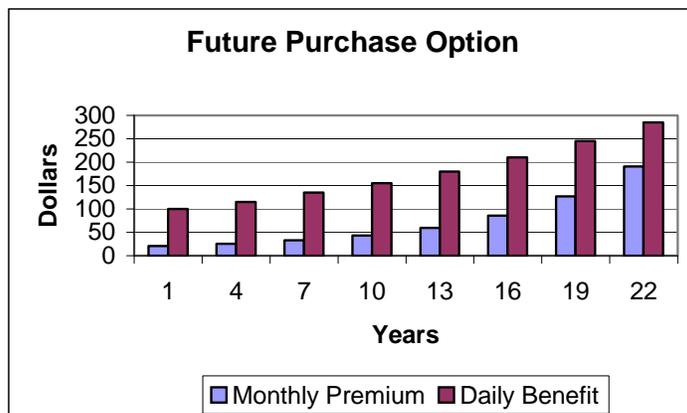


If you decline the Automatic Benefit Increase Inflation Option, your coverage will contain an Inflation Adjustment Provision that allows you the option to purchase additional amounts. The provision is called a **Future Purchase Option (FPO)** on the chart). The additional daily amount will be not less than an amount that will provide an increase to the Nursing Home Daily Maximum Benefit of at least 5% of the value compounded annually over the applicable period. The increase is not available to:

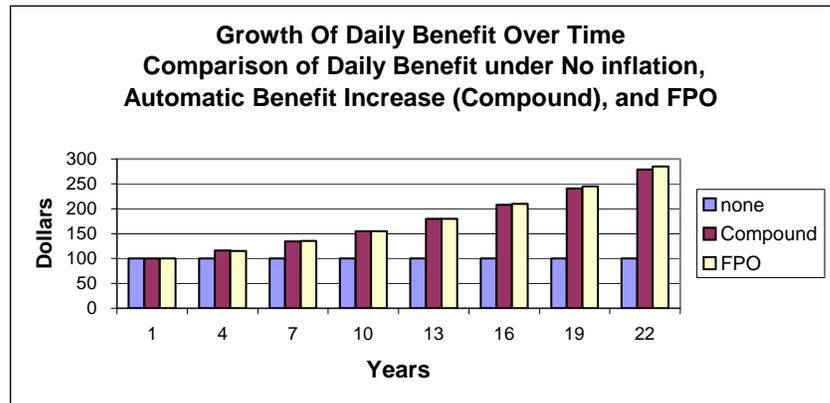
- ◆ those persons who have been in a Qualification Period or Eligible for Payment of Benefits under the policy within the 6 months prior to the effective date of the increase; or
- ◆ anyone who would be Age 85 or older on the effective date of the increase; or
- ◆ anyone whose coverage is being continued in effect under a Nonforfeiture benefit.

No additional underwriting or health screening will be done. The premium for the increase will be based on your issue age as of the effective date of the increase.

The graph shows the change in the Nursing Home Daily Maximum Benefit and the monthly premium if You elect all increases available to you. The graph illustrates a certificate that has been issued to a person who is age 50, has chosen a Nursing Home Daily Maximum Benefit of \$100/day and a 5-year Benefit Period. Assume the person has accepted all increases.



The chart below demonstrates the eventual difference in daily benefit when you have No Inflation or accept no Inflation offers under FPO versus when you have Automatic Benefit Increase or accept all Inflation Offers under FPO.



## 12. ALZHEIMER’S DISEASE AND OTHER BRAIN DISORDERS

We cover brain disorders (including Alzheimer’s Disease and similar forms of senility and irreversible dementia) that result in a Severe Cognitive Impairment. The need for Substantial Supervision due to Severe Cognitive Impairment must be established by clinical evidence and standardized tests that reliably measure Severe Cognitive Impairment.

## 13. PREMIUM

The initial premium for your insurance will be determined from the premium rate schedules contained in your enrollment material based on the options selected and your issue Age.

## 14. ADDITIONAL FEATURES

- ◆ If your insurance is subject to Evidence of Insurability, it will be necessary for you to answer some medical questions on the application. It may also be necessary to obtain a copy of your medical history and to conduct a personal interview to determine if you are insurable. Based on the information received, we will determine if you are an insurable risk.
- ◆ **Restoration of Benefits.** We will restore your Lifetime Maximum Benefit if you have not received or needed care or services covered by the policy for a continuous period of 24 months before your request. You must have been paying premium and must provide proof satisfactory to us that you did not meet the Benefit Trigger all through the time period.
- ◆ **Return of Premium Benefit** - Should your death occur while you are insured and at or before age 65, the plan will pay an amount equal to 100% of the premiums you have paid to date, minus the total of all benefits payable under the policy for charges you incurred. Each year beginning at your 66th birthday the percentage multiplied by the premium paid to date decreases by 10%; then the benefits payable for charges incurred are subtracted from that product. This means that there will be no return of premium should your death occur on or after your 75<sup>th</sup> birthday.

There will be no return of premium if on the date of your death, your insurance is being continued in effect on a Nonforfeiture basis.

- ◆ **International Coverage.** The policy includes an International Coverage Benefit. The International Coverage Benefit provides that we will pay actual charges incurred for covered Long-Term Care Services up to the International Coverage Benefit for care received outside the United States while you are eligible to receive benefits. This benefit will reimburse actual expenses up to 75% of the applicable Maximum Benefit. Some plan limitations and modifications will apply.

No International Coverage benefit will be paid in excess of an amount equal to a Maximum Benefit Factor of 2,190 times the Nursing Home Daily Maximum Benefit selected. Any remaining amount must be used in the United States.

- ◆ **Nonforfeiture Benefit.** After being in force at least three years, if your coverage lapses because you have not paid the premium within the Grace Period, the full Maximum Daily Benefits will remain in effect with a reduced lifetime maximum equal to the sum of the premiums you have paid, but not less than 30 times the Nursing Home Daily Maximum Benefit.

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

**V. POLICY DEFINITIONS**

<b>Activities of Daily Living</b>	<p><u>Bathing</u> means washing oneself in either a tub or shower, including the task of getting into or out of the tub or shower.</p> <p><u>Continence</u> means the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).</p> <p><u>Dressing</u> means putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.</p> <p><u>Eating</u> means feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.</p> <p><u>Toileting</u> means getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.</p> <p><u>Transferring</u> means moving into or out of a bed, chair or wheelchair.</p>
<b>Adult Day Health Care</b>	A program of social and health-related services provided during the day in an Adult Day Health Care Provider. The purpose of the program is to support frail or impaired elderly, or other disabled adults who can benefit from care in a group setting outside the home.
<b>Adult Day Health Care Provider</b>	<p>A facility that is operated, licensed and/or regulated to provide Adult Day Health Care under the laws of the jurisdiction in which the services are provided.</p> <p>If the jurisdiction does not license or regulate such facilities, then it must be operated pursuant to law and meet all the following standards.</p> <ul style="list-style-type: none"> <li>• It provides a planned program of Adult Day Health Care under appropriate supervision; and</li> <li>• It has enough full-time staff to maintain no more than an 8 to 1 client-staff ratio; and</li> <li>• It operates at least 5 days each week and not less than 6 hours or more than 18 hours each day; and</li> <li>• It keeps a written record of medical services for each person; and</li> <li>• It has established procedures for obtaining appropriate aid in the event of a medical emergency.</li> </ul>

**Alternate Care Facility**

A facility or a distinctly separate part of a facility that is engaged primarily in providing 24-hour Custodial Care, and:

- is licensed by the appropriate licensing agency, if any, to provide primarily Custodial Care; or,
- if licensing is not required in the jurisdiction where it is provided, it is engaged primarily in providing 24-hour Custodial Care to at least 3 unrelated inpatients if in the state of Washington or 5 or more unrelated persons if outside the state of Washington.
  - provides 3 full meals daily, accommodating patients' special dietary needs; and
  - has an awake employee, who is trained to provide Custodial Care, on duty at all times; and
  - provides care as a part of a Plan of Care; and
  - has appropriate methods and procedures for medication management; and
  - has formal arrangements for obtaining appropriate aid in the event of a medical emergency.

Alternate Care Facility does not include a Hospital, Hospice facility or Nursing Home. In the state of Washington, we will include licensed Adult Family Homes in this definition.

**Benefit Trigger**

Either:

- You need Substantial Assistance from another individual to perform at least two of the Activities of Daily Living; or
- You need Substantial Supervision due to the presence of a Severe Cognitive Impairment.

**Custodial Care**

Attention with the primary function of assisting You in Activities of Daily Living and/or providing supervision due to Severe Cognitive Impairment.

It is prescribed by a Licensed Health Care Practitioner, but a person **with or** without professional skills or training can provide it.

**Home Health Care**

The following medical and nonmedical services provided in Your Home:

- Nursing Care provided by a RN, LPN or LVN.
- Home Health Aide services that consist primarily of assisting or supervising everyday living activities of the patient.
- Therapy Services.
- Nutrition counseling provided by or under the supervision of a Home Health Agency.
- Homemaker Services provided by a person:
  - a. employed through a Home Health Agency; or
  - b. certified to provide such care in the jurisdiction where the care is provided.

**Homemaker Services**

One or more of the following non-medical support services necessary for You to remain in Your Home: meal preparation; supervising self-administration of medication; shopping for food, medical supplies or medication; and light housekeeping.

Homemaker Services must be provided under a Plan of Care developed by a Licensed Health Care Practitioner.

The term does not include service provided primarily for personal convenience or companionship.

<b>Informal Care</b>	<p>Service whose primary function is to provide Custodial Care and/or Homemaker Services in Your Home. It can be provided by a person who is without professional skills or training. The person providing the care must be:</p> <ul style="list-style-type: none"> <li>• 18 years of age or older; or</li> <li>• employed through a Home Health Agency; or</li> <li>• certified to provide such care in the jurisdiction where the care is provided.</li> </ul> <p>Informal Care does not include care provided primarily for personal convenience or companionship.</p>
<b>Licensed Health Care Practitioner</b>	<p>A Physician, a registered nurse (R.N.), a licensed social worker, or any other individual who meets the requirements as prescribed by the US Secretary of the Treasury. However, Your Licensed Health Care Practitioner may not be a member of Your Immediate Family.</p>
<b>Nursing Home</b>	<p>A facility or a distinctly separate part of a facility that meets either of the following standards.</p> <ul style="list-style-type: none"> <li>• It is licensed in the jurisdiction in which it operates to provide Nursing Care; or</li> <li>• it is approved by Medicare as a skilled nursing facility.</li> </ul> <p>A Nursing Home does not include a Hospital, an Alternate Care Facility or Hospice facility.</p>
<b>Physician</b>	<p>Any person licensed as a Medical Doctor (M.D.) or Doctor of Osteopathy (D.O.) practicing within the scope of his or her license issued by the jurisdiction in which the services are rendered. The Physician must be a person other than a member of Your Immediate Family.</p>
<b>Plan of Care</b>	<p>A written plan prescribed by a Licensed Health Care Practitioner that identifies ways especially designed for meeting Your long-term care service needs. This Plan of Care must specify the type of care, frequency and type of providers for all the services You require. It must be appropriate to Your Physician's diagnosis and in accordance with accepted medical and nursing standards of practice.</p>
<b>Respite Care</b>	<p>Covered Services provided on a short-term basis and designed to give temporary relief from care-giving duties to Your primary uncompensated caregiver.</p>
<b>Severe Cognitive Impairment</b>	<p>A loss or deterioration in intellectual capacity that is comparable to and includes Alzheimer's disease and similar forms of irreversible dementia. The need for Substantial Supervision due to the presence of Severe Cognitive Impairment must be established by clinical evidence and standardized tests that reliably measure impairment in the person's short-term or long-term memory; orientation as to person, place, or time; deductive or abstract reasoning; or judgment as it relates to safety awareness.</p>

**Substantial Assistance**

Stand-by or hands-on assistance by another person needed to perform the Activity of Daily Living.

- *Hands-on assistance* means the physical assistance of another person without which You would be unable to perform the Activity of Daily Living. You will be considered unable to perform an Activity of Daily Living if You are not able to participate in that activity or You are able to contribute in only a minor way.
- *Standby assistance* means the presence of another person within arm's reach of You that is necessary to prevent, by physical intervention, injury to You while You are performing the Activity of Daily Living.

**Substantial Supervision**

Continual supervision by another person that is necessary to protect a cognitively impaired individual from threats to health or safety (such as may result from wandering). The supervision may include cueing by verbal prompting, gestures, or other demonstrations.