



Home Office: Madison, WI

Long Term Care Administrative Office: LifeCare Assurance Company; PO Box 4243, Woodland Hills, CA 91365-4243
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LONG TERM CARE INSURANCE POLICY

READ THIS POLICY CAREFULLY. It is a legal contract between You and Us.

THIS POLICY IS INTENDED TO BE A FEDERALLY TAX-QUALIFIED LONG TERM CARE INSURANCE CONTRACT AS DEFINED UNDER SECTION 7702B(b) OF THE INTERNAL REVENUE CODE OF 1986, as amended. To achieve these purposes, the provisions of this Policy shall be interpreted to ensure and maintain this tax qualification, despite any other provision to the contrary. In the event that future changes in federal law require this Policy to be amended in order to maintain its status as a federally tax-qualified long term care insurance contract, You will be provided with the opportunity to accept or reject any such amendment. If You reject any such amendment, this Policy may no longer be tax-qualified under the Internal Revenue Code. You should consult with Your attorney, accountant, or tax advisor regarding the tax implications of purchasing this long term care insurance.

INSURING AGREEMENT AND EFFECTIVE DATE: Subject to the terms and conditions described in this Policy, National Guardian Life Insurance Company agrees to pay to You the benefits described in this Policy. We make this agreement and issue this Policy in consideration of: (1) the statements made in Your signed application, which is attached to and made a part of this Policy; and (2) payment of the initial premium. This Policy takes effect on the Effective Date shown on the Policy Schedule.

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

CAUTION: The issuance of this Policy is based on Your responses to the questions on Your application. A copy of Your application is attached to this Policy. If Your answers are incorrect or untrue, the 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 the Company.

LONG TERM CARE COVERAGE: This is a Long Term Care Insurance Policy that covers care in a Nursing Facility or an Assisted Living Facility and, if shown on the Policy Schedule, Home Health Care and Adult Day Care.

THIS POLICY IS NOT A MEDICARE SUPPLEMENT POLICY: If You are eligible for Medicare, review the "Guide to Health Insurance for People with Medicare" available from Us.

THIS POLICY IS GUARANTEED RENEWABLE FOR LIFE: To renew, pay the premium due by the Premium Due Date or within the Grace Period. We cannot cancel or refuse to renew this Policy. Premiums are subject to change. We can only change the premium for this Policy if We change premiums for everyone in Your state with the same Policy form. We will give You (owner if there is one designated under this Policy) at least 60 days written notice at Your last address shown in Our records before We change Your premium.

YOUR RIGHT TO EXAMINE POLICY: If You are not satisfied with this Policy, You may return it to Us at Our Long Term Care Administrative Office or any authorized agent or agency within 30 days from the date You (owner if there is one designated under this Policy) receive it. We will then refund any premium You have paid within 30 days of Our receipt of the returned Policy. The refund will be sent directly to the payer, and this Policy, all riders and attachments will be considered never to have been in effect.

This is a non-participating policy.

Executed for the Company at its Home Office in Madison, WI.

A handwritten signature in cursive script that reads "Kent A. Olson".
President

A handwritten signature in cursive script that reads "Kimberly A. Starn".
Secretary

POLICY GUIDE

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POLICY DEFINITIONS

The following are general Policy definitions. Some may not apply, depending on the benefits issued to You under Your Policy. Please refer to the Policy Schedule which outlines the benefits provided.

Activities of Daily Living:

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

Medication management is not an Activity of Daily Living.

Adult Day Care means a program of services provided to Chronically Ill individuals during the day in a community group setting through an Adult Day Care Center that includes:

- social or health-related services, or both.
- Maintenance or Personal Care Services.

The purpose of such a program is to support frail, impaired, elderly or other disabled adults who can benefit from care in a group setting outside the home.

Adult Day Care Center means a facility licensed or certified under state law, if any, to provide Adult Day Care to adults who do not require 24-hour institutional care, but are not capable of full-time, independent living. Unless otherwise excluded in this Policy, Adult Day Care Centers include facilities otherwise named which provide a program of services to Chronically Ill individuals during the day in a community group setting that includes:

- social or health-related services, or both.
- Maintenance or Personal Care Services.

The purpose of such a program is to support frail, impaired, elderly or other disabled adults who can benefit from care in a group setting outside the home.

Assisted Living Facility means a place which:

- is licensed or certified under state law to perform the services it is providing, where such licensing or certification is required;
- has at least one trained staff member on duty 24-hours per day;
- provides continuous room and board; and
- provides Maintenance or Personal Care Services required by residents due to their inability to perform the Activities of Daily Living or due to a Severe Cognitive Impairment.

Unless otherwise excluded in this Policy, Assisted Living Facilities include facilities otherwise named, which meet the above criteria, including secure memory care units.

An Assisted Living Facility does not include a Hospital, a clinic or a facility for the treatment of alcoholism, alcohol abuse, drug addiction or mental illness.

Caregiver Training means training provided by a health care professional, approved by Us, to an informal caregiver. The informal caregiver may be an unpaid member of Your Family, a friend or neighbor. Examples of such training may include, but are not limited to:

- the proper care and use of medical devices such as catheters, intravenous medications, colostomy bags or suctioning tubes;
- assistance with medications, bandages and dressings; or
- the proper performance of various procedures to assist You with Your Activities of Daily Living.

Caregiver Training is provided in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

Certification means that because this Policy is intended to be tax-qualified under federal law, a written document from a Licensed Health Care Practitioner that You are a Chronically Ill Individual is required. The Certification must be renewed every 12 months and each renewed Certification must be submitted to Us at Our Long Term Care Administrative Office promptly upon issuance by the Licensed Health Care Practitioner.

Chronically Ill means that You require:

- Substantial Assistance from an individual to perform at least two (2) Activities of Daily Living due to the loss of functional capacity for a period expected to last at least 90 days; or
- Substantial Supervision when You have a Severe Cognitive Impairment to protect You or others from threats to health and safety.

Effective Date means the date coverage under this Policy and any attached riders is first in force. This date is shown on the Policy Schedule.

Elimination Period means the number of days on which You satisfy the conditions on Eligibility for Payment of Benefits and receive either Facility Care Services or Home and Community Care Services (if covered under this Policy), as defined in this Policy, before We will begin paying benefits. Your Elimination Period is shown on the Policy Schedule. Each day of covered services under this Policy counts towards Your Elimination Period, unless otherwise noted. Once You have satisfied the Elimination Period, no future Elimination Period is required. Days may be accumulated under separate claims in order to satisfy the Elimination Period. The Elimination Period applies to each insured individually under joint coverage.

The Elimination Period is not applicable to Caregiver Training or Respite Care Services. Use of these benefits does not count toward satisfaction of the Elimination Period for any other benefits payable under this Policy.

Facility Care Services means:

- Qualified Long Term Care Services provided to You in a Nursing Facility or Assisted Living Facility; or
- Maintenance or Personal Care Services performed in an Assisted Living Facility.

Family means You and Your spouse or Partner and those related to You, Your spouse, or Your Partner, including parents, grandparents, children, grandchildren, sisters, brothers, aunts, uncles, first cousins, nieces or nephews. This also includes in-laws, step relatives and relatives who have been legally adopted.

Hands-On Assistance means the physical assistance of another person without which You would be unable to perform the Activity of Daily Living.

Home and Community Care Services means Qualified Long Term Care Services provided to You through Adult Day Care, Home Health Care, Hospice Services and Caregiver Training.

Home Health Aide means a person, other than an RN or nurse, who provides Maintenance or Personal Care Services through a Home Health Care Agency. A Home Health Aide must be licensed or certified under state law, if any, and acting within the scope of his or her license or certification at the time the treatment or service is performed.

Home Health Care means Qualified Long Term Care Services provided to a Chronically Ill individual in their home and pursuant to a Plan of Care, including:

- professional nursing care by or under the supervision of an RN or other licensed nurse;

- care provided by a Home Health Care Agency, unless not available;
- care by a Home Health Aide;
- therapeutic care services by or under the supervision of a speech, occupational, physical, or respiratory therapist licensed or certified under state law, if any, or a registered dietician;
- Homemaker Services; or
- Substantial Supervision required due to Severe Cognitive Impairment.

Home Health Care is provided to You in a setting other than a Hospital, Nursing Facility or Assisted Living Facility.

Home Health Care Agency means a Hospital, agency, or other provider licensed or certified under state law, if any, to provide Home Health Care.

Unless otherwise excluded in this Policy, Home Health Care Agencies include agencies or other providers otherwise named, which provide Qualified Long Term Care Services to a Chronically Ill individual in their home and pursuant to a Plan of Care, including:

- professional nursing care by or under the supervision of an RN or other licensed nurse;
- care by a Home Health Aide;
- therapeutic care services by or under the supervision of a speech, occupational, physical or respiratory therapist licensed or certified under state law, if any, or a registered dietician;
- Homemaker Services; or
- Substantial Supervision required due to Severe Cognitive Impairment.

Homemaker Services means necessary services in Your home such as house cleaning, laundry, and meal planning and preparation, which are required pursuant to a Plan of Care because You are Chronically Ill. Homemaker Services do not include lawn or yard care, pet care, residential maintenance, transportation, vehicle upkeep, or home renovation.

Hospice Services means Qualified Long Term Care Services which provide a program of care to meet Your needs in the event You become terminally ill.

Hospital means an institution or facility that is:

- licensed as a Hospital by the proper authority of the state in which it is located; or
- accredited as a Hospital by the Joint Commission on Accreditation of Hospitals.

Licensed Health Care Practitioner means:

- a Physician;
- a Registered Nurse;
- a Licensed Social Worker; or
- other individual who meets requirements prescribed by the Secretary of the Treasury.

The Licensed Health Care Practitioner must not be a member of Your Family.

Licensed Social Worker means a duly licensed social worker acting within the scope of his or her license at the time the treatment or service is performed.

Maintenance or Personal Care Services means care provided primarily to give needed assistance to You as a result of Your being Chronically Ill (including protection of Your health and safety due to a Severe Cognitive Impairment).

This does not include services provided for comfort, convenience, companionship or entertainment.

Medicare means the Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as then constituted or later amended.

Mental or Nervous Disorders means affective disorders, anxiety disorders, personality disorders, psychotic disorders, or other mental or emotional disease or disorders. However, this definition does not include Alzheimer's or other demonstrable organic diseases such as senile dementia.

Nursing Facility means a facility or institution, other than a Hospital, that:

- is licensed or certified by the state in which it is located;
- is a separate facility or a distinct part of another health care facility;
- provides 24-hour per day skilled, intermediate or custodial nursing care under the supervision of an RN or Physician; and
- maintains a daily record on each patient.

Unless otherwise excluded in this Policy, a Nursing Facility includes a facility otherwise named, which meets the above criteria.

Nursing Facility does not include:

- a convalescent home, board and rest home, home for the aged, residential care facility, domiciliary and retirement care facility or training center; or
- a Hospital, a clinic, or a facility for the treatment of alcoholism, alcohol abuse, drug addiction or mental illness.

Partner means an adult who is either:

- named, along with the insured, in a valid certificate or license of civil union recognized by the state in which this Policy is issued; or
- has been living with the insured for the past three consecutive years in a committed relationship as the insured's partner or as a member of the insured's family; and
 - is committed to sharing basic living expenses with the insured; and
 - is not married to the insured, or anyone else; and
 - if related to the insured, belongs to the same generation of the insured's family (e.g. brother, sister, or cousin).

Physician, as defined in section 1861(r)(1) of the Social Security Act, is a doctor of medicine or osteopathy legally authorized to practice medicine and surgery by the state in which he or she performs such function or action, including osteopathic practitioners within the scope of his or her practice as defined by state law.

Plan of Care means a written plan prescribed by a Licensed Health Care Practitioner developed in consultation with You, based upon an assessment indicating You are Chronically Ill. The Plan of Care will recommend the necessary services to be performed. In addition, it will specifically identify the frequency and type of services most suitable to meet Your needs, as well as the most appropriate providers for such services. The Plan of Care is updated as Your needs change.

Policy means this contract with National Guardian Life Insurance Company.

Policy Schedule means the pages of this Policy that show Policy Information and Benefit Information.

Qualified Long Term Care Services means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and Maintenance or Personal Care Services, which are required by You when You are Chronically Ill, and are provided pursuant to a Plan of Care.

Registered Nurse (RN) means a duly licensed registered graduate professional nurse acting within the scope of his or her license at the time the treatment or service is performed.

Respite Care Services means Qualified Long Term Care Services provided on a short term basis to relieve family or friends who are the primary caregivers in Your residence. Respite Care Services may be provided in Your home, a Nursing Facility, Assisted Living Facility or through a community based program.

Severe Cognitive Impairment means Your deterioration or loss of intellectual capacity, which requires Substantial Supervision by another person to protect yourself or others from threats to health and safety. It is measured by clinical evidence and standardized tests that reliably measure Your impairment in:

- short or long term memory;
- Your orientation as to person (such as who You are), place (such as Your location) and time (such as day, date and year); and
- deductive or abstract reasoning.

A Severe Cognitive Impairment includes Alzheimer's disease and similar forms of irreversible dementia.

Single Claim Period means a claim for benefits under this Policy that is not interrupted by a period of 180 consecutive days. If You do not satisfy the conditions on Eligibility for Payment of Benefits (because You have recovered and You are no longer receiving benefits under this Policy) for 180 consecutive days or longer, a new Single Claim Period will be established.

Stand-By 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 Assistance means Hands-On or Stand-By Assistance.

Substantial Supervision means continual supervision by another person to protect You or others from threats to health or safety (such as may result from wandering) when You have a Severe Cognitive Impairment. Such supervision may include cueing by verbal prompting, gestures or other similar demonstrations.

We, Us, Our means National Guardian Life Insurance Company.

You, Your means the person (or persons under joint coverage) named as the insured(s) on the Policy Schedule.

LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR PAYMENT OF BENEFITS

Eligibility for Payment of Benefits

While this Policy is in force, You will be eligible for Payment of Benefits if You are Chronically Ill. This means that within the previous 12 months, a Licensed Health Care Practitioner has provided a written Certification that You require:

- Substantial Assistance from an individual to perform at least two (2) Activities of Daily Living (Bathing, Continence, Dressing, Eating, Toileting, Transferring) due to the loss of functional capacity for a period expected to last at least 90 days; or
- Substantial Supervision when You have a Severe Cognitive Impairment to protect You or others from threats to health and safety.

The expected 90-day period for loss of functional capacity does not establish an additional waiting period beyond any Elimination Period selected before benefits become payable.

Payment of Benefits

While this Policy is in force, We will pay benefits if:

- You satisfy Eligibility for Payment of Benefits;
- You have satisfied any applicable Elimination Period shown on the Policy Schedule;
- You receive services covered under this Policy pursuant to a Plan of Care;
- You are not receiving any other benefits covered under this Policy which means that only one benefit is payable on a single benefit day;
- You have not exhausted the benefits under this Policy;
- You satisfy the requirements under the FILING A CLAIM section; and
- Your claim is not subject to any Limitations and Exclusions contained in this Policy.

Services Received in Another State

If You satisfy the conditions for Payment of Benefits and receive services covered under this Policy in a state other than the state of issue, and the provider licensing or certification between the states differ, such differences will not impact benefits payable under this Policy.

Limitations and Exclusions

No benefits will be paid and the Elimination Period will not be satisfied for any confinement, care, treatment, or service(s):

- provided to You by a person in Your Family;
- provided outside the United States or its territories, or Canada, except as described under Coverage Outside the United States in the Policy Benefits section of this Policy;
- for which You have no financial liability or that is provided at no charge in the absence of insurance;
- provided at a government or veteran's facility where You are not required to pay;
- provided as a result of alcoholism or drug addiction;
- resulting from attempted suicide or self-inflicted injury;
- resulting from war, an act of war or active duty in the armed forces; or
- resulting from participation in a felony, riot or insurrection.

Non-Duplication of Benefits

Benefits are not payable under this Policy for: (a) expenses incurred to the extent that such expenses are reimbursable under Medicare or would be so reimbursable but for the application of a deductible or coinsurance amount; or (b) any other state or federal workers' compensation plan or other governmental program (except Medicaid).

For purposes of satisfying the Elimination Period, days on which You satisfy the conditions on Eligibility for Payment of Benefits, but coverage is excluded due to Non-Duplication of Benefits, will count toward satisfaction of the Elimination Period.

POLICY BENEFITS

Benefit Amount

Your Benefit Amount is shown on the Policy Schedule. The total of all benefits We will pay under this Policy and any attached riders will not exceed the Benefit Amount. Your coverage will end after We pay the total Benefit Amount.

Coverage Outside the United States

After You satisfy the conditions for Payment of Benefits, We will pay a Daily Benefit for covered services outside the United States or its territories, or Canada for up to 30 days per calendar year.

Payment will be the actual daily charges You incur for covered services, up to the Daily Benefit shown on the Policy Schedule. We will subtract the benefits We pay from the Benefit Amount.

Facility Care Services

After You satisfy the conditions for Payment of Benefits, We will pay a Daily Benefit for each day of Facility Care Services that You receive in a Nursing Facility or Assisted Living Facility.

Payment will be the actual daily Facility Care Services charges You incur, up to the Daily Benefit shown on the Policy Schedule. We will subtract the benefits We pay from the Benefit Amount.

Extension of Benefits

If this Policy lapses, We will not terminate any benefits payable for Facility Care Services if Your confinement begins while this Policy is in force and continues without interruption after this Policy lapses. Any benefits

payable under this provision are subject to the Benefit Amount, any applicable Elimination Period and all other provisions and Limitations and Exclusions of this Policy. No other Policy benefits or benefits added by rider or endorsement will be continued under this provision.

Facility Bed Reservation

After You satisfy the conditions for Payment of Benefits, We will pay You a benefit for Your Facility Bed Reservation if You:

- are receiving Facility Care Services;
- incur a temporary absence from a Nursing Facility or Assisted Living Facility; and
- are charged by the facility to reserve Your accommodations.

Payment will be the actual daily charges You incur for the reservation, up to the Daily Benefit shown on the Policy Schedule for Facility Care Services. We will subtract the benefits We pay from the Benefit Amount. This benefit is payable for a maximum of 30 days per calendar year.

Home and Community Care Services

Home and Community Care Services are covered and will be payable if shown on the Policy Schedule. After You satisfy the conditions for Payment of Benefits, We will pay a benefit for each day of covered Home and Community Care Services (Adult Day Care, Home Health Care, Hospice Services) You receive.

Payment will be the actual daily Home and Community Care Services charges You incur, up to the Daily Benefit shown on the Policy Schedule. We will subtract the benefits We pay from the Benefit Amount. This benefit is not payable if You are receiving Facility Care Services, the Facility Bed Reservation benefit, or You are confined in a Hospital.

Emergency Response System

If You are receiving benefits under this Policy for Home and Community Care Services, We will reimburse You for charges incurred for an Emergency Response System up to \$50 per month. This includes a device or system installed in Your residence that provides You with a means of communication to request assistance in the event of a medical emergency. It is not intended as a security system for Your residence.

We will subtract the benefits We pay from the Policy Benefit Amount. This benefit is not payable if You are receiving Facility Care Services or You are confined in a Hospital.

Caregiver Training

If Home and Community Care Services are covered under this Policy, after You satisfy the conditions for Payment of Benefits, We will pay a benefit for Caregiver Training, if prescribed in Your Plan of Care. This benefit is not subject to the Elimination Period. Use of this benefit does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual Caregiver Training charges You incur, up to the Maximum Lifetime Caregiver Training shown on the Policy Schedule. This is the maximum amount that We will reimburse for all Caregiver Training charges while You are insured under this Policy. Caregiver Training will only be provided to a person who will not be paid as Your caregiver. We will subtract the benefits We pay from the Benefit Amount.

Respite Care Services

After You satisfy the conditions for Payment of Benefits, We will pay a benefit for each day of Respite Care Services that You receive. This benefit is not subject to the Elimination Period. Use of these services does not count towards satisfaction of the Elimination Period for any other benefits payable under this Policy.

Payment will be the actual daily Facility Care Services charges or the actual daily Home and Community Care Services charges (if covered under this Policy) You incur, up to the Daily Benefit shown on the Policy Schedule. We will subtract the benefits We pay from the Benefit Amount. Respite Care Services are payable for a maximum of 30 days per calendar year.

Optional Care Coordination

At Your request, if You need Care Coordination assistance, You may call the toll-free number shown on the Policy Schedule and We will arrange for a care coordinator to contact You. The care coordinator will be a Licensed Health Care Practitioner who will:

- assess and coordinate appropriate care and services;
- provide assistance in developing a Plan of Care;
- if You wish, maintain a continuing role in arranging and monitoring services being provided; and
- assist with necessary claims documentation.

You are not required to use these services in order to file a claim and there is no cost to You if You choose to use these services. No benefits will be deducted from the Benefit Amount for their use.

Right to Reduce Coverage and Lower Premiums

You (owner if there is one designated under this Policy) have the option to reduce Your premiums under Your current coverage, subject to benefit availability, by selecting one of the following options:

- reducing the Benefit Amount shown on the Policy Schedule; or
- reducing the Daily Benefit shown on the Policy Schedule; or
- canceling an optional rider.

The premium rate for Your reduced coverage will be based upon Your age on the date this Policy was originally issued and the premium rate in effect on the date the Benefit Amount or Daily Benefit is reduced.

In the event this Policy is about to lapse due to nonpayment of premium, We will notify You of the options described above which will become available to You in order to reduce Your coverage. This notice will be sent to You at least 30 days before this Policy is cancelled for nonpayment of premium.

In order to request that We lower Your premium by reducing benefits, as previously described, You may contact Us at any time in writing regardless of a rate increase at Our Long Term Care Administrative Office at the address shown on the first page of this Policy. We will then process Your request according to the option (listed above) which You have chosen within 30 days upon receipt of such request. You will be notified in writing within 30 days of this change.

FILING A CLAIM

To file a claim for benefits, please provide Us with advance notice or advise Us as quickly as possible by calling the toll-free number shown on the Policy Schedule.

Notice of Claim

You must give Us written Notice of Claim within 30 days after You begin receiving care or services covered under this Policy, or as soon thereafter as reasonably possible. You may give notice or You may have someone do it for You. The notice must provide Us with sufficient information to identify You. It should be mailed to Us at Our Long Term Care Administrative Office or to one of Our agents.

Claim Forms

After You notify Our Long Term Care Administrative Office of a claim, We will send You or Your representative a claim form used for filing Proof of Loss. You or Your representative must complete it and return it to Us at Our Long Term Care Administrative Office.

If We do not send You a claim form within 15 days of Your notice to Us, You may meet the Proof of Loss requirement by giving Us a written statement within the time limit stated in the Proof of Loss section. The written statement must give Us information sufficient to identify You and must outline the nature and extent of Your loss.

Proof of Loss

You will be considered to have provided Proof of Loss when Our Long Term Care Administrative Office receives documentation that You are Chronically Ill, and other documentation acceptable to Us that You are receiving and paying for Qualified Long Term Care Services. This documentation includes (but will not necessarily be limited to):

- completed claim forms;
- a Plan of Care;
- necessary statements or bills which include the date, nature and daily charges for all Qualified Long Term Care Services received;
- canceled checks or other proof of payment for Qualified Long Term Care Services received.

In addition, We may require:

- copies of medical records;
- a functional and/or cognitive assessment conducted at Our expense.

If it is not possible to give Us timely Proof of Loss, We will not reduce or deny Your claim if Proof of Loss is filed as soon as You reasonably can provide the information to Us.

If We do not pay benefits upon receipt of written Proof of Loss, We will mail You within 30 working days, a letter which states Our reasons for not paying the claim, either in whole or in part. The letter will also provide You with a written itemization of any documents or other information needed to process the claim or any portions not paid.

In no event, except in the event of legal incapacity, may Proof of Loss be submitted later than one year from 90 days after the date of Your loss.

Time of Payment of Claims

Benefits are payable once We have received Proof of Loss as described. We will send payment no later than 30 days after Proof of Loss and all other Policy requirements have been satisfied. If We do not pay within 30 days, We will pay interest on the amount of the claim that should have been paid from day 31 to the day payment is made at a percentage rate required by state law or regulation, if any. If We are unable to obtain the written documentation to validate the Proof of Loss, including any information to establish Your benefit eligibility in accordance with the Policy requirements, We will be unable to give the claim consideration for benefit payment.

Payment of Claims

We will pay all benefits to You, or to the owner of this Policy if other than You, or to Your assignee. Upon Our receipt of proper written documentation, unassigned benefits remaining due upon Your death may be paid to Your Beneficiary or Your estate. If benefits are payable to Your estate, We may pay up to \$3,000 to any relative of yours by blood or marriage who We find is entitled to it. Any payments made in good faith will discharge Us with regard to such payment.

We may pay all or a portion of any benefits for care or services covered under this Policy to the provider of such care or services unless You instruct Us in writing to do otherwise when You file Your Proof of Loss with Us.

Benefit determinations and resolving benefit disputes shall be consistent with the applicable laws and regulations where the Policy is issued.

Beneficiary

The Beneficiary will be the person or persons named in the application or subsequently changed by written request to receive any unassigned benefit payments due upon Your death (last of Your deaths under joint coverage).

You may change the Beneficiary at any time by giving Our Long Term Care Administrative Office written notice. A change will not be effective until recorded by Us. Once recorded, the change will apply as of the date the request was signed, unless otherwise specified. We will not be liable for any action taken or payment made before a Beneficiary change is recorded. The Beneficiary's consent is not required to change the Policy or Beneficiary, unless the designation of the Beneficiary is irrevocable.

If You designate more than one person as Beneficiary, the interests of all Beneficiaries will be equal unless Your designation specifically provides otherwise. The share of any Beneficiary who does not survive You shall pass equally to the surviving Beneficiaries, unless Your designation specifically provides otherwise. If no Beneficiary is designated or no Beneficiary survives You, then Your estate will be the Beneficiary.

Plan of Care Updates and Examinations

While You are receiving benefits under this Policy We will periodically require copies of updates to Your Plan of Care, as well as an updated Licensed Health Care Practitioner Certification as described under the conditions on Eligibility for Payment of Benefits in this Policy.

In addition, We may require that a Licensed Health Care Practitioner examine You or provide Us with an assessment while a claim is pending or while You are receiving benefits, as often as reasonably required. We will pay for these examinations or assessments and will choose the individual to perform them.

Appealing a Claim

We will evaluate Your claim based on the provisions of this Policy and the information given by You, Your Licensed Health Care Practitioner and other available sources. We will inform You in writing if We deny Your claim or any part of Your claim. If You do not agree with a claim decision, You or Your representative may appeal the denial. The appeal must be in writing to Us at Our Long Term Care Administrative Office and include all information that pertains to the claim. No special form is needed. We will review Your request and notify You or Your representative of Our decision within 30 working days of receiving the request.

If after appealing a claim We notify You that Our denial has been upheld, You or Your representative may have the right to request an independent review of Our decision. We will provide You or Your representative with a written description of the independent review process, which includes the requirement for You to inform Us in writing of Your election to have the decision reviewed, within 120 days of Your receipt of Our notification. You will be given the opportunity to select an independent review organization certified or approved by the state to conduct long term care benefit eligibility reviews, if such state approval or certification is required. If You do not select an independent review organization, one will be chosen for You and Your request will be forwarded to that organization for independent review.

Right of Recovery

If We make any errors in processing Your claim, We have the right to recover any overpayment of benefits. We will recover by offset any amounts that have not been previously recovered at the time We make another benefit payment.

Legal Action

Legal action to obtain benefits under this Policy may not be started earlier than 60 days after required Proof of Loss has been filed with Us. Further, after required Proof of Loss was filed with Us, no legal action may be started later than three years after required Proof of Loss was filed with Us. Any part of this provision which is in conflict with the laws of the state in which this Policy was issued is hereby amended to conform to the laws of such state.

PAYING YOUR PREMIUM

Premium Due Dates

The first premium is due on the Effective Date shown on the Policy Schedule. After the first premium has been paid, premiums will be due in the amount and frequency shown on the premium statement that We will mail to You.

Modes of Premium Payment

Premiums may be paid on an annual, semi-annual or quarterly basis, or by monthly automatic premium plan. We will change the mode of premium payment if We receive a proper written request at Our Long Term Care Administrative Office before the Premium Due Date. The amount of each modal premium is calculated by multiplying the annual Policy premium by the applicable modal factors. The modal premiums for Your Policy are shown on the Policy Schedule.

<u>Premium Payment Mode</u>	<u>Modal Factor</u>
Semi-Annually	0.52
Quarterly	0.27
Monthly	0.0875

Payment Responsibility

You are responsible for payment of all Your premiums due while coverage is in force. Payment must be sent to Us at Our Long Term Care Administrative Office or any other office that We may designate.

Unpaid Premium

We may deduct any premium due and unpaid from any claim payment payable under this Policy.

Waiver of Premium

We will waive the payment of future premiums that become due for the Policy and any attached riders once We begin paying benefits for Facility Care Services (either insured under joint coverage), and for as long as We continue to pay benefits for Facility Care Services under the terms of this Policy. The premium will be waived based on the premium mode in effect at the time We begin paying benefits for Facility Care Services. Premium payments will again become payable on the next renewal date after Your confinement for Facility Care Services ends or when You are no longer receiving benefits for Facility Care Services.

Grace Period

Except for the first premium, You will have 31 days after each due date to pay the premium due. This Policy remains in force during the Grace Period.

Unintentional Lapse

You have the right to name at least one person who is to receive the notice of lapse for nonpayment of premium, in addition to the insured (owner if there is one designated under this Policy). The Company shall notify the insured (owner if there is one designated under this Policy) of the right to change this written designation, no less often than once every two years.

This Policy shall not lapse for nonpayment of premium unless the Company, at least 30 days before the effective date of the lapse, has given written notice to You (owner if there is one designated under this Policy) and any individuals designated by You to receive notice of nonpayment of premium at the address provided by You (owner if there is one designated under this Policy) for purposes of receiving notice of lapse. Notice shall be given by first class United States mail, postage prepaid. Notice will be sent at least 30 days before lapse of Your coverage. Notice may not be given until 30 days after a premium is due and unpaid. Notice shall be deemed to have been given as of five days after the date of the mailing.

If Your premium is not paid within 35 days after notice is sent, this Policy will lapse for nonpayment of premium.

Refund of Unearned Premium

Upon Your death (last of Your deaths under joint coverage) We will refund any unearned premium for this Policy on a pro-rata basis. We will make this refund to Your Beneficiary or Your estate within 30 days of receipt of proof of Your death.

If You (both insureds under joint coverage or owner if there is one designated under this Policy) request in writing to cancel this Policy, We will refund any unearned premium to You (owner if there is one designated under this Policy) on a pro-rata basis. Cancellation will be effective upon receipt of Your request at Our Long Term Care Administrative Office or on a later date specified by You.

Any refund due the insured (owner if there is one designated under this Policy) upon cancellation by the insured (owner if there is one designated under this Policy) is not in lieu of nonforfeiture benefits, if any.

GENERAL PROVISIONS

Misstatement of Age

If Your age is misstated on the application, We may, at any time, adjust Your benefits and/or premiums to reflect Your correct age.

Entire Contract

This Policy, the insured's (owner's if there is an owner designated under this Policy) application, and any riders, endorsements or amendments to this Policy, shall constitute the entire contract between the Company and the insured (owner if there is one designated under this Policy). No document may be included by reference. No agent has authority to change this Policy or to waive any of its provisions.

Incontestability

If this Policy has been in force for less than six months, upon a showing of misrepresentation that is material to the acceptance of coverage, We may rescind this Policy or deny an otherwise valid claim on this Policy.

If this Policy has been in force for at least six months, but less than two years, and if We can show the misrepresentation is both material to the acceptance of coverage and that it pertains to the condition for which benefits are sought, We may rescind this Policy or deny an otherwise valid claim on this Policy.

After this Policy has been in force for two years it is not contestable upon the grounds of misrepresentation alone. After two years, this Policy may be contested only upon a showing that You knowingly and intentionally misrepresented relevant facts relating to Your health.

Policy Termination

This Policy will terminate and Your coverage will end on the earliest of:

- the date that the total of all benefits paid under this Policy is equal to the Benefit Amount shown on the Policy Schedule;
- the date We receive a written request from You (both insureds under joint coverage) at Our Long Term Care Administrative Office to cancel this Policy (or a later date specified by You in the cancellation request);
- the date this Policy lapses for nonpayment of premium as described under the Unintentional Lapse provision; or
- the date of Your death (last of Your deaths under joint coverage).

If this Policy provides joint coverage and only one of You has exhausted the Benefit Amount as described above, coverage will continue for the remaining insured as described under the Joint Coverage provision below.

Reinstatement – Lapse Due to Cognitive Impairment or Loss of Functional Capacity

If Your coverage has lapsed due to Your cognitive impairment or loss of functional capacity before the grace period of the Policy expired, Your coverage may be reinstated without an application if:

- You (or owner if there is one designated under this Policy) or Your representative requests reinstatement in writing to Our Long Term Care Administrative Office within six months after lapse;
- We receive evidence satisfactory to Us that You (either insured under joint coverage) have a cognitive impairment or loss of functional capacity; and

- We receive all past due and unpaid premiums.

This Policy will then be reinstated as of the date of lapse and both You (owner if there is one designated under this Policy) and We shall have the same rights that existed prior to the due date of the premium in default. Premium rates for this reinstated Policy will be based on Your original issue age.

Reinstatement – Lapse Due to Nonpayment of Premium

If the Policy lapses for nonpayment of premium, You may apply to reinstate the Policy. Later acceptance of premium by Us without requiring an application for reinstatement shall reinstate the Policy. To apply for reinstatement You must submit an application to Us at Our Long Term Care Administrative Office and pay all premium due as of the date the Policy lapsed through the date of reinstatement. The completed application must be received by Us within one year after the end of the Grace Period. The Policy may only be reinstated as provided below.

The Policy will be reinstated upon either:

- Our written approval of the application; or
- on the 45th day following the date of the conditional receipt, unless We have given notice to You (owner if there is one designated under this Policy) of Our disapproval of the application.

This reinstated Policy will cover loss due to cognitive impairment or loss of functional capacity that occurs after the date of reinstatement.

Upon reinstatement of this Policy both You (owner if there is one designated under this Policy) and We shall have the same rights that existed prior to the due date of the premium in default, subject to any provisions noted or attached to the reinstated Policy. Premium rates for this reinstated Policy will be based on Your original issue age.

Joint Coverage

This Policy provides equal coverage for two persons if both apply and are issued coverage under this Policy. The name of each insured covered under this Policy is shown on the Policy Schedule.

All benefits, Eligibility for Payment of Benefits and Payment of Benefits, Elimination Periods, Benefit Amount and Limitations and Exclusions described in this Policy or shown on the Policy Schedule apply to each insured individually and separately, unless otherwise noted.

If one of You dies while the Policy is in force (and We receive proof of death), or one of You exhausts Your benefits, coverage continues for the remaining insured. The premium for the continued coverage will remain the same and will be due on this Policy's next Premium Due Date.

Policy Ownership

You (both insureds under joint coverage) are the owner of this Policy unless otherwise provided in the application or changed by written request. Changes in ownership designation, unless otherwise specified by the owner, shall take effect on the date the notice of change is signed by the owner. While You are living, the owner may exercise every right and receive every benefit provided by this Policy. If the owner is not You and the owner dies while You are living, unless otherwise provided, all rights of the owner shall be transferred to the owner's executors or administrators.

Assignment

No assignment of interest under this Policy will be binding upon Us unless the original or a copy of the assignment is filed with Us at Our Long Term Care Administrative Office. Assignment shall take effect on the date the assignment is signed by You, unless otherwise specified by You, subject to any payments made or actions taken by Us prior to receipt of the assignment. We do not assume any responsibility for the validity of an assignment.

Conformity with Interstate Insurance Product Regulation Commission Standards

This Policy was approved under the authority of the Interstate Insurance Product Regulation Commission and issued under the Commission Standards. Any provision of this Policy that, on the Effective Date, conflicts with the Interstate Insurance Product Regulation Commission standards for this product type is hereby amended to conform to the Interstate Insurance Product Regulation Commission standards for this product type as of the Effective Date.

SPECIMEN



Home Office: Madison, WI

Long Term Care Administrative Office: LifeCare Assurance Company; PO Box 4243, Woodland Hills, CA 91365-4243
888.505.2332 • Fax 818.887.4595 • www.ngl-essentialtc.com

COMPOUND INFLATION PROTECTION RIDER

READ THIS RIDER CAREFULLY. It is a part of a legal contract between You and Us.

This rider is part of the Policy. The Effective Date for this rider is shown on the Policy Schedule of the attached Policy. It is issued in consideration of Your application and premium paid by You for this rider. All definitions, provisions, Limitations and Exclusions of the Policy apply to this rider unless changed by this rider.

Compound Inflation Protection

On each Policy Anniversary Date, We will increase the Daily Benefit shown on the Policy Schedule. The increase will be based on the previous year's Daily Benefit amount, without regard to claims paid, at the percentage increase rate selected on Your application and shown on the Policy Schedule.

In addition, on each Policy Anniversary Date, the Benefit Amount and, if shown on the Policy Schedule, the Maximum Lifetime Caregiver Training benefit amount and the Shared Benefit Amount, reduced by any claims paid, will increase by the same percentage rate.

Benefits will continue to increase annually while the rider is in force, including while You are receiving benefits under the Policy.

Termination

This rider will terminate when the Policy terminates; or,

- when the Policy is continued under the provisions of any nonforfeiture benefit; or,
- on the date We receive the request from You (both insureds under joint coverage) at Our Long Term Care Administrative Office to cancel this rider or Your Policy (or a later date specified by You in the cancellation request).

Your Right to Examine Rider

If You are not satisfied with this rider, You may return it to Us at Our Long Term Care Administrative Office or any authorized agent or agency within 30 days from the date You receive it. We will then refund any premium You have paid for this rider within 30 days of Our receipt of the returned rider. The refund will be sent directly to the payer, and this rider will be considered never to have been in effect.

Executed for the Company at its Home Office in Madison, WI.


President


Secretary