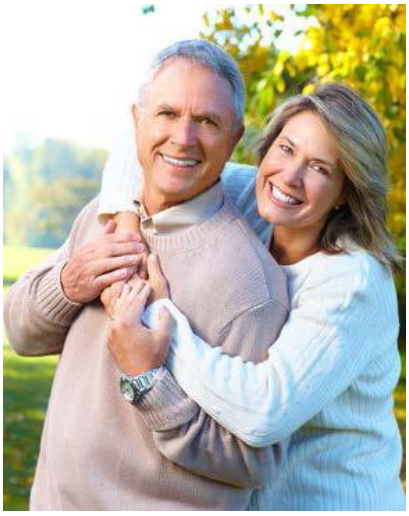
LTCi POLICY STRUCTURE

Indemnity

- No receipts or bills are submitted to the insurance carrier
- Monthly payment is automatically sent to the policy owner
- Policy owner will be paid the full amount elected, even if his or her long-term care expenses are less than the benefit

Reimbursement

- Long-term care receipts and bills must be submitted to the insurer before the benefit is paid
- The long-term care provider will pay only for expenses incurred, up to the daily/monthly benefit amount selected



Benefit Period & Amount

The total amount of coverage available to the client is the daily or monthly benefit multiplied by the benefit period. (Ex. $5,000/$150 monthly/daily benefit for 4 years creates a $240,000 pool of money). The monthly/daily benefit amount is the maximum amount of expenses covered in any single month/day. The benefit period does not represent the length of coverage, but instead is used as a multiplier to calculate the total pool of money.

Elimination Period

Long-term care insurance has a deductible typically referred to as an elimination period. The elimination period represents the length of time you must pay for covered services before the policy begins paying the benefit. Typically, insurance companies count service days (not calendar days). You choose the length of your elimination period when you purchase your policy. Elimination periods for nursing home and home health care may be different, or there may be a single elimination period that applies to any covered service. Elimination periods are typically 90 days, but variations from 20 days to 365 days are available.

Inflation Protection

Inflation protection can be one of the most important additions to a long-term care policy. This feature ensures that your policy keeps up over time with the rising costs of long-term care coverage. The dollar amount of the increase depends on whether the inflation adjustment is "simple" or "compound." "Simple" will increase the benefit by the same dollar amount per year, whereas "compound" increases the dollar amount by a fixed percentage every year (typically 3% or 5%).

Qualifying for Benefits

The inability to do Activities of Daily Living is the most common way insurance companies decide when you are eligible for benefits. Typically, a policy pays benefits if you have a cognitive impairment or cannot do two of the six of the following (based on a physician's assessment): bathing, continence, dressing, eating, toileting and transferring (moving from a bed to a chair).