Long Term Care Insurance
Outline of Coverage
from Genworth Life Insurance Company
Page 1 of 8

Group Policy Form No.: Series 7053
Certificate Form No.: 7053CRT
Group Policyholder: Teacher Retirement System of Texas

NOTICE TO BUYER

This Group 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 Group Policy limitations. In addition, the certificate holder is advised that based on current health care cost trends, the benefits provided by this certificate may be significantly diminished in terms of real value to the certificate holder, depending on the amount of time which elapses between the date of purchase and the date upon which the certificate holder first becomes eligible for those benefits.

CAUTION

The issuance of this long term care insurance Certificate is based upon Your responses to the questions on Your Application. A copy of Your Application is enclosed. If Your answers are incorrect or untrue, the Company may have the right to deny Benefits or rescind Your Certificate. 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 at this address: the Administrative Office address shown above.

1. POLICY DESIGNATION

This Policy is a Group Policy which was issued in the state of TEXAS.

2. PURPOSE OF THE OUTLINE OF COVERAGE

This Outline Of Coverage provides a very brief description of the important features of the Group Policy. You should compare this Outline Of Coverage to outlines of coverage for other policies available to You. This is not an insurance contract, but only a summary of coverage. Only the individual or group policy, and not the Outline Of Coverage, contains governing contractual provisions. This means that the individual or group policy sets forth in detail the rights and obligations of both You and Us. Therefore, if You purchase this Coverage, or any other coverage, it is important that You READ YOUR POLICY OR CERTIFICATE CAREFULLY!

3. TERMS UNDER WHICH THE CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED

30-Day Free Look Period: You have 30 days from the day You receive the Certificate to review and return it to Us at Our Administrative Office if You are not satisfied with it for any reason. All Premium paid will be refunded within 30 days after: (a) return of the Certificate during this Free Look Period; or (b) Our denial of Your Application.

Unearned Premium Refunds: Unearned Premium will be refunded if Your Coverage ends due to death, surrender or cancellation.

4. MEDICARE SUPPLEMENT INSURANCE DISCLAIMER THIS IS NOT MEDICARE SUPPLEMENT COVERAGE

If You are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from Us. Neither We nor Our agents or producers represent Medicare, the federal government, or any state government.

5. LONG TERM CARE COVERAGE

Long term care insurance is designed to provide coverage for necessary or medically necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and 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. Coverage is provided for the benefits outlined in paragraph (6) of this subsection. The benefits described in paragraph (6) of this subsection may be limited by the limitations and exclusions in paragraph (7) of this subsection.
6. BENEFITS PROVIDED

(A) Covered Services: Payment of institutional and non-institutional Benefits described below is subject to the provisions, conditions, limitations and exclusions of the Group Policy as restated in the issued Certificate. Once the Elimination Period has been satisfied, Benefits are available up to daily or monthly and annual maximums until the applicable Benefit limits are exhausted. Benefits are paid up to the applicable limits for 100% of Your Covered Expenses. You will be responsible for the payment of any expenses not reimbursed by Your Coverage. The limits and features for Your Coverage are based on Your plan choices.

(B) Institutional Benefits: These pay for Covered Expenses incurred while confined in a Nursing Facility, Assisted Living Facility, or Hospice Care Facility. This includes room charges in a Nursing Facility or Hospice Care Facility.

- The Assisted Living Facility Benefit includes room charges and pays up to 100% of the Nursing Facility Maximum.
- Bed Reservation Benefits are available for temporary absences of up to 60 days per calendar year when room charges are covered in the facility.

(C) Non-Institutional Benefits:

- Privileged Care Coordination Services are offered to assist in identifying care needs and community resources available to deliver care while You are Chronically Ill. When You choose to use these services they will be furnished by a Privileged Care Coordination team provided by Us at no cost to You.

The Home and Community Care Benefit covers services received at home and in the community for:

- Adult Day Care.
- Nurse and Therapist Services.
- Home Health or Personal Care Services from Formal Providers (licensed or certified individuals and Home Health Agencies) and Incidental Homemaker and Chore Care received during the same visit and by the same person who provided You with those Home Health or Personal Care Services.

The Home and Community Care Benefit pays up to 75% of the Nursing Facility Maximum.

The Home Assistance Benefit covers: home modifications; assistive devices; supportive equipment; emergency medical response systems; and caregiver training. It pays up to a lifetime limit equal to 90 days/3 months of full Nursing Facility Benefits.

The Hospice Care Benefit covers services designed to provide palliative care and alleviate Your discomforts when You are both Chronically Ill and Terminally Ill. Benefits are payable up to: the Nursing Facility Maximum for care received in a covered facility; and the limit for the Home and Community Care Benefit when care is received while You are living at home.

The Respite Care Benefit provides short-term coverage to relieve the person who normally and primarily provides You with care in Your home on a regular, unpaid basis. It pays for up to 30 days per calendar year.

The Alternate Care Benefit may, subject to Our approval and mutual agreement, pay for Covered Expenses incurred for services, devices or treatments that are Qualified Long Term Care Services not specifically covered under another Benefit.

The Contingent Nonforfeiture Benefit gives You the right to reduce coverage or convert to limited paid-up Benefits in the event of a cumulative Premium increase that is considered to be substantial as stated in the Certificate.

(D) Eligibility For The Payment Of Benefits: For You to be eligible for the payment of Benefits:

- You must be Chronically Ill;
- We must receive a Current Eligibility Certification for You; and
- We must receive ongoing proof which verifies that the Covered Care You receive is needed due to You continually being Chronically Ill.
- Conditions: Benefits will only be paid as reimbursement for expenses paid on Your behalf only if all of the following conditions have been satisfied:
  - You must meet the above Eligibility For The Payment Of Benefits requirements.
  - The expenses must qualify as Covered Expenses.
  - The Covered Care and related Covered Expenses must be consistent with and received pursuant to Your Plan of Care as prescribed by a Licensed Health Care Practitioner.
• Your Coverage must not have ended before the date(s) the Covered Care is received.

• Any applicable Elimination Period must be satisfied.

• You must not have exhausted the Coverage Maximum or any daily, monthly, annual or lifetime limits applicable to the specific Benefits being Claimed.

• You must meet the requirements for payment in accordance with all the provisions of Your Certificate.

• The care, service, cost or item for which Benefits are payable must meet the definition of Qualified Long Term Care Services.

**Meaning Of Terms:** The following definitions are being provided to assist You in understanding certain terms used in this Outline Of Coverage. The Certificate contains additional definitions not provided for in this Outline Of Coverage. The definition of any capitalized term in this Outline Of Coverage is provided for in the General Definitions section of the Certificate.

**Activities of Daily Living** means the following self-care functions: bathing (washing oneself); continence (control of bowel and bladder functions); dressing (putting on and taking off clothes and assistive devices); eating (taking nourishment); toileting (including performing associated personal hygiene tasks); and transferring (sufficient mobility to move in and out of a bed, chair or wheelchair or to move from place to place, either via walking, a wheelchair or other means).

**Chronically Ill** or **Chronically Ill Individual** refers to a person who has been certified by a Licensed Health Care Practitioner as:

• Being unable to perform, without Substantial Assistance from another individual, at least two (2) Activities of Daily Living due to a loss of functional capacity. In addition, this loss of functional capacity must be expected to exist for a period of at least 90 days; or

• Having a level of disability similar (as determined under the regulations prescribed by the Internal Revenue Service in consultation with the Secretary of the U.S. Department of Health and Human Services) to the level of disability immediately above; or

• Requiring Substantial Supervision to protect the person from threats to health and safety due to a Severe Cognitive Impairment.

**Severe Cognitive Impairment** is a loss or deterioration in intellectual capacity that: is comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia; and is measured by clinical evidence and standardized tests that reliably measure impairment in the person's: short-term or long term memory; orientation as to people, places or time; deductive or abstract reasoning; and judgment as it relates to safety awareness.

**Substantial Assistance** is either:

• **Hands-on Assistance** which is the physical assistance (minimal, moderate or maximal) of another person without which You would be unable to perform the Activity of Daily Living; or

• **Standby Assistance** which is the presence of another person within arm's reach of You that is necessary to prevent, by physical intervention, injury to Yourself while You are performing the Activity of Daily Living.

**Substantial Supervision** is continual supervision (which may include cueing by verbal prompting, gestures, or other demonstrations) by another nearby person that is necessary to protect the severely cognitively impaired person from threats to his or her health or safety (such as may result from wandering).

**Coverage** means the Benefits You have under the Group Policy or Continuation Coverage as evidenced by Your Certificate.

**Coverage Maximum** means the maximum amount of Benefits under Your Coverage. The Coverage Maximum will change as described below and when You elect changes.

Your Coverage Maximum is $__________.

Your Coverage Maximum and amounts based on the Nursing Facility Maximum are: (a) reduced as payments are made for Covered Expenses; (b) increased when Benefit Increases apply; and (c) exhausted when they are reduced to zero.

**Covered Care** means those Qualified Long Term Care Services for which Your Coverage pays Benefits or would pay Benefits in the absence of an Elimination Period or payment limits.

**Covered Expenses** means costs You incur for Covered Care. Each Benefit defines the Covered Expenses under that Benefit. An expense is considered to be incurred on the day on which the care, service or other item forming the basis for it is received by You.

A **Current Eligibility Certification** is a written certification by a Licensed Health Care Practitioner, who is not a member of Your Immediate Family, that You meet the above requirements for being Chronically Ill. The certification must be renewed and submitted to Us every 12 months.
Elimination Period means the length of time, beginning with the first day on which You incur a Covered Expense, before You are entitled to Benefits. Days used to satisfy the Elimination Period do not need to be consecutive; and can be accumulated over time. Once satisfied, You will never have to satisfy a new Elimination Period for Your Coverage.

Your Elimination Period is __90__ Calendar Days.

Nursing Facility Maximum means the maximum amount We will pay when You are Confined in a Nursing Facility. This may be a daily maximum or a monthly maximum, based on Your plan choice. This amount is also used to determine other Benefit maximums. The Nursing Facility Maximum is the maximum total amount payable for all Covered Expenses incurred (a) on a day when it is a daily maximum; or (b) in a calendar month when it is a monthly maximum. This limitation does not apply to Benefits that are not subject to a daily or monthly maximum.

Your Nursing Facility Maximum is $________ per Month.

Qualified Long Term Care Services means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services and maintenance or personal care services which: (1) are required by a Chronically Ill Individual; and (2) are provided pursuant to a Plan of Care prescribed by a Licensed Health Care Practitioner.

OTHER FEATURES AND OPTIONS (Optional items available for added Premium)

Automatically Included International Nursing Facility Benefit: This Benefit will pay for Covered Expenses You receive while You are outside the United States. Subject to the Coverage Maximum, the Benefit will not exceed 75% of the Nursing Facility Maximum for confinement in an Out-of-Country Nursing Facility. This Benefit terminates four years after the date for which it first makes payment.

Optional Nonforfeiture Benefit: This Benefit provides a continuation if Your Coverage ends due to non-payment of Premium after it has been in force for at least three years. Any Benefit Increases will cease; and the Coverage Maximum will be reduced to the greater of: (a) the sum of all Premium paid (and not waived under the Waiver of Premium Benefit) for Your Coverage; or (b) the amount equal to one month (30 days) of Benefits under the Nursing Facility Benefit in effect at the time Your Coverage ends. In no event will this amount exceed the unused Coverage Maximum at the time Your Coverage ends.

Automatically Included Informal Care Benefit: This Benefit provides for the payment of Covered Expenses incurred for health and personal care assistance another person provides to You in Your Home in accordance with Your Plan of Care. That person can be a member of Your Immediate Family or someone else provided he or she: (a) did not reside with You in Your Home at the time Your first satisfied the Eligibility For The Payment Of Benefits provisions; and (b) is not compensated, as an employee, by any organization that is paid to provide such assistance. Payment is subject to a calendar year total of 30 days with a daily maximum of: 25% of the Nursing Facility Maximum per day when daily Benefits apply; or 1% of the Nursing Facility Maximum per day when Benefits are payable on a calendar month basis. This Benefit will not be paid for any day for which payment is made under the Home and Community Care Benefit. Payment of this Benefit is subject to the Elimination Period unless the Waiver of Home Care Elimination Period also applies.

7. EXCLUSIONS AND LIMITATIONS

There are no exclusions or limitations for pre-existing conditions disclosed on Your Application. Any incorrect or omitted material information in Your Application for Coverage, or any increase in Coverage, may cause the Coverage that becomes effective as a result of Your Application to be rescinded (voided) or a Claim to be denied, as stated in the Misstatements/Incontestability provision of Your Certificate.

Non-eligible Facilities/Providers: A Nursing Facility, Assisted Living Facility or Hospice Care Facility must meet the applicable definition stated in Your Certificate in order to qualify for Coverage.

Non-eligible Levels of Care: Coverage is not based on the specific level of care; but is for care furnished for a specific covered reason, by or through the covered facilities and providers. Care from Immediate Family members is covered only when specifically indicated.

Exclusions/Exceptions and Limitations: We will not pay Benefits for any Covered Care:

• for which no charge is normally made in the absence of insurance;
• provided outside the fifty (50) United States, the District of Columbia, and any territory of the United States of America; unless specifically provided for by a Benefit;
• provided by Your Immediate Family, unless: specifically covered by a Benefit; or he or she is paid as a regular employee of the organization that provides the services to You;
• provided by, or in, a Veteran’s Administration or Federal government facility, unless a valid charge is made to You or Your estate;
• resulting from illness, treatment or medical condition arising out of any of the following:
  • war or any act of war, whether declared or not;
  • attempted suicide or an intentionally self-inflicted injury;
  • participation in a felony, riot, or insurrection;
  • service in the armed forces or units auxiliary thereto;
• for alcoholism or addiction to drugs or narcotics (except for an addiction to a prescription medication when administered in accordance with the advice of a physician).

**Non-Duplication:** Benefits will be paid only for Covered Expenses that are in excess of the amount paid or payable under:
• Medicare (including amounts that would be reimbursable but for the application of a deductible or coinsurance amount); and
• Any State or Federal workers’ compensation, employer’s liability or occupational disease law;
• Any other Federal, state or other government health or long term care program or law except Medicaid.

This Non-Duplication provision will not disqualify a Covered Expense from being used to satisfy any Elimination Period requirement.

**Coordination with Other Coverage:** We will reduce the amount of Benefits We will pay for Covered Expenses when the total amount payable under this and all Other Long Term Care coverage is greater than the actual Covered Expense You incur for Covered Care.

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

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

Because the costs of long term care services will likely increase over time, You should consider whether and how the Benefits of Your Coverage may be adjusted. Benefit levels will not increase over time unless the plan You purchase provides Benefit Increases. Unless otherwise described, these increases will be automatic; will not require proof of good health; will be made without a corresponding increase in Premium; and will continue without regard to Your age, claim status or claim history, or length of time You have been insured.

Benefit Increases cease when: (a) the applicable maximum has been exhausted; (b) they are terminated by You; (c) Your Coverage ends; or (d) Your Coverage is continued under any Nonforfeiture Benefit, if applicable.

If You do not purchase a Benefit Increases option at initial issue, You may need to provide proof of good health to later increase coverage. Available increase options are described below. They are followed by a graphic comparison of the Benefit levels of coverage that increase Benefits over time with coverage that does not increase Benefits. A similar graphic comparison illustrates Premium for those coverages at a given issue age.

**AVAILABLE BENEFIT INCREASE OPTIONS**

5% Future Purchase Options will apply if no other Option is selected.

**3% Compound Benefit Increases:** On each anniversary of Your Certificate Effective Date Your then current Nursing Facility Maximum and the current amounts of other dollar maximums will each increase by 3%.

**5% Compound Benefit Increases:** On each anniversary of Your Certificate Effective Date Your then current Nursing Facility Maximum and the current amounts of other dollar maximums will each increase by 5%.

**5% Future Purchase Options:** These provide a way to increase Your Benefit maximums as of every 3rd anniversary of the Group Policy Effective Date. Increases will not be available or effective, and may be revoked or rescinded, if You are Chronically Ill or otherwise eligible for Benefits on the date the offer is accepted.

You will be given the option to purchase additional coverage equal to 5% compounded annually for the 3 year period (an approximate increase of 15.8%). The increases will apply to Your then current Nursing Facility Maximum and the current amounts of other dollar maximums. The additional Premium for an increase will be based on: (1) the amount of the increase; and (2) Your age and the Premium in effect for the Group Policy on the date the increase takes effect.

Offers and Benefit Increases cease when: (a) You have refused/declined Two consecutive options to increase Benefit maximums; (b) the applicable maximum has been exhausted; (c) they are terminated by You; (d) Your Coverage ends; or (e) Your Coverage is continued under any Nonforfeiture Benefit, if applicable.
9. TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE CONTINUED IN FORCE AND IS CONTINUED

(A) RENEWABILITY: THE CERTIFICATE IS GUARANTEED RENEWABLE. This means You have the right, subject to the terms of Your Policy, to continue this Policy as long as You pay Your Premiums on time. Genworth Life Insurance Company cannot change any of the terms of the Certificate on Our own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

(B) CONTINUATION COVERAGE: Your Coverage will be continued in accordance with the terms of Your Certificate even if the Policyholder ceases to sponsor the Group Policy or discontinues coverage for the group of eligible persons to which You belong. You must pay Us all Premium required for the continuation of Your Coverage.

(c) WAIVER OF PREMIUM: Premium will be waived for each coverage month while You are receiving Nursing Facility, Assisted Living Facility, Bed Reservation, Home and Community Care or Hospice Care Benefits.

10. ALZHEIMER’S DISEASE, OTHER ORGANIC BRAIN DISORDERS, AND BIOLOGICALLY BASED BRAIN DISEASE/SERIOUS MENTAL ILLNESS

Coverage is provided for insureds clinically diagnosed as having Alzheimer’s disease or related degenerative and dementing illnesses subject to the same exclusions, limitations and provisions applicable to other Covered Care described above in paragraph 6 because of a clinical diagnosis of Alzheimer’s disease or related degenerative illnesses and illness involving dementia, or due to biologically based brain diseases/serious mental illness, including schizophrenia, paranoid and other psychotic disorders, bipolar disorders (mixed, manic, and depressive); major depressive disorders (single episode or recurrent); and schizo-affective disorders (bipolar or depressive).

11. PREMIUM

The initial Premium for Your Coverage will be determined from the Premium rate schedule contained in Your enrollment material based on the options selected, Your age and the Premium Payment Mode.

(C) Complete to show Premium and Options Selected

<table>
<thead>
<tr>
<th>Premium Payment Mode</th>
<th>annual</th>
<th>Quarterly</th>
<th>Semi-Annual</th>
<th>Monthly</th>
</tr>
</thead>
</table>

Modal Premium for Selected Coverage

Certificate with any Benefit Increases $_______
Nonforfeiture Benefit $_______
Annual Total Modal Premium $_______

You may have the right to choose one of the following Premium Payment Modes: Annual in one payment that provides Coverage for 12 Coverage Months; Semi-Annual in two payments that each provide Coverage for 6 Coverage Months; Quarterly in four payments that each provide Coverage for 3 Coverage Months; or Monthly in twelve payments that each provide Coverage for 1 Coverage Month.

If You have a Premium Payment Mode other than Annual, You may pay additional charges for that Premium Payment Mode. Refer to the Modal Premium Disclosure provided in Your Certificate.

Grace Period: A period of 31 days will be granted for the payment of each premium falling due after the first premium. During the grace period, the Policy will stay in force.

12. TEXAS DEPARTMENT OF INSURANCE’S CONSUMER HELP LINE.

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.

13. DENIAL OF APPLICATION

All premiums paid will be returned within 30 days of denial of an application for long term care insurance.
14. OFFER OF INFLATION PROTECTION – GRAPHIC COMPARISONS

(A) Below is a graphic comparison of the benefits levels of a Policy that increases benefits over the policy period with a Policy that does not increase benefits.

(B) Below is a graphic demonstration of level coverage and increasing coverage over a period of time. Note that this graphic is an illustration of the premium increase and is not based on age.

15. OFFER OF NONFORFEITURE BENEFITS

If You are covered by the Nonforfeiture Benefit Rider, it will provide a continuation of Your coverage up to a specified dollar amount, called the Nonforfeiture Allowance, if Your coverage terminates due to non-payment of premium before Your Coverage Maximum has been paid. If Your coverage terminates due to non-payment of premium on or after it has been in force for three years, We will continue to pay benefits, subject to all of the terms and conditions of your coverage, until the Nonforfeiture Allowance has been reached or when You no longer meet the Eligibility for the Payment of Benefits requirements of the Group Policy, whichever occurs first. The Nonforfeiture Allowance We will pay will be the greater of: (a) one hundred percent (100%) of the sum of all premiums paid for Your coverage, excluding any waived premiums; or (b) the maximum amount in effect at the time of lapse applicable to one month (30 days) of Nursing Facility Maximum. In no event will this amount exceed the unused Coverage Maximum at the time of lapse.

(a) The following table shows what the Nonforfeiture Benefit would be if You had purchased coverage at age 40 and had a $1,000 Annual Premium (including the Nonforfeiture premiums), no Benefit Increases and a Nursing Facility Maximum equivalent to $100 per day. This is an example and your amounts will differ depending on Your age and benefit choices.

<table>
<thead>
<tr>
<th>Total Premiums Age</th>
<th>Rider Premium</th>
<th>Shortened Benefit 550/Day</th>
<th>Shortened Benefit $100/Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>$10,000</td>
<td>200 Days</td>
<td>100 Days</td>
</tr>
<tr>
<td>60</td>
<td>$20,000</td>
<td>400 Days</td>
<td>200 Days</td>
</tr>
<tr>
<td>70</td>
<td>$30,000</td>
<td>600 Days</td>
<td>300 Days</td>
</tr>
<tr>
<td>80</td>
<td>$40,000</td>
<td>800 Days</td>
<td>400 Days</td>
</tr>
<tr>
<td>85</td>
<td>$45,000</td>
<td>900 Days</td>
<td>450 Days</td>
</tr>
</tbody>
</table>
(b) The following table shows the Nonforfeiture premium and the percentage by which the Nonforfeiture increases premiums. The following table is based on coverage for a Nursing Facility Maximum equivalent to $100 per day, no Benefit Increases, a Home, Community Care and Assisted Living Facility Benefit of 100% of the Nursing Facility Maximum, Waiver of Premium, an Elimination Period of 90 days (service days) and a Coverage Maximum equivalent to two (2) years. [This is an example and your amounts will differ depending on your age and benefit choices.]

<table>
<thead>
<tr>
<th>Age</th>
<th>Nonforfeiture Benefit Premium</th>
<th>Percentage of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>$46</td>
<td>12%</td>
</tr>
<tr>
<td>40</td>
<td>$53</td>
<td>12%</td>
</tr>
<tr>
<td>50</td>
<td>$58</td>
<td>12%</td>
</tr>
<tr>
<td>60</td>
<td>$86</td>
<td>12%</td>
</tr>
<tr>
<td>70</td>
<td>$217</td>
<td>12%</td>
</tr>
</tbody>
</table>

(c) Contingent Nonforfeiture Benefit: You will receive coverage under this benefit if You are not covered by the Nonforfeiture Benefit. If there is a substantial increase in premium rates, You will be given the right to reduce coverage so that the required premium payments are not increased or convert to a paid-up status with a reduced Coverage Maximum equal to the greater of: (a) one hundred percent (100%) of the sum of all premiums paid for Your coverage, excluding any waived premiums; or (b) the maximum amount in effect at the time of default or lapse applicable to one month (30 days) of Nursing Facility Benefit. In no event will this amount exceed the unused Coverage Maximum at the time of conversion.

16. DISCLOSURE REGARDING FEDERAL TAX TREATMENT OF LONG-TERM CARE INSURANCE POLICY

This Policy is intended to be a qualified long term care insurance contract as defined by the Internal Revenue Code of 1986, §7702B(b). There may be tax consequences associated with the purchase of a qualified long term care insurance contract, such as the tax deductibility of premiums and the exclusion from taxable income of benefits. The prospective insured is urged to consult with a qualified tax advisor.

17. ADDITIONAL FEATURES

Underwriting: We will underwrite an Application by reviewing the information submitted on the Application and any other information You authorize Us to obtain.

Reinstatement for Lapse Due to Cognitive or Functional Impairment: If Your Coverage terminates due to non-payment of Premium, We will provide a retroactive continuation if, within seven (7) months of the termination date, You provide Us with proof that You were Chronically Ill, beginning on or before the end of the Grace Period. All past due Premium must be paid within such seven (7) month period. In that event, any Benefits for which You qualified during the continuation period will be paid to the same extent they would have been paid if Your Coverage had not ended.

Reminder: This Outline Of Coverage is not a contract; and the only Coverage to be provided will be as stated in the issued and effective Certificate. The Certificate will set forth in detail the Benefits and Services provided and the Premium and conditions required to continue Your Coverage until it ends.

Protection Against Unintentional Lapse: You have the right to designate at least one person, in addition to Yourself, who is to receive notice of termination for non-payment of premium. Your coverage will not lapse or be terminated for nonpayment of premium unless we, at least 30 days before the effective date of the lapse or termination, have given notice to You and to those persons designated by You for the purposes of receiving notice of lapse or termination. Notice will be given by first class United States mail, postage prepaid; and 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 (5) days after the date of mailing.