

# Lincoln Life & Annuity Company of New York

A Stock Company

Executive Office: 100 Madison Street, Suite 1860, Syracuse, NY

Administrator Mailing Address: 350 Church Street, Hartford, Connecticut 06103-1106 (800) 962-1654

## **LONG-TERM CARE INSURANCE REQUIRED DISCLOSURE STATEMENT**

For Convalescent Care Benefits Rider LR851 (8/05) and Extension of Benefits Rider LR852 (8/05), if applicable

**CAUTION:** The issuance of the Convalescent Care Benefits Rider and Extension of Benefits Rider, if applicable, described in this disclosure is based on your answers to the questions on your application for such rider(s). A copy of your application is enclosed. If your answers fail to include all material medical information requested, Lincoln Life & Annuity Company of New York has the right to deny benefits or rescind these rider(s). 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 us at the Administrator Mailing Address shown above.

**NOTICE TO OWNER:** The riders described in this disclosure may not cover all of the costs associated with long-term care incurred by the Insured during the period of coverage. You are advised to carefully review all policy and rider limitations.

### **1. INDIVIDUAL COVERAGE.**

The Convalescent Care Benefits Rider and Extension of Benefits Rider, if applicable, described in this disclosure statement are attached to, and made a part of, an individual life insurance policy issued in New York.

### **2. PURPOSE OF REQUIRED DISCLOSURE STATEMENT.**

This disclosure statement provides a very brief description of the important features of the Convalescent Care Benefits Rider and Extension of Benefits Rider. You should compare this disclosure statement to outlines of coverage for other policies and riders available to you.

**This is not an insurance contract, but only a summary of coverage.** Only the riders and the individual life insurance policy to which they are attached contain the governing contractual provisions. This means that the riders and the policy set forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR POLICY AND RIDERS CAREFULLY!**

### **3. TERMS UNDER WHICH THE RIDERS MAY BE RETURNED AND RIDER CHARGES REFUNDED.**

These riders may be returned for any reason to the insurance agent through whom they were purchased or to us at the Administrator Mailing Address shown above within 30 days after you receive them. If returned, the rider(s) will be considered void from the beginning and we will refund all charges paid for these riders.

**4. THIS IS NOT MEDICARE SUPPLEMENT INSURANCE.**

If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from us. Neither Lincoln Life & Annuity Company of New York nor its agents represent Medicare, the federal government or any state government.

**5. LONG-TERM CARE INSURANCE.**

Policies and riders of this category are designed to provide coverage for not less than twenty-four (24) consecutive months for each covered person on an expense incurred, indemnity, prepaid or other basis and provides coverage of all levels of care in a nursing home and home care benefits. In addition to nursing home and home care services, this rider also provides coverage for other necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community, or in the home. These services are referred to as Covered Services and are more fully defined in the riders.

These riders provide coverage by reimbursing costs incurred by the Insured during the period of coverage for Covered Services, subject to the terms and conditions of the riders.

**6. BENEFITS PROVIDED BY THESE RIDERS.**

Benefits are provided under the Convalescent Care Benefits Rider until that rider's benefit limit has been reached. The Extension of Benefits Rider extends the benefits provided by the Convalescent Care Benefits Rider after the Convalescent Care Benefits Rider benefit limit has been reached.

We will pay an amount up to the maximum monthly benefit to reimburse the costs incurred by the Insured during the period of coverage for any Covered Service or combination of Covered Services listed below, subject to the terms and conditions of the rider then in effect. The benefits paid for any one month of Covered Services will not exceed the maximum monthly benefit for the rider then in effect. The total benefits paid will not exceed the benefit limit as defined in each rider. The benefit limit and maximum monthly benefit for the Convalescent Care Benefits Rider and for the Extension of Benefits Rider, if applicable, are shown in the table attached to this disclosure statement.

Benefits paid under the Convalescent Care Benefits Rider are subject to a 90 day deductible period during which time this rider does not provide certain benefits which would otherwise be payable, as described in the rider. This 90 day deductible period applies to all Covered Services listed below except for Bed Reservation, Caregiver Training, Care Planning Services, Respite Care Services, and Non-Continual Alternative Care Services.

Benefits paid under the Extension of Benefits Rider are not subject to a deductible period.

These riders will cover qualified long-term care services resulting from Alzheimer's Disease or demonstrable organic brain disease.

We will reimburse expenses incurred by the Insured for the following Covered Services to the extent that such services are qualified long-term care services:

## **INSTITUTIONAL BENEFITS**

### **Assisted Living Facility Services**

Services that are provided to the Insured while he or she is confined or living in an Assisted Living Facility. An Assisted Living Facility is a separate facility (or a specially dedicated wing of a facility) which is licensed as an Assisted Living Facility, if the state licenses such facilities. If the state does not license Assisted Living Facilities, then the facility must meet the other criteria described in the riders.

### **Bed Reservation**

The expense incurred by the Insured to reserve the Insured's bed in a Nursing Home while he or she is temporarily absent during a stay in a Nursing Home and is charged to reserve accommodations. The temporary absence can be for any reason with the exception of discharge. This includes, but is not limited to, a hospital stay or spending holidays or other time with family. This benefit is limited to no more than 30 calendar days each policy year. The amount payable for this benefit cannot exceed 1/30th of the maximum monthly benefit of the rider then in effect for each day that the bed is reserved.

### **Nursing Home Care Services**

Services that are provided to the Insured while he or she is confined to a Nursing Home. A Nursing Home is a facility or distinctly separate part of a hospital or other institution which is licensed by the appropriate state licensing agency as a Nursing Home, if the state licenses such facilities. If the state does not license Nursing Homes, then the facility must meet the other criteria described in the riders.

## **NON-INSTITUTIONAL BENEFITS**

### **Adult Day Care Services.**

A program for 6 or more individuals of social and health-related services provided during the day in a community group setting for the purpose of supporting frail, impaired elderly or other disabled adults who can benefit from care in a group setting outside the home.

### **Care Planning Services**

Services provided for the Insured by a Care Planning Agency under the direction of the Licensed Health Care Practitioner. A Care Planning Agency is an agency or organization which is primarily engaged in providing care planning on behalf of its clients. The agency or organization must be licensed by the appropriate state licensing agency as a Care Planning Agency, if the state licenses such agencies. If the state does not license Care Planning Agencies, then the agency must meet the other criteria described in the riders.

### **Caregiver Training**

Training given to the primary caregiver by a properly accredited medical or instructional institution or by a qualified individual such as a licensed nurse to provide the primary caregiver with the knowledge and skills necessary to care for the Chronically Ill Insured. The amount payable for this benefit is limited to no more than \$500 for all Caregiver Training provided while the Insured is covered under the Convalescent Care Benefits Rider and under the Extension of Benefits Rider, if applicable.

### **Home Health Care Services**

Skilled nursing or other professional care services provided by a Home Health Care Agency at the Insured's place of residence which must be outside of a

hospital, a Nursing Home or an Assisted Living Facility. A Home Health Care Agency is an agency that is primarily engaged in providing residential health care services under policies and procedures established by a group of professionals, including at least one physician and one nurse. The agency must meet at least one of the licensing, accrediting or certification criteria described in the riders.

### **Hospice Services**

Services given to provide palliative care to alleviate the physical, emotional, social, and spiritual discomforts of the Insured who is in the terminal phases of life. These services also include supportive care given to the primary caregiver and the Insured's immediate family.

### **Personal Care Services**

Services provided at the Insured's place of residence which must be outside of a hospital, Nursing Home or Assisted Living Facility, to assist with Activities of Daily Living, including activities such as using a telephone, managing medications, moving about outside, shopping for essentials, preparing meals, laundry, and housekeeping or homemaking activities to allow the Insured to remain in his or her residence. These services may be provided by skilled or unskilled persons.

### **Respite Care Services**

Short-term care services provided for the Insured in an institution, in the home, or in a community-based program to provide temporary relief for the primary caregiver. Such services may be provided by skilled or unskilled persons. This benefit is limited to no more than 21 calendar days each policy year. The amount payable for this benefit cannot exceed 1/30th of the maximum monthly benefit of the rider then in effect for each day of Respite Care Services.

### **Alternative Care Services**

Qualified long-term care services that are not covered under any of the Covered Services listed above, but which your Licensed Health Care Practitioner and we mutually agree would be appropriate to meet the Insured's long-term care needs. These services must be provided as an alternative to other Covered Services that would otherwise be required by the Chronically Ill Insured.

### **Non-Continual Alternative Care Services**

Alternative Care Services which are received on a one-time basis, such as expenses for durable medical equipment or for modifications to the home to accommodate a wheelchair or other device. This benefit is limited to no more than one claim per calendar year.

## **ELIGIBILITY FOR PAYMENT OF BENEFITS**

The following conditions must be met to qualify for benefits under these riders:

- a. To qualify for benefits under the Convalescent Care Benefits Rider, the total benefits paid under the Convalescent Care Benefits Rider must not have reached that rider's benefit limit.
- b. To qualify for benefits under the Extension of Benefits Rider:
  1. Payments for Covered Services under the Convalescent Care Benefits Rider must have reached that rider's benefit limit; and
  2. the total benefits paid to date under the Extension of Benefits Rider must not have reached that rider's benefit limit.
- c. The Licensed Health Care Practitioner must certify that the Insured is

Chronically Ill and that the illness is expected to continue for at least 90 days. Chronically Ill means that the Insured has been certified, within the preceding 12 months, by a Licensed Health Care Practitioner as:

1. Being unable to perform (without Substantial Assistance as defined below from another individual) at least 2 of the Activities of Daily Living described below, for a period of 90 days due to loss of functional capacity; or
  2. Requiring Substantial Supervision to protect the Insured from threats to health and safety due to Severe Cognitive Impairment, as defined below.
- d. The Licensed Health Care Practitioner must approve a plan of care in writing, prescribing services including Covered Services that are to be provided to the Insured. The Insured must receive the Covered Services prescribed under the approved plan of care while these riders are in force.
- e. At least once every 12 months thereafter, and for as long as the Insured continues to be Chronically Ill, the Licensed Health Care Practitioner must again:
1. certify that the Insured is Chronically Ill. If the Insured's chronic illness is due to loss of functional capacity, the Licensed Health Care Practitioner must again certify that the Insured's chronic illness is expected to continue for at least 90 days; and
  2. either approve a new plan of care, or reconfirm the existing plan of care in writing.

Activities of Daily Living are the 6 basic functional abilities which relate to the Insured's ability to live independently. They are:

- a. Bathing: The Insured's ability to wash himself or herself by sponge bath, or in either a tub or shower, including the task of getting into or out of the tub or shower.
- b. Continence: The Insured's 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 a catheter or colostomy bag).
- c. Dressing: The Insured's ability to put on and take off all items of clothing and any necessary braces, fasteners or artificial limbs.
- d. Eating: The Insured's ability to feed himself or herself by getting food into the body from a receptacle (such as a plate, cup, or table) or by a feeding tube or intravenously.
- e. Toileting: The Insured's ability to get to and from the toilet, get on and off the toilet, and perform associated personal hygiene.
- f. Transferring: The Insured's ability to move into or out of a bed, chair, or wheelchair.

Severe Cognitive Impairment means a loss or deterioration in the Insured's intellectual capacity that is:

- a. comparable to (and includes) Alzheimer's disease and similar forms of irreversible dementia; and

- b. measured and confirmed by clinical evidence and standardized tests that reliably measure impairment in the following areas:
  1. the Insured's short-term or long-term memory;
  2. the Insured's orientation as to person (such as who they are), place (such as their location), and time (such as day, date, and year); and
  3. the Insured's deductive or abstract reasoning or judgment as it relates to safety awareness.

Substantial Assistance means hands-on assistance or the presence of another person within arm's reach that is necessary to prevent, by physical intervention, injury to the Insured while the Insured is performing the Activities of Daily Living.

Substantial Supervision means continual supervision (which may include cueing by verbal prompting, gestures, or other demonstrations) by another person that is necessary to protect the Severely Cognitively Impaired Insured from threats to his or her health or safety (such as may result from wandering).

## 7. LIMITATIONS AND EXCLUSIONS.

### **Pre-Existing Conditions**

These riders do not exclude pre-existing conditions.

### **Ineligible Facilities or Providers**

These riders do not cover services provided by a facility or an agency that does not meet the rider definition for such facility or agency, except as provided under Alternative Care Services. These riders do not cover services provided by unlicensed providers, or services provided by a member of the Insured's immediate family or for which no charge is normally made in the absence of insurance. These riders do not cover services provided in facilities operated primarily for the treatment of mental or nervous disorders, which include neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder.

### **Ineligible Levels of Care**

These riders do not cover services that do not constitute qualified long-term care services as defined in the riders.

### **Exclusions, Exceptions and Limitations**

These riders will not pay benefits for:

- a. care provided in facilities operated primarily for the treatment of mental or nervous disorders, which include neurosis, psychoneurosis, psychopathy, psychosis, or mental or emotional disease or disorder. **This exclusion does NOT apply to qualifying stays or care resulting from Alzheimer's Disease or demonstrable organic brain disease;**
- b. treatment for alcoholism, drug addiction or chemical dependency (unless the drug addiction or chemical dependency is a result of medication taken in doses as prescribed by a physician);
- c. treatment arising out of an attempt at suicide or an intentionally self-inflicted injury;
- d. treatment provided in a Veteran's Administration or government facility, unless otherwise required by law;
- e. loss to the extent that benefits are provided under any of the following:

Medicare (including that which would have been payable but for the application of a deductible or a coinsurance amount), other governmental programs (except Medicaid), workers compensation laws, employer's liability laws, occupational disease laws, and motor vehicle no-fault laws;

- f. confinement or care received outside the United States and its possessions;
- g. services provided by a facility or an agency that does not meet the rider definition for such facility or agency, except as provided in the Alternative Care Services provision in the riders; and
- h. services provided by a member of the Insured's immediate family or for which no charge is normally made in the absence of insurance.

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

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

Because the cost of long-term care services will likely increase over time, you should consider whether and how the benefits provided under these riders may be adjusted.

The Extension of Benefits Rider provides for Optional Inflation Protection coverage. If you elect Optional Inflation Protection, the maximum monthly benefit and benefit limit for the Extension of Benefits Rider will automatically increase on each policy anniversary while the rider is in force. The amount of the annual increase will depend upon the Optional Inflation Protection option that is in effect. The available options are described below. The monthly rider charge and monthly Optional Inflation Protection charge will remain level and will not increase annually as the Extension of Benefits Rider's benefits increase.

If you do not elect Optional Inflation Protection, you will not be able to increase your benefits later. These riders do not provide a guaranteed option to buy additional insurance.

The available options are as follows:

**Option 1. Simple Increases:** If Option 1 is in effect, on each policy anniversary the maximum monthly benefit and benefit limit for the Extension of Benefits Rider will automatically increase by an amount equal to 3% of the rider's benefit limit at issue adjusted for withdrawals and loan activity.

**Option 2. Compound Increases:** If Option 2 is in effect, on each policy anniversary the maximum monthly benefit and benefit limit for the Extension of Benefits Rider will automatically increase by an amount equal to 5% of the rider's benefit limit at issue adjusted for withdrawals and loan activity, compounded by the number of years the policy has been in effect.

The chart below gives examples of the monthly Optional Inflation Protection charges for both Option 1 (Simple Increases) and Option 2 (Compound Increases) for the Extension of Benefits Rider. The example shown is for a maximum monthly benefit of \$3,000 with a 2 year Convalescent Care Benefits Rider duration and a 2 year Extension of Benefits Rider duration.

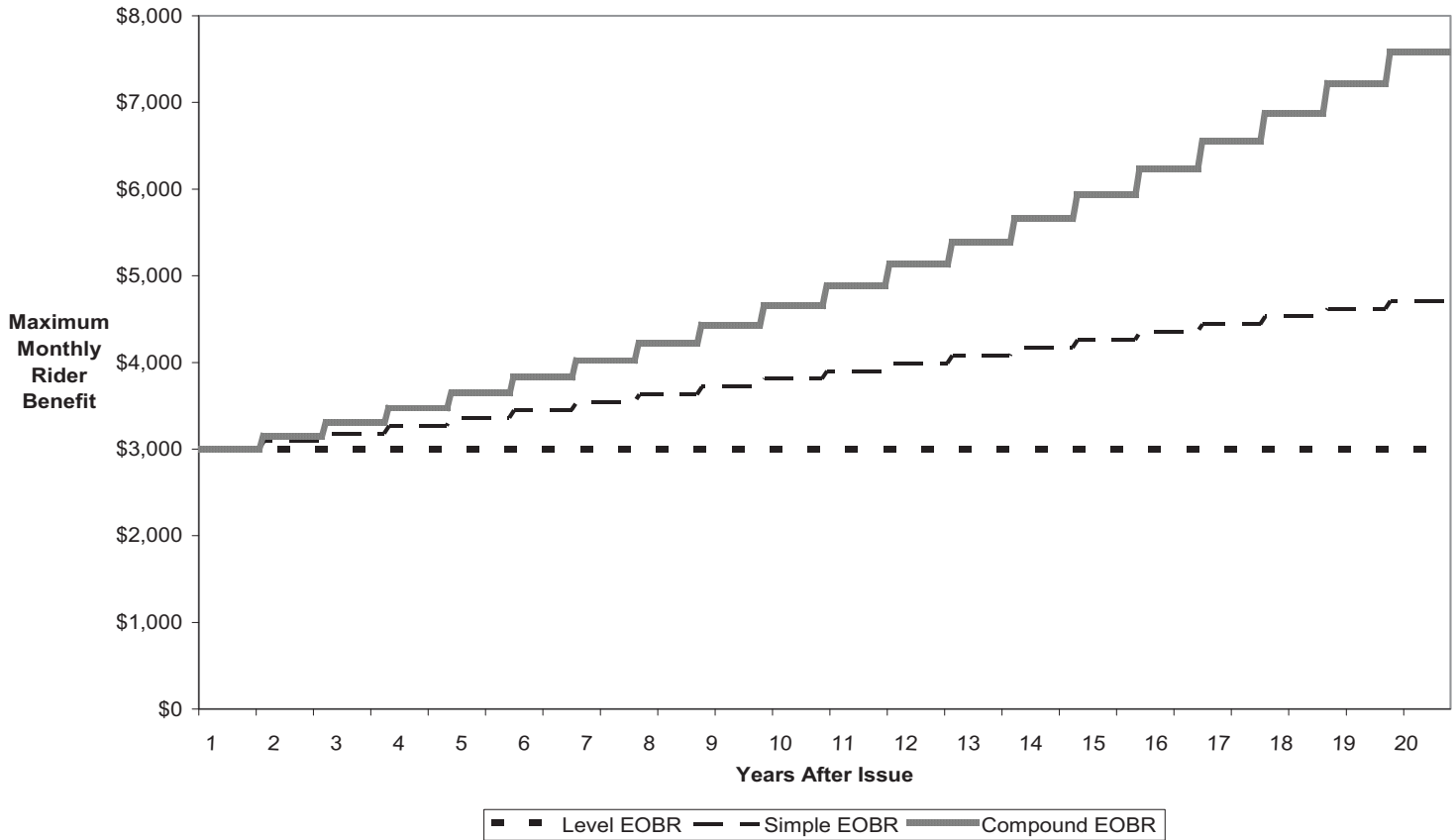
Your actual monthly Optional Inflation Protection charge will be different from the examples shown if you select a different combination of Convalescent Care Benefits Rider duration and Extension of Benefits Rider duration. We will quote

your Optional Inflation Protection charge based upon the rider durations and Optional Inflation Protection option, if any, you choose.

EOBR Monthly Optional Inflation Protection Charges for \$ 3,000 of Maximum Monthly Benefit Convalescent Care Benefits Rider ("CCBR") Duration is 2 Years Extension of Benefits Rider ("EOBR") Duration is 2 Years					
Issue Age	EOBR Inflation Protection		Issue Age	EOBR Inflation Protection	
	Option 1	Option 2		Option 1	Option 2
50	\$6.26	\$30.74	70	\$18.58	\$50.40
60	10.58	42.19	80	35.06	63.07

The chart below provides a comparison of the maximum monthly benefit provided by the Extension of Benefits Rider with the options available to you: level benefits (no Optional Inflation Protection); benefits that increase annually by 3% simple interest (Option 1: Simple Increases); and benefits that increase annually by 5% compound interest (Option 2: Compound Increases).

Extension of Benefits Rider (EOBR)



The monthly Optional Inflation Protection charge for the Extension of Benefits Rider, if applicable, will be calculated based on your age at issue, the rider's benefit limit at issue, the Convalescent Care Benefits Rider duration selected, the Extension of Benefits Rider duration selected, and the Optional Inflation Protection option selected. This charge will change only if the rider's benefit limit changes as a result of withdrawals or loan activity.

## **9. TERMS UNDER WHICH THESE RIDERS MAY BE CONTINUED IN FORCE OR DISCONTINUED.**

### **Renewability**

THE CONVALESCENT CARE BENEFITS RIDER IS GUARANTEED RENEWABLE. THE EXTENSION OF BENEFITS RIDER IS GUARANTEED RENEWABLE AND NONCANCELLABLE. This means that you have the right, subject to the terms of your policy and rider(s), to continue these riders in force for as long as your policy stays in force. Lincoln Life & Annuity Company of New York cannot change any of the terms of your rider(s) on its own and cannot increase the monthly rider charges or monthly Optional Inflation Protection charge, if applicable.

### **Right to Purchase a Long-Term Care Policy**

Subject to the limitations and conditions described in the Right to Purchase a Long-Term Care Policy Endorsement, if applicable, you will become eligible for the right to purchase a qualified long-term care insurance policy as described in that endorsement without evidence of insurability under any of the following conditions: if long-term care coverage under the Extension of Benefits Rider is reduced as a result of indebtedness below the minimum required by New York State regulation; if the life insurance policy to which the Extension of Benefits Rider is attached lapses; if you request to terminate the Extension of Benefits Rider or the Convalescent Care Benefits Rider (this does not include return of either rider under the 30 Day Right to Return provision); or if the Extension of Benefits Rider terminates as a result of electing paid-up life insurance under the life insurance policy's Paid-Up Insurance provision.

## **10. RIDER CHARGES.**

The monthly rider charges for the Convalescent Care Benefits Rider and the Extension of Benefits Rider, if applicable, and the monthly Optional Inflation Protection charge, if applicable, for the Extension of Benefits Rider, will be deducted each month from the cash value of the policy to which the riders are attached. These charges and the total annual rider charges are shown in the table attached to this disclosure statement, and will also be shown on the Policy Schedule of the issued policy.

We cannot increase the monthly rider charges or the monthly Optional Inflation Protection charge, if applicable, shown on the Policy Schedule of the issued policy. However, the monthly rider charges and the monthly Optional Inflation Protection Charge, if applicable, may change as a result of loans, withdrawals, or repayment of loans or loan interest, as described in the riders.

These riders do not contain provisions providing for a refund or partial refund of rider charges or the Optional Inflation Protection charge, if applicable, upon the death of the Insured or upon the surrender of the rider(s) or policy.

## 11. ADDITIONAL FEATURES.

### **Nonforfeiture**

If you purchase the Extension of Benefits Rider, you have the option to also purchase a Nonforfeiture Benefit Rider for an additional charge (shown in the attached table, if applicable) which provides for a limited amount of paid-up long-term care insurance as described in that rider if the policy and the Extension of Benefits Rider have been in force for at least 3 years and the Extension of Benefits Rider terminates for any of the following reasons:

- a. the policy lapses;
- b. you request to terminate the Extension of Benefits Rider or the Convalescent Care Benefits Rider (this does not include return of either rider under the 30 Day Right to Return provision);
- c. we make a benefit payment under the Terminal Illness Accelerated Death Benefit Rider; or
- d. you elect paid-up life insurance under the life insurance policy's Paid-Up Insurance provision.

Any benefit payable under the Nonforfeiture Benefit Rider will be subject to a 90 day deductible period, as described in that rider. This 90 day deductible period applies to all Covered Services listed in paragraph 6 except for Bed Reservation, Caregiver Training, Care Planning Services, Respite Care Services, and Non-Continual Alternative Care Services.

### **Medical Underwriting**

The issuance of these riders is subject to medical underwriting.

### **Federal Tax Consequences**

The riders described in this disclosure statement are intended to be federally tax-qualified long-term care insurance contracts under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

### **Expected Benefit Ratio**

The expected benefit ratio for the Extension of Benefits Rider is 69%. This ratio is the portion of future rider charges which the company expects to return as benefits, when averaged over all people with this policy and rider.

**12. DAILY RATES FOR NURSING HOME CARE IN NEW YORK STATE  
(AS OF 1/1/07)**

NY State Average, Statewide Daily Rate:	\$231.44
NY City Metropolitan, Average Daily Rate:	\$278.71
Western NY-Buffalo, Average Daily Rate:	\$169.01
Western NY-Rochester, Average Daily Rate:	\$188.12
Central Region, Average Daily Rate:	\$162.45
Capital Region, Average Daily Rate:	\$178.28

**CONTACT THE STATE SENIOR HEALTH INSURANCE ASSISTANCE PROGRAM IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT LINCOLN LIFE & ANNUITY COMPANY OF NEW YORK IF YOU HAVE SPECIFIC QUESTIONS REGARDING THE CONVALESCENT CARE BENEFITS RIDER OR EXTENSION OF BENEFITS RIDER DESCRIBED IN THIS DISCLOSURE STATEMENT.**

The undersigned acknowledges that he/she has read, understands and has received a copy of this Required Disclosure Statement

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

**REQUIRED DISCLOSURE STATEMENT  
TABLE**

**Convalescent Care Benefits Rider (“CCBR”)** .....Monthly Rider Charge: \$ \_\_\_\_\_

CCBR Benefit Limit: \$ \_\_\_\_\_

CCBR Duration: \_\_\_\_\_ Years

Maximum Monthly CCBR Benefit: \$ \_\_\_\_\_

**Extension of Benefits Rider (“EOBR”)**.....Monthly Rider Charge: \$ \_\_\_\_\_

EOBR Benefit Limit: \$ \_\_\_\_\_

EOBR Duration: \_\_\_\_\_ Years

Maximum Monthly EOBR Benefit: \$ \_\_\_\_\_

Optional Inflation Protection.....EOBR Monthly Inflation Charge: \$ \_\_\_\_\_

Option \_\_\_\_\_

**Nonforfeiture Benefit Rider**.....Monthly Rider Charge: ...\$ \_\_\_\_\_

**TOTAL ANNUAL RIDER CHARGES: \$ \_\_\_\_\_**