

**LONG-TERM CARE INSURANCE OUTLINE OF COVERAGE**

**POLICY NUMBER GRP 113141**

The following applies to applicants who must answer medical questions in order to qualify for the Long-Term Care Insurance.

**Caution:** *The issuance of this long-term care insurance Policy is based upon your responses to the questions on your Application. A copy of your Application will be included with your Policy when issued. If your answers are incorrect or untrue, or you fail to include all material medical information requested, Prudential may have the right to deny benefits or rescind your Policy, subject to the Incontestability provision. 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: Prudential Long-Term Care Customer Service Center, P. O. Box 8519, Philadelphia, PA 19176.*

**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.

**TAX STATUS.** The Policy is intended to be a federally tax-qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended. It is also intended to qualify for purposes of the New York State Tax Law, Section 612(c)(31) and the City of New York Administrative Code Section 11-1712(c)(31).

1. This Policy is an individual policy of insurance.
2. **PURPOSE OF OUTLINE OF COVERAGE.** This outline of coverage provides a very brief description of the important features of the 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 Policy contains governing contractual provisions. This means that the Policy sets 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 CAREFULLY!**
3. **TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED.**

**30-Day Right to Review Policy:** If you decide you do not want this Long-Term Care Policy, you may return it within 30 days of receipt. Your Policy will be canceled as of the Effective Date and any premium paid will be returned to you.

**Pro-Rata Refund of Unearned Premium:** Upon proper notification of your death or cancellation of this Policy, Prudential will refund on a pro-rata basis any part of the premium for you which applies to the period after death or cancellation.

**Refund of Premium Upon Death:** This is an optional benefit available for additional premium. Upon proper notification of death while the policy was in-force, the premiums paid less claims paid may be refunded to your estate.
4. **THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from Prudential. Neither Prudential nor its agents represent Medicare, the federal government or any state government.
5. **LONG-TERM CARE COVERAGE.** Policies of this category are designed to provide coverage for not less than 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 homecare benefits. This Policy provides coverage in the form of reimbursement benefits based on actual charges incurred, up to the applicable Daily Benefit you choose, for covered long-term care expenses. Benefits are subject to policy limitations, the applicable Calendar Day Elimination Period and Calendar Year and Lifetime Benefits and the Lifetime Maximum. In some cases, if you have chosen the Cash Alternative benefit, or, for additional premium, the optional Cash Benefit Rider or Flexible Cash Benefit Rider, some benefits will be payable on an indemnity basis, subject to applicable terms and conditions of coverage.
6. **BENEFITS PROVIDED BY THIS POLICY.** After you have been certified as being Chronically III, this Policy pays benefits for Eligible Charges incurred by you for the following:

**Facility Care, which includes:**

- Nursing Home Care
- Adult Foster Home Care
- Care in an Assisted Living Facility
- Care in a Residential Health Care Facility

- Bed Reservation
- Hospice Care
- Respite Care

**Home Care, which includes:**

- Home Health Care
- Adult Day Care
- Homemaker Services
- Personal Care

**Home Support Services, which includes:**

- Assistive Devices or Technology
- Caregiver Training
- Durable Medical Equipment
- Emergency Medical Response System
- Home Modifications
- Transportation Services

- Alternate Plan of Care
- Information Services including Private Care Consultant benefits
- International Coverage
- Restoration of Benefits
- Waiver of Premium

Benefits paid for Eligible Charges count towards fulfillment of your Lifetime Maximum, unless otherwise stated in the Policy. The actual amount paid depends on the Daily Benefit you have chosen.

**Facility Care Daily Benefit for Nursing Home, Adult Foster Home or Board and Care Facility, Assisted Living Facility or Residential Health Care, Bed Reservation, Hospice Care and Respite Care:**

\$ \_\_\_\_\_ (\$10 increments)

**Home Care Factor of the Facility Care Daily Benefit, for Home Health Care, Adult Day Care, Homemaker Services and Personal Care:**  50%  75%  100%  150%

**Lifetime Maximum:**  2 years  3 years  4 years  5 years  6 years  10 years  Unlimited

**Calendar Day Elimination Period:** \_\_\_\_\_ Number of Days

**Calendar Day Elimination Period.** The Elimination Period must be satisfied once during your lifetime before benefits are paid. Prudential will begin to count days to satisfy your Elimination Period with the date you are certified by a Licensed Health Care Practitioner, within the last 12 months, as being Chronically III. Each day you are certified as a Chronically III Individual counts in satisfaction of this Elimination Period.

**Eligibility for Payment of Benefits.** Before incurring Eligible Charges and submitting a claim, your condition must first be assessed and certified by a Licensed Health Care Practitioner as being Chronically III. A Chronically III individual is one that meets either definition below.

- 1) A loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living due to a loss of functional capacity. This inability must be expected to continue for at least 90 consecutive days. This expectation is not a waiting period. Activities of Daily Living are Bathing, Continence, Dressing, Eating, Toileting and Transferring.
- 2) A severe Cognitive Impairment that requires Substantial Supervision to protect you from threats to health and safety.

A Plan of Care must then be developed by a Licensed Health Care Practitioner.

**Activities of Daily Living** are defined as follows.

- 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 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.

**Severe Cognitive Impairment** is defined as follows. A loss or deterioration in intellectual capacity that is:

- 1) Comparable to (and includes) Alzheimer's Disease and similar forms of irreversible dementia, and
- 2) Measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time and deductive or abstract reasoning.

Prudential will arrange for a Licensed Health Care Practitioner to assess you or you may select your own Licensed Health Care Practitioner. The assessment will be based on objective standards of measurement. After you are certified Chronically III, Prudential will determine if you are eligible for benefits. If you are eligible, you will need a Plan of Care. Your Plan of Care will be used to determine benefits based on the benefit options in your Policy.

**OPTIONAL RIDERS AVAILABLE TO YOU. If you choose an optional rider and pay the required premium, your Policy will change as indicated by the terms of the Rider.**

**LTC Insurance Rider – Cash Benefit Rider:** If you elect payment under this Rider at the time of claim, Prudential will pay a monthly benefit payment to you while you are Chronically III. This Cash Benefit replaces benefits payable for Eligible Charges. Charges for Qualified Long-Term Care services do NOT need to be incurred. The Cash Benefit payment is equal to the number of days in the month when you are Chronically III, times the Home Care Daily Benefit.

**LTC Insurance Rider – Flexible Cash Benefit Rider:** If you elect this benefit payment option at time of claim, Prudential will pay you a portion of your Home Care benefits in cash, in lieu of being reimbursed for Eligible Charges. If you elect this payment option, it applies to the entire month and may not be revoked for that month.

Prudential will pay you a cash benefit for each day in the month you are certified as being Chronically III. This Flexible Cash Benefit payment is equal to the number of days during the month you are certified as being Chronically III, after you satisfy the Elimination Period, times 50% of the Home Care Daily Benefit.

In addition to the cash portion, you may also be reimbursed for Eligible Charges incurred for Home Care in the same calendar month you elect to receive the cash portion. 50% of the Home Care Daily Benefit is available to reimburse you for Eligible Charges you incur for Home Care. Eligible Charges for Home Care will be reimbursed if you are certified as being Chronically III, satisfy your Elimination Period and provide standard Proof of Loss.

**LTC Insurance Rider – Monthly Benefit Rider:** Prudential will pay benefits for Eligible Charges for Home Care received during a calendar month, subject to the Monthly Benefit, instead of the Home Care Daily Benefit. The Monthly Benefit is equal to the number of days in the month times the Home Care Daily Benefit.

**LTC Insurance Rider – Joint Waiver Of Premiums Benefit:** Premiums will be waived for your Policy and the Prudential Long-Term Care Insurance Policy issued to your Spouse or Domestic Partner. Prudential will waive premiums if you meet the Benefit Eligibility Criteria and the Elimination Period of satisfied. Both policies must meet these two conditions. They must be issued at the same time or within 6 months of the earliest to be issued. They must be in effect on the date you are certified as Chronically III.

**LTC Insurance Rider – Survivor Waiver Of Premiums Benefit:** Prudential will waive premiums for your Policy in the event your Spouse or Domestic Partner dies. For waiver of premiums to begin, all the following conditions must be met.

- 1) A Prudential Long-Term Care Insurance Policy must be in effect for both you and your spouse or Domestic Partner.
- 2) Both policies and the Rider must be in effect for at least 10 years.
- 3) Both policies and the Rider must be in effect at the time of death.
- 4) Long-Term Care Insurance benefits have not been paid under either policy prior to the death of your spouse or Domestic Partner.

**LTC Insurance Rider – Return of Premium Upon Death:** Upon your death, Prudential will provide a benefit equal to the total amount of premiums paid for your Policy and any optional Riders, minus the benefits Prudential has paid or that are payable. This benefit will be paid even if, at the time of your death, you are receiving benefits and premiums have been waived. Waived premiums are not considered paid premiums and will not be returned under this provision. Prudential will pay the refund to your estate.

**LTC Insurance Rider – Shared Care Rider:** Prudential will allow your designated Shared Care Partner to access benefits available under your Policy once his or her Policy's Lifetime Maximum is exhausted. Additionally, if your Shared Care Partner dies, we will increase your Lifetime Maximum by the amount of the deceased Shared Care Partner's remaining Lifetime Maximum, if any.

However, in order to receive benefits the following conditions must be met.

- 1) Your Shared Care Partner also has the Shared Care Rider in effect and you are the designated Shared Care Partner on his or her Policy.
- 2) You and your Shared Care Partner must have and maintain identical Policy Benefits, including Optional Benefit Riders.
- 3) You and your Shared Care Partner must have elected and maintain the same Premium Payment Option.
- 4) You keep this Rider in force.

7. LIMITATIONS AND EXCLUSIONS. **Charges Not Covered.**

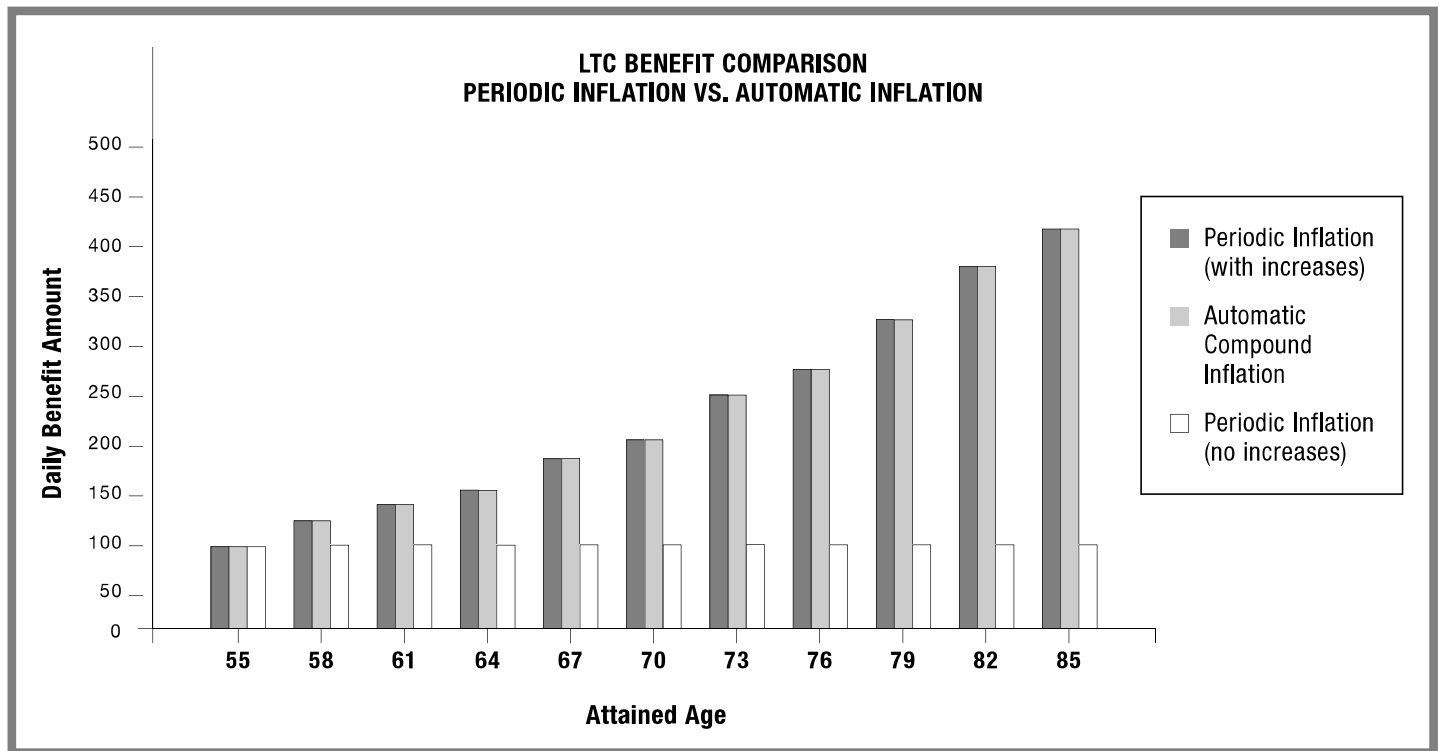
- a) Illness, treatment or medical conditions arising out of
  - 1) War or an act of war, whether declared or undeclared, while you are insured; or
  - 2) Your participation in a felony, riot or insurrection; or
  - 3) Alcoholism and drug addiction.
- b) Treatment provided in a government facility, unless payment of the charge is required by law or services provided by any law or governmental plan under which you are covered. This does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.
- c) Charges for services or supplies for which no charge would be made in the absence of insurance.
- d) Charges for care or treatment provided outside the United States except as described in the International Coverage benefit.

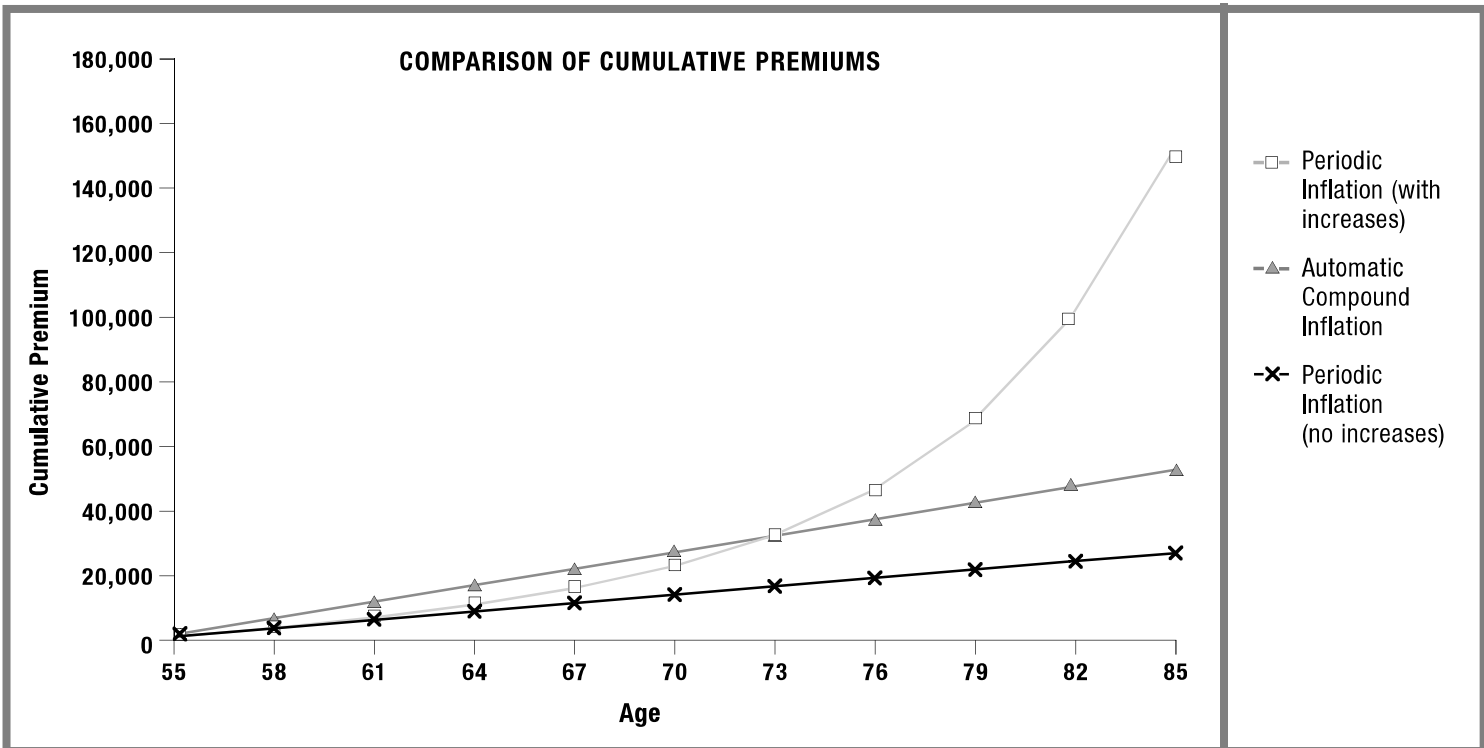
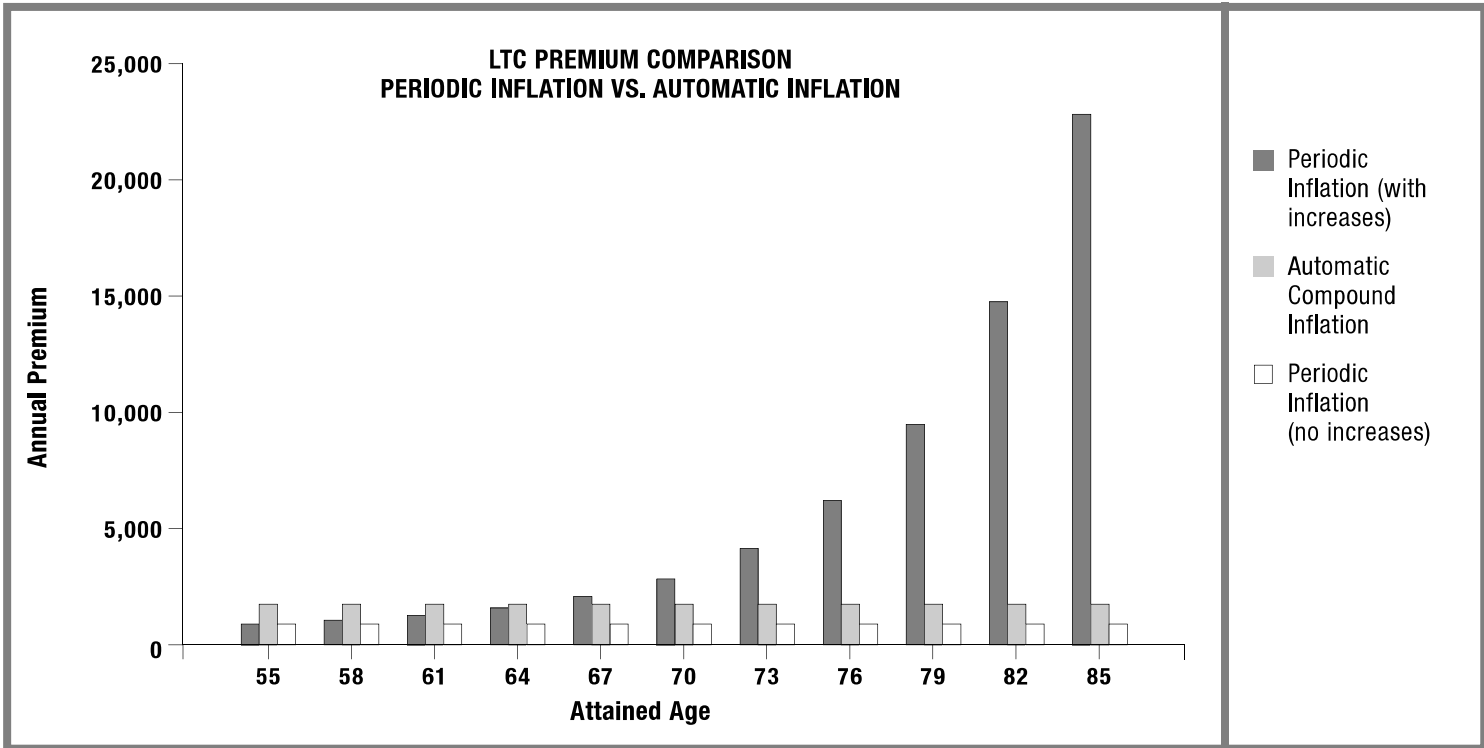
Benefits under your Policy are not payable for expenses for Qualified Long-Term Care Services to the extent that such expenses are reimbursable under Medicare; or such expenses would be reimbursable under Medicare but for the application of a deductible or coinsurance amount.

**THIS 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 this Policy may be adjusted. Benefit levels will not increase over time under the Policy, unless you purchase an optional Inflation Rider.

The following is a hypothetical graphic comparison of the benefit and premium levels of a Policy that increases benefits over the period of coverage with a Policy that does not increase benefits. The graphic comparison shows benefit and premium levels over a thirty year period. The example is based on a \$100 Facility Daily Benefit purchased by a 55 year old.





**OPTIONAL INFLATION RIDERS.** If you choose an Optional Inflation Rider and pay the required premium, your Policy will change as indicated by the terms of the Rider.

**LTC Insurance Rider – Guarantee Purchase Option Benefit.** At least every three years on your Rider's anniversary, while your coverage is in effect, Prudential will increase your Policy Benefits. You will be notified of this increase at least 60 days prior to your Policy Anniversary. You will not have to provide proof of good health to receive this increase.

With each increase, your Policy Benefits that provide coverage for Eligible Charges up to a specific dollar amount per day, per Calendar Year or per lifetime will be increased by 5% compounded annually over the three-year period.

**LTC Insurance Rider – Automatic Compound Inflation Benefit – No Maximum.** A 5% increase to your benefit levels will occur each year that your Inflation Rider is in force. The increase will occur even if you are receiving benefits.

**LTC Insurance Rider – Automatic Compound Inflation Benefit – 2X Maximum.** A 5% increase to your benefit levels will occur each year that your Inflation Rider is in force. These increases will occur until your Facility Daily Benefit and Home Care Daily Benefit in effect on the original Effective Date of this Rider have doubled. The increase will occur even if you are receiving benefits.

**LTC Insurance Rider – Automatic Simple Inflation Benefit** – A 5% increase to your benefit levels will occur each year that your Inflation Rider is in force. The increased amount will be the same each year if your benefit levels do not change as a result of your request. The increase will occur even if you are receiving benefits.

**9. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE OR DISCONTINUED.**

**RENEWABILITY: THIS POLICY 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. Prudential cannot change any of the terms of your Policy on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY. The Policy contains a Waiver of Premium provision. After you meet the Benefit Eligibility Criteria and satisfy the required Calendar Day Elimination Period, the premiums for your Policy will be waived, subject to the terms and conditions of your Policy. These features are described in full detail in the Policy.

**10. TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.**

**PRUDENTIAL MAY CHANGE THE PREMIUM YOU PAY, BUT ONLY IF THE CHANGE APPLIES TO ALL INSUREDS WITHIN YOUR CLASS.**

**11. PREMIUM.** The total annual premium for the Policy and options you have selected will be \$\_\_\_\_\_. Please see the last page of this Outline of Coverage for a complete listing of the features and premium for the options you have selected.

**12. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.** The Policy provides coverage for insureds clinically diagnosed as having Alzheimer's disease or related degenerative and dementing illnesses.

**13. ADDITIONAL FEATURES.**

**LTC Insurance Rider – Non-Forfeiture Benefits.** If you choose the Optional Non-forfeiture Benefit Rider and pay the required premium, you will have certain rights in the event your Policy lapses. If your Policy lapses due to non-payment of premium, your coverage may be extended as a Non-Forfeiture Benefit. The Non-Forfeiture Benefit will NOT take effect if either of item 1) or item 2) occurs.

- 1) Your Policy ended before its third anniversary.
- 2) You have already received benefits that equal or exceed the total amount of premiums paid for your Policy.

Under the Non-Forfeiture Benefit Rider, benefits will be payable based on the Facility and Home Care Daily Benefits in effect on the date your coverage would otherwise have ended. However, a reduced Lifetime Maximum Benefit will apply. This means that your benefits will be paid for a shortened benefit period. The reduced Lifetime Maximum Benefit will be equal to the greater of items 1) or 2) stated below.

- 1) 30 times your Facility Care Daily Benefit at the time of lapse, up to the Lifetime Maximum Benefit in effect on the date your coverage would otherwise have ended.
- 2) The total amount of premiums paid for your Policy and any optional Riders, less the sum of all benefits paid on your behalf while your Policy was in force.

The Policy also contains a Contingent Non-forfeiture Provision. This provision is operative only if:

- 1) Your Policy does not include the Optional Non-forfeiture Benefit Rider; and
- 2) A substantial premium increase occurs that would cause your Policy to end.

If this occurs, you will have the choice of reduced benefits at the premium in effect prior to the increase, without undergoing medical underwriting, or a lesser Lifetime Maximum, with no further premium payment required.

**Medical Underwriting.** Medical underwriting is used to determine your eligibility for the Policy. To apply for coverage under the Policy, you must complete an Application. Satisfactory evidence of good health is required for all applicants in order to be eligible for this Policy. Individuals over the age of 79 are not eligible.

**Protection Against Unintentional Lapse.** You have the right to designate a person to receive notice that your Policy is about to lapse or terminate for nonpayment of premium. Unless you have chosen not to do so, your Application shows the name and address of the person you have designated to receive this notice. You may change this written designation at any time.

**Reinstatement.** If you fail to pay your premium and your Policy lapses for this reason, you may be eligible to reinstate your Policy. You may make a request for reinstatement within 90 days of the date premiums were due. If, due to your Chronic Illness or Disability, you fail to pay your premium and your Policy lapses for this reason, you may be eligible to reinstate your Policy. You or your representative may request reinstatement within five months of the date premiums were due.

**Expected Benefit Ratio.** The expected benefit ratio for the policy is 74%. This ratio is the portion of future premiums that Prudential expects to return as benefits, when averaged over all people with the policy.

**14. SENIOR COUNSELING PROGRAMS.** Please refer to *A Shopper's Guide To Long-Term Care Insurance* contained in your enrollment material for the telephone number of the Senior Counseling Program in your state.