

**BANKERS LIFE AND CASUALTY COMPANY
STANDARD OPERATING PROCEDURES**

No. 15.108

CONVALESCENT CARE – LIMITED BENEFIT POLICY – GR-N560/N565 - BANKERS

ISSUE DATE: 12/12/2006

This document will be available on the Intranet at http://www.banklife.com/general_systems/15series.htm

I. GENERAL INFORMATION

A. PRODUCT NAME/SHORT NAME: Limited Benefit Convalescent Care Policy

B. DATE OF H.P.C. NOTIFICATION: 7/6/2006

C. TARGET RELEASE DATE: 1/1/2007

(For specific state approval dates refer to PAC's web site.)

D. COMPANY: Bankers Life and Casualty (10)

E. WRITING ORGANIZATIONS: Direct Writers (01)

F. PROJECT NUMBER: 1101

G. FORM NUMBER/PLAN CODES:

COMPANY	FORM NUMBER	DESCRIPTION	PLAN CODE
BLIC	GR-N560	Limited Benefit Short Term Care - Nursing Home Only - Non-Inflation	N560
		Limited Benefit Short Term Care - Nursing Home Only - 5% Compound Inflation	N561
		Limited Benefit Short Term Care - Nursing Home Only - 5% Compound Inflation Only	254E
	GR-N565	Limited Benefit Short Term Care- Nursing Home w/ 100% HHC - Non-Inflation	N565
		Limited Benefit Short Term Care- Nursing Home w/ 100% HHC - 5% Comp Inflation	N566
		Limited Benefit Short Term Care- Nursing Home w/ 100% HHC - 5% Comp Infl Only	255E

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* Used in Maryland & Pennsylvania and for post-issue additions.

NOTE: The ABC Table Code will be 2B3 for each plan code.

II. POLICY CHARACTERISTICS

A. POLICY: Available via Documerge

B. APPLICATION: 17300

C. STANDARD OUTLINE OF COVERAGE:

GR-N560 – 15896

GR-N565 – 15897

D. RATE STRUCTURE: Issue age, age last birthday.

E. CHILDREN'S RATE STRUCTURE: N/A

F. TIERED RATING: Yes No

G. AREA RATED: Yes No

H. VINTAGE RATED: Yes No

I. UNIFORM POLICY RATE: None

J. POLICY FEES: None

K. AGE CALCULATION METHOD: Insurance Age Age Last Birthday

L. POLICY TYPE:

- “4” = Combination Anniversary Processed
- “6” = Tips
- “7” = Anniversary Adjusted
- “8” = Money Back
- “9” = PPO
- “O” = Other

M. ANNIVERSARY PROCESSING: CPI AGE BENEFITS ONLY

N. ANNIVERSARY SCHEDULE: Yes No

O. OVER INSURANCE GUIDELINES: Regular rules apply.

P. AVAILABILITY: Current markets, where approved and released.

Q. RIDERS AVAILABLE: None

R. NON-TOBACCO USE DISCOUNT: Yes No

S. ID CARD: Yes No

T. PRODUCT IDENTIFIER: Convalescent Care Policy

U. ALPHA CHECK WITH FILE PULL: Yes No

V. ISSUE AGES: 55 - 79 years, 11 months, age last birthday

W. BENEFICIARY DESIGNATION: Yes No

X. IS THIS PRODUCT 1099-LTC REPORTABLE? Yes No

Y. DESIGNEE FOR PRE-LAPSE NOTIFICATION: Yes No

Note: Designee for Pre-Lapse Notification was included only in IL. It was not included anywhere else nationwide.

Existing procedures for third party designee potential lapse notification will be followed as documented in S.O.P. 7.251 - DESIGNEE AND REINSTATEMENT REQUIREMENTS FOR LONG TERM CARE INSURANCE - ALL COMPANIES.

III. MARKETING

A. SALES MATERIALS: Refer to Field Release bulletins.

B. COMMISSION STRUCTURE:

NATIONWIDE STC (N560/N565) COMMISSIONS

ISSUE AGE	Year 1	2	3	4+
54 and under	30	15	10	5
55-59	30	15	10	5
60-64	30	15	10	5
65-69	30	15	10	5
70-74	30	15	10	5
75-79	20	15	10	5
80-84	20	15	10	5
85-89	20	15	10	5

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AGENT PRODUCTION CREDIT: Same as the FYC Rates for each age group.
COMMISSION RATE FILE CATEGORY DESIGNATION: AH W
SERVICE FEE DESIGNATION: 6 + Years
MAJOR CATEGORY: 00016
PRODUCT CATEGORY: 16

- C. OVERWRITE:** Yes No
- D. DESIGNED TO REPLACE A PRODUCT:** Yes (Forms GR-N320/N325) No
- E. REWRITE RULES:** As presently published.
- F. PERSISTENCY CALCULATION/CONSERVATION PROCESSING:** Include
- G. HOUSEHOLD FILE/INFORCE REPORT VALUES:** 10.909 X Gross Monthly Premium

IV. POST ISSUE/ADMINISTRATION CONSIDERATIONS

A. BILLING METHODS AVAILABLE:

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> MONTHLY* | <input checked="" type="checkbox"/> PPSP | <input checked="" type="checkbox"/> ORGANIZATION D.P. |
| <input checked="" type="checkbox"/> QUARTERLY | <input checked="" type="checkbox"/> RIP | <input checked="" type="checkbox"/> ASSOCIATION D.P. |
| <input checked="" type="checkbox"/> SEMI-ANNUAL | <input checked="" type="checkbox"/> HOP | <input checked="" type="checkbox"/> LIST (NO DISCOUNT) |
| <input checked="" type="checkbox"/> ANNUAL | <input checked="" type="checkbox"/> BOP | <input checked="" type="checkbox"/> P.R.D. (DISCOUNT) |

* Due to regulatory issues in Florida, the direct Monthly billing option is not available.

- B. FOLLOW-UP LETTERS:** Send Over-Age Letters
 Send Under Age Letters
 Inhibit

C. EXPIRY RULES: (S.O.P. 5.20)

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> C | Reg. Exp. Rules at 18th birth month |
| <input type="checkbox"/> C | Reg. Exp. Rules anniv. after 18th birthday |
| <input type="checkbox"/> A | Reg. Exp. Rules at 65th birth month |
| <input type="checkbox"/> D | Medicare Exp. Rules Leads/expiry proc. |
| <input checked="" type="checkbox"/> E | Medicare Exp. Rules no action Other |
| <input type="checkbox"/> A | Reg Exp. Rules – Anniversary Benefit and Premium Change - LTC Policies (for increasing plans) |

D. MORBIDITY STUDY: (S.O.P. 7.49)

- | | |
|--|---|
| <input type="checkbox"/> 0 - Surgical/Room Rate | <u>NOTE:</u> |
| <input type="checkbox"/> 1 - Daily Indemnity | Reason "0" will be selected
for products with both variable
surgical and variable hospital
room benefits instead
of reasons "3" or "5". |
| <input type="checkbox"/> 2 - Weekly Indemnity | |
| <input type="checkbox"/> 3 - Surgical Benefit | |
| <input type="checkbox"/> 4 - Number of Units | |
| <input type="checkbox"/> 5 - Daily Hospital Room | |
| <input type="checkbox"/> 6 - Card Counts Plans without variable benefits | |
| <input type="checkbox"/> 7 - Principal Sum | |
| <input checked="" type="checkbox"/> 8 - DI: AMT - BEN - ELIM | |
| <input type="checkbox"/> 9 - Max - Amt/Coins % | |
| <input type="checkbox"/> A - Wkly Indm/#Wks | |
| <input type="checkbox"/> B - Deduct/Max Brfts | |
| <input type="checkbox"/> C - Deduct/Coins % | |

E. LAG FACTOR CATEGORIES (LOSS RATIO CATEGORIES - LRC) - CLAIM REPORT = 11

F. CLAIM REPORT:

- Issue Month/Year Statistics: Yes No
 - Franchise Recap (Bankers) Yes No
- G. MISCELLANEOUS:**
- Split of In-Force Between OR & GR Yes No
 - Are Medicare Claims To Be Split By Part A, Part B, Nursing Home?
 - Yes No N.A.
 - Pending Claim Report - Yes No

H. DOWNGRADE/UPGRADE PROCESSING:

Upgrades:

1. Increase in the Daily Maximum Benefit.
2. Decrease in the Elimination Period.
3. Increase in the Maximum Benefit Multiplier.
4. Addition of an Increasing Benefit Option

Post-issue upgrades are subject to Underwriting review.

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Downgrades:

1. Decrease in the Daily Maximum Benefit.
2. Increase in the Elimination Period.
3. Decrease in the Maximum Benefit Multiplier.
4. Removal of an Increasing Benefit Option

Downgrades are based on the age at issue.

I. MEMBER ADDITION RULES: Spouse may be added, subject to underwriting rules.

J. EXCHANGES: Will be allowed, subject to underwriting.

K. ANNUAL STATEMENT CLASSIFICATION: Guaranteed Renewable (GR)

L. LAPSE/REINSTATEMENT PROCEDURES (S.O.P.'s 3.1, 3.2)

- No Exceptions
- 0-Not eligible if appl. over age 80 - Nursing Home
- 1-Not eligible if appl. over age 75
- 5-Not eligible unless rider is premium bearing
- 7-Not eligible if in "M" File
- 8-Not eligible unless current residence in Minnesota
- 9-Not eligible in special Michigan Branch Offices
- A-Not eligible - has 60 day grace period
- B-Not eligible if appl. over 84
- D- Not eligible if appl. over 89
- N-Not eligible - no exceptions
- Not Applicable

M. REINSTATEMENT BY MAIL CATEGORY:

<u>HEALTH OR/GR</u>	<u>BLC</u>	<u>OG</u>
BROKER ALL HEALTH		BK
NC/GR		NC
OVER 65		OA
DI		DI
ACCIDENT ONLY		AC
VIPS		VP
OTHER ACCIDENT		XX
NURSING HOME		NH
CASH VALUE NURSING HOME		CN
MEDICARE SELECT OVER 65		OL

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N. CHIP NOTIFICATION (S.O.P. 4.154) Medically Underwritten Only:

- Hospital Surgical
- Major Medical
- Medicare Supplement
- Medical Surgical
- Long Term Care is NOT a part of CHIP Notification.

O. "M" FILE EXEMPTION: (Add to S.O.P. 2.21, Exhibit 15) Yes No

P. SHARP BENEFIT CODING:

DDDD-BE

DDDD = Daily Maximum Benefit Amount: (\$40 - \$200) \$40 is coded 0040, \$100 is coded 0100 (always use preceding zeroes) A = .50, B = .25, C = .75

B = Benefit Multiplier: 1 (90 days), 2 (180), J (270), K (360)

E = Elimination Period: A (0 days), H (15), B (30)

Q. LTC ANNIVERSARY PROCESSING: (Add to S.O.P. 3.105) Yes No

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PRODUCT CHARACTERISTICS

(differences from N320/N325 in **bold**)

Product Feature	Bankers Life & Casualty Co. GR-N560/N565 Policy
Plan Design / Options	
Plan Type	Limited Benefit
Issue Ages	55-79 Limitations: Ages 18-54, 80-84 sold only in conjunction with a Tax Qualified LTC or TQ Nursing Home Care Policy
Daily & Other Maximum Amounts	<u>Nursing Facility Daily Maximum Amount (DMA):</u> \$50-\$200 available in \$10 increments Limitations: A 90-day Benefit Multiplier with a 0-day EP for ages 18-84: \$50-\$300 when purchased with a TQ NH/LTC product <u>Monthly Home Health Care Maximum Amount:</u> Optional, Equal to 100% of Nursing Facility DMA times 31
Policy Benefit Maximums	<u>Maximum Benefit Amounts Per Claim Episode:</u> Available options: 90, 180, 270 & 360 times the selected Nursing Home DMA payable per claim episode. Ages 18-54, 80-84: Only 90 Ben. Multiplier available. <u>Benefit Restoration:</u> The MBA will fully restore when care is not required or received for 180 consecutive days <u>Lifetime Maximum Benefit:</u> Lifetime Maximum Benefit is limited to 2 times the Maximum Benefit Amount Per Claim Episode
Elimination Periods	Elimination Period Options: 0, 15, 30 <u>0-day option not available with 180, 270 or 360-day Ben Multiplier</u> The elimination period is one common period which can be satisfied by either Nursing Home or Home Health Care service days. The EP will fully restore once no Nursing Home or Home Health Care expenses have been incurred for the same cause or causes for 6 consecutive months.
Nursing Facility Benefits	
Payment Levels	Pays 100% of expenses incurred up to the chosen Nursing Home DMA, when confined in a nursing home. <u>Daily Maximum Amounts:</u> \$50-\$200 in \$10 increments.
Covered Facilities	All levels of care (skilled, intermediate and custodial) are covered. Nursing Homes, Assisted Living Facilities, Alzheimer's Facilities
Bed Reservation	Up to 21 days per calendar year (unused days cannot be carried over into the next year)
Home & Community Care Benefits	
Payment Levels	Pays 100% incurred up to the Home Health Care Monthly Maximum Amount .
HHC Covered Services / Providers	Visits by Licensed Nurse, Home Health Aides, Nutritional Specialists, Qualified Physical, Occupational, Speech and Inhalation Therapists; Personal Care Services limited to Domestic or Cleaning Services, Laundry Services, Food shopping and Errands, Meal Preparation and Cleanup, Transportation Assistance to and from medical appts., Heavy Cleaning due to hazardous debris or dirt; Homemaker Services; Prescription Drugs, Medicines, Medical

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Product Feature	Bankers Life & Casualty Co. GR-N560/N565 Policy
	Supplies and Lab. Services customary to a Nursing Home or Hospital; Rental (not to exceed the purchase price) of wheelchairs, Hospital Beds, and other durable portable equipment used for therapeutic treatment..
Adult Day Care	100% of actual charges up to 100% of the chosen HHC MMA.
Hospice Care	100% of actual charges up to 100% of the chosen HHC MMA. No elimination period applies.
Other Benefits and Features	
Care Coordinator	A patient coordinator works with the policyholder and his/her doctor to assist in selecting the providers and services best suited for each individual's needs. This benefit is not mandatory.
Benefit Restoration	Full restoration of Policy Benefit Max when care is not required or received for 180 consecutive days. Lifetime Maximum Benefit is equal to two times the Maximum Benefit Amount per Claim Episode.
Benefit Eligibility	
Benefit Triggers	Before benefits are payable, services and supplies must be recommended by a Licensed Health Care Practitioner due to at least one of the following: 1. Functional Incapacity (need for Stand-by or Hands-on Assistance with at least 2 ADL's. 2. Cognitive Impairment. The 6 ADL's are: bathing, continence, dressing, eating, transferring, and toileting
Optional Riders / Benefits	
Automatic Inflation Options	5% Compound Option Increases to all Daily/ Monthly Max Amounts and Max Amount per Claim Episode for life, funded by a level premium. Due to short benefit durations, the <i>whole</i> Max Ben Amount will increase each policy anniversary.
Underwriting	
Medical Application	Yes
APS	No
Face-to-Face Assessment	No