

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

**No. 15.108**

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

ISSUE DATE: 12/12/2006

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This document will be available on the Intranet at [http://www.banklife.com/general\\_systems/15series.htm](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:**

<u>COMPANY</u>	<u>FORM NUMBER</u>	<u>DESCRIPTION</u>	<u>PLAN CODE</u>
BLC	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

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

**NOTE:** The ABC Table Code will be 2B3for 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**

<b>ISSUE AGE</b>	<b>Year 1</b>	<b>2</b>	<b>3</b>	<b>4+</b>
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

**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)**

☐ C Reg. Exp. Rules at 18th birth month  
☐ C Reg. Exp. Rules anniv. after 18th birthday  
☐ A Reg. Exp. Rules at 65th birth month  
☐ D Medicare Exp. Rules Leads/expiry proc.  
☒ E Medicare Exp. Rules no action Other  
☐ 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	<b>NOTE:</b> 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"/> 1 - Daily Indemnity	
<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 Bnfts	
<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

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**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.

*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:**

	BLC
<b><u>HEALTH OR/GR</u></b>	<b><u>OG</u></b>
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

**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

**PRODUCT CHARACTERISTICS**

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

<b>Product Feature</b>	<b>Bankers Life &amp; Casualty Co. GR-N560/N565 Policy</b>
<b>Plan Design / Options</b>	
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> <b>\$50-\$200</b> 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: <b>90, 180, 270 &amp; 360 times</b> 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	<b>Elimination Period</b> <b>Options: 0, 15, 30</b>  <b>0-day option not available with 180, 270 or 360-day Ben Multiplier</b>  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.
<b>Nursing Facility Benefits</b>	
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> <b>\$50-\$200 in \$10 increments.</b>
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)
<b>Home &amp; Community Care Benefits</b>	
Payment Levels	Pays 100% incurred up to the Home Health Care <b>Monthly</b> 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



<b>Product Feature</b>	<b>Bankers Life &amp; Casualty Co. GR-N560/N565 Policy</b>
	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 <b>MMA</b> .
Hospice Care	100% of actual charges up to 100% of the chosen HHC <b>MMA</b> . No elimination period applies.
<b>Other Benefits and Features</b>	
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. <b>Lifetime Maximum Benefit is equal to two times the Maximum Benefit Amount per Claim Episode.</b>
<b>Benefit Eligibility</b>	
Benefit Triggers	<p>Before benefits are payable, services and supplies must be recommended by a Licensed Health Care Practitioner due to at least one of the following:</p> <ol style="list-style-type: none"> <li>1. Functional Incapacity (need for Stand-by or Hands-on Assistance with at least 2 ADL's.</li> <li>2. Cognitive Impairment.</li> </ol> <p>The 6 ADL's are: bathing, continence, dressing, eating, transferring, and toileting</p>
<b>Optional Riders / Benefits</b>	
Automatic Inflation Options	<p>5% Compound Option</p> <p>Increases to all Daily/<b>Monthly</b> 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.</p>
<b>Underwriting</b>	
Medical Application	Yes
APS	No
Face-to-Face Assessment	No