

BANKERS LIFE AND CASUALTY COMPANY

STANDARD OPERATING PROCEDURES

NO. 15.89

ISSUE DATE: 9/1/99

CONVALESCENT CARE - LIMITED BENEFIT POLICY -
GR-N320/N325 - BANKERS

REVISION DATE:

This document is 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(S) OF H.P.C. DECISIONS:** 4/1/99
- C. **TARGET RELEASE DATE:** 9/1/99
(For specific state approval dates refer to TSO approval screens.)
- D. **COMPANY:** BLC (01)
- E. **WRITING ORGANIZATIONS:** Direct Writers (10)
- F. **FORM NUMBER/PLAN CODES:**

<u>COMPANY</u>	<u>FORM NUMBER</u>	<u>DESCRIPTION</u>	<u>PLAN CODE</u>	<u>ABC CODE</u>
BLC	N320	Limited Benefit Convalescent Care - Nursing Home Only - Non-Inflation	N320	2B3
	N320	Limited Benefit Convalescent Care - Nursing Home Only - Compound Inflation	N321	2B3
	195Z	Limited Benefit Convalescent Care (N320) - Nursing Home Only - Compound Inflation	195Z*	2B3
	N325	Limited Benefit Convalescent Care - Nursing Home with 100% HHC - Non-Inflation	N325	2B3
	N325	Limited Benefit Convalescent Care - Nursing Home with 100% HHC - Compound Inflation	N326	2B3
	196Z	Limited Benefit Convalescent Care (N325) - Nursing Home with 100% HHC - Compound Inflation	196Z*	2B3

* = Rider Plan Code for post issue inflation additions only. Also it may be utilized in some states (e.g. PA) for processing purposes.

- G. **PROJECT NUMBER:** PG7559

II. POLICY CHARACTERISTICS

- A. **POLICY:** Available via Documerge.
- B. **APPLICATION:** 14526
- C. **STANDARD OUTLINE OF COVERAGE:** 14572 for the N320/14573 for the N325.
- D. **RATE STRUCTURE:** Issue age, age last birthday.
- E. **CHILDREN'S RATE STRUCTURE:** N/A
- F. **TIER RATED:** 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 "0" = Other (non-inflation option)
- 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. **BENEFIT RIDERS AVAILABLE:** None (Except 195Z and 196Z processing).
- R. **NON-TOBACCO USE DISCOUNT:** Yes No
- S. **ID CARD:** Yes No
PRODUCT IDENTIFIER: Convalescent Care Policy.
Please refer to Policy Approval sheet for state variations.
- T. **ALPHA CHECK WITH FILE PULL:** Yes No
- U. **ISSUE AGES:** 55 - 79 years, 11 months

- V. **BENEFICIARY DESIGNATION:** Yes No
- W. **IS THIS PRODUCT 1099-LTC REPORTABLE?** Yes No
- X. **DESIGNEE FOR PRE-LAPSE NOTIFICATION:** Yes No

III. MARKETING

- A. **SALES MATERIALS:** Refer to Weekly Field Release bulletin.
- B. **COMMISSION STRUCTURE:**

NATIONWIDE COMMISSIONS

POLICY YEAR	UNDER 75	75 AND OVER
1	30%	20%
2	15	15
3	10	10
4+	5	5

Agent Production Credit: Same as the FYC Rates for each age group.

Commission Rate File Category: Major Category: 83 - Limited Benefit Pool Policy

Product Category: 03

Service Fee Designation: 6+ years

- C. **OVERWRITE:** Yes
- D. **DESIGNED TO REPLACE A PRODUCT:** Yes - Plan: N130
- 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:**

- MONTHLY PPSP ORGANIZATION D.P. ASSN/ORG.
 QUARTERLY RIP ASSOCIATION D.P.
 SEMI-ANNUAL HOP LIST (NO DISCOUNT)
 ANNUAL BOP P.R.D. (DISCOUNT)

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)

- 0 - Surgical/Room Rate
- 1 - Daily Indemnity
- 2 - Weekly Indemnity
- 3 - Surgical Benefit
- 4 - Number of Units
- 5 - Daily Hospital Room
- 6 - Card Counts Plans without variable benefits
- 7 - Principal Sum
- 8 - DI: AMT - BEN - ELIM
- 9 - Max - Amt/Coins %
- A - Wkly Indm/#Wks
- B - Deduct/Max Bnfts
- C - Deduct/Coins %

NOTE: Reason "0" will be selected for products with both variable surgical and variable hospital room benefits instead "of reasons 3" or "5".

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

F. **CLAIM REPORT:**

1. -- Issue Month/Year Statistics: No Yes
2. -- Franchise Recap (Bankers) No Yes

G. **MISCELLANEOUS:**

1. -- Split of In-Force Between OR & GR No Yes
2. -- Are Medicare Claims To Be Split By Part A, Part B, Nursing Home?
 - Yes No N.A.
3. -- Pending Claim Report - Over age 65 Under Age 65

H. DOWNGRADE/UPGRADE PROCESSING:

1. Upgrades:
 - a. Increase in the Maximum Benefit Multiplier.
 - b. Decrease in the Elimination Period.
 - c. Increase in the Daily Maximum Benefit Amount.
 - d. Addition of the Increasing Benefit Option.
2. Downgrades:
 - a. Decrease in the Maximum Benefit Multiplier.
 - b. Increase in the Elimination Period.
 - c. Decrease in the Daily Maximum Benefit Amount.
 - d. Removal of the Increasing Benefit Option.

- I. **MEMBER ADDITION RULES:** Spouse may be added, subject to Underwriting approval.
- J. **EXCHANGES:** From the N130 with no HHC to the N325 will be permitted.
- 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 89 - Nursing Home
- N-Not eligible - no exceptions
- Not Applicable

M. REINSTATEMENT BY MAIL CATEGORY:

	BLC
<u>HEALTH OR/GR</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

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.
- Not Applicable

O. "M" FILE EXEMPTION: Yes No

P. SHARP BENEFIT CODING:

BBBB - PE

BBBB = Benefit (4 positions required - for example \$67.50 would be coded as 067A,
A = .50, B = .25, C = .75

P = Period - 1 (90 day stay) or 2 (180 day stay)

E = Elimination Period A or B; A = 0, B = 20

INDEX UNDER "C" - CONVALESCENT CARE - LIMITED BENEFIT POLICY - GR-N320/N325
- BANKERS

INDEX UNDER "L" - LIMITED BENEFIT POLICY - CONVALESCENT CARE - GR-N320/N325
- BANKERS

EXHIBIT 1

PRODUCT DESIGN

PRODUCT FEATURES	DESCRIPTION
ISSUE AGES	55 - 79 years 11 months
COVERED EXPENSES	<p>NH: 100% of expenses incurred for all levels of care (skilled, intermediate and custodial), up to the chosen Daily Nursing Home Maximum Amount. NH Bed Reservation Benefits (up to 21 days per calendar year) are also covered, up to the chosen Daily Nursing Home Maximum Amount. Available Daily NH Maximum Amounts range from \$50 - \$150, in \$10 increments.</p> <p>Assisted Living Facility Care: 100% of actual charges for care up to 100% of the chosen Daily NH Maximum Amount.</p> <p>HHC: Available in the N325 only. Includes HHC benefits that cover 100% of Home Health Care expenses incurred, up to 100% of the Weekly HHC Maximum Amount (Daily NH Max. Amt. X 7).</p> <p>Adult Day Care: Included in the N325 policy. Covers 100% of Home Health Care expenses incurred, up to 100% of the Weekly HHC Maximum Amount.</p> <p>Hospice benefits are covered in the N325 policy. Respite and Ambulance benefits are NOT covered.</p>
AVAILABLE BENEFIT OPTIONS	Maximum Multiplier per Claim Episode: 90 or 180 Lifetime Maximum Multiplier: N/A Elimination Period: 0* or 20 days * 0 day EP only available on a 90 Multiplier.
CLAIM EPISODE/ RESTORATION OF BENEFITS	A Claim Episode starts when a covered expense is first incurred under the policy, and ends when there have been no additional expenses incurred for the same causes for 6 months in a row. Benefits completely restore (including the Elimination Period) after each claim episode is completed.

**EXHIBIT 1
(Continued)**

PRODUCT DESIGN

PRODUCT FEATURES	DESCRIPTION
BENEFIT ELIGIBILITY	Doctor certification that care is needed, due to any one of the following; medical necessity, OR functional incapacity, OR cognitive impairment. Functional incapacity is the inability to perform at least 2 out of 6 ADL's without stand-by or hands on assistance. ADL's are: bathing, continence, dressing, eating, transferring and toileting.
INFLATION PROTECTION	Optional 5% compound inflation to all Daily Maximum Amounts and Maximum Amount Per Claim Episode, for life, funded by level premium.
Pre-Ex Conditions	6 months
Renewability	GR - Guaranteed Renewable
Coordination with Medicare	Policy will not duplicate benefits covered by Medicare.
Waiver Of Premium	None
Underwriting	Simplified Application (14526)
Spousal Discount	None
Substandard Issues	None