

Unum Life Insurance Company of America

2211 Congress Street

Portland, Maine 04122

(207) 575-2211

## **LONG TERM CARE INSURANCE**

### **OUTLINE OF COVERAGE**

For the Employees of

## **NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

(the Sponsoring Organization)

Group Master Summary of Benefits Form Number **510487**

**NOTICE TO BUYER:** This plan may not cover all costs associated with long term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all plan limitations.

**Caution:** If you must complete an Application for Long Term Care Insurance which includes evidence of insurability, the issuance of a long term care insurance certificate will be based on your responses to the questions in your application. A copy of your Application for Long Term Care Insurance was retained by you when you applied. If your answers are incorrect or untrue, Unum has the right to deny benefits or rescind your coverage. 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 Unum at this address: Unum Life Insurance Company of America, 2211 Congress Street, Portland, Maine 04122.

1. The Summary of Benefits is delivered in and is governed by the laws of the governing jurisdiction of **Maine** and to the extent applicable by the Employee Retirement Income Security Act of 1974.

The Summary of Benefits is a part of the Select Group Insurance Trust situated in Maine. Fleet Bank of Maine is the Trustee.

### **2. PURPOSE OF OUTLINE OF COVERAGE**

This outline of coverage provides a very brief description of the important features of the plan. You should compare this outline of coverage to outlines of coverage for other plans available to you. This is not an insurance contract, but only a summary of coverage.

Only the Summary of Benefits contains governing contractual provisions. This means that the Summary of Benefits sets forth in detail the rights and obligations of both you and us (Unum Life Insurance Company of America). Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR CERTIFICATE CAREFULLY!**

### **3. TERMS UNDER WHICH THE CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED**

- You have a 30-day right to examine the certificate. If, after examining the certificate, you are not satisfied for any reason, you may withdraw your enrollment in the plan by returning your certificate within 30 days of its delivery to you. The certificate, together with a written request for such withdrawal must be sent to:
  - **if you are an active employee or a spouse of an active employee**, the Sponsoring Organization's Plan Administrator,
  - **if you are a retiree or a family member other than a spouse of an active employee**, Unum, P. O. Box 9744, Portland, Maine 04104-9868.

Upon receipt, your insurance will be deemed void from its effective date and any premium contribution(s) paid will be returned.

- Premiums for additional, increased or terminated insurance may cause a pro-rata adjustment on the next premium due date.

**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 Unum. You may obtain a copy of the Guide by calling 1-800-227-4165. Unum Life Insurance Company of America is not representing Medicare, the federal government or any state government.

**5. LONG TERM CARE COVERAGE**

Plans of this category are designed to provide coverage for one or more 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.

This plan provides coverage in the form of a fixed dollar indemnity monthly benefit if you suffer a covered loss of functional capacity or covered cognitive impairment.

The amount of the monthly benefit will be based on the plan of coverage you choose; any options you choose, if available, and the place of residence used for long term care.

**6. BENEFITS PROVIDED BY THE SUMMARY OF BENEFITS**

**REFER TO THE ATTACHED SCHEDULE OF LONG TERM CARE BENEFITS FOR THE BENEFITS AVAILABLE UNDER THE SPONSORING ORGANIZATION'S PLAN.**

**Monthly Benefit:**

You are eligible for a monthly benefit if you are assessed as suffering a covered loss of functional capacity or cognitive impairment. You must be under the regular care of a doctor according to the condition.

**NOTE:** Any Activities of Daily Living that you cannot perform without standby assistance on the date you become insured under the plan will not be considered when determining the extent of your loss.

A monthly benefit will become payable on the day after you complete the Elimination Period.

The amount of your monthly benefit will be based on the coverage options you chose and the place of residence used for long term care. If your coverage includes Professional Home Care Services, the benefit payment will be based on the number of days you receive these services each month.

**Activities of Daily Living** are bathing, dressing, toileting, transferring, continence and eating.

**Cognitive Impairment** means a deterioration or loss in intellectual capacity resulting from Alzheimer's disease or similar forms of irreversible dementia.

**Elimination Period** means the number of consecutive days during which you must continue to qualify to receive a monthly benefit before a benefit will become payable.

**Lifetime Maximum** means the maximum Unum will pay you for all long term care benefits. You have your own Lifetime Maximum.

**Loss of Functional Capacity** means a loss of 2 or more activities of daily living (ADLs) because of a physical or mental incapacity resulting from an injury or a sickness or because of advanced age.

**Respite Care** means care provided to you for a short period of time to allow your informal caregiver a break from their caregiving responsibilities. If you qualify for a Home or another similar place Monthly Benefit but benefits have not yet become payable, payments will be made to you for each day you receive respite care for up to 15 days each calendar year. The amount of your payment will equal 1/30th of your Home or another similar place Monthly Benefit for each day that you receive respite care.

### **Professional Home Care**

When benefits become payable, there will be no more cost to you for your coverage as long as you continue to have a loss of functional capacity or cognitive impairment and receive Professional Home Care Services.

If you do not receive Professional Home Care for a period of 30 consecutive days, premium payments will again become due. To continue your coverage, premium payments **must** be resumed on the next premium due date following this 30-day period.

### **Total Home Care**

When benefits become payable, there will be no more cost to you for your coverage as long as you continue to have a loss of functional capacity or cognitive impairment.

### **Inflation Protection Provision - 5% Simple Inflation With Cap**

Your initial Monthly Benefit will increase by 5% on January 1<sup>st</sup> of the next calendar year. Your remaining Lifetime Maximum Benefit Amount will also increase. Subsequent 5% increases will be added each January 1<sup>st</sup> after that to your initial amount of coverage. Increases will be automatic and will occur regardless of your health and whether or not you have a loss of functional capacity or cognitive impairment. Your premium will not increase due to automatic increases in your Monthly Benefit. In no event will the total Monthly Benefit be more than 200% of your original Monthly Benefit.

The benefit paid for the inflation protection provisions are subject to the Lifetime Maximum Benefit Amount. Benefits are not paid during the Elimination Period.

**Refer to the graphic Comparison Chart of all types of Inflation, located in Section 8 of this Outline of Coverage**

### **Paid-Up Benefit: (AVAILABLE PLAN B ONLY)**

If the policy lapses due to nonpayment of premium after it has been in force for five consecutive years, you may be eligible for a paid-up benefit. This means your policy will continue in force with a reduced Monthly Benefit Amount and Lifetime Maximum Amount.

## **7. LIMITATIONS AND EXCLUSIONS**

### **• EXCLUSIONS**

Unum will not make long term care payments to you for:

- losses caused by war (whether declared or not) or any act of war,
- losses caused by attempted suicide (while sane or insane) or self-destruction,
- losses caused by commission of a crime for which you have been convicted under state or federal law or attempting to commit a crime under state or federal law,
- losses or confinements during which you are outside the United States, its territories or possessions for longer than 30 days,
- any days over fifteen days in each calendar year during which you are confined in any facility for acute care (acute care is medical care obtained as a result of an injury or a sickness requiring immediate medical intervention),
- losses caused by alcoholism,
- losses caused by voluntary use of any controlled substance unless the controlled substance is prescribed for you by a doctor. ("Controlled substance" is defined in Title II of the Comprehensive Drug Abuse Prevention and Control Act of 1970 and all amendments)
- or
- losses caused by:
  - depression,
  - generalized anxiety disorders,
  - personality disorders,
  - schizophrenia, or
  - manic depressive disorders whether treated by drugs, counseling or other forms of therapy.

However, Unum **will** make payments to you for conditions that are not psychological or psychiatric in nature, including Alzheimer's disease, multi-infarct dementia, or Parkinson's disease.

**THIS PLAN 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 plan may be adjusted.

• **COST:**

- **If you are an active employee**, you pay the cost of your coverage under Unum's long term care insurance.
- **If you are a retired employee or a family member**, you pay the cost of coverage.

The rate you pay over the duration of your initial coverage or for any increases is based on your insurance age.

• **ELECTION TO INCREASE COVERAGE:**

You can apply at any time to increase coverage by filling out a new Benefit Elections Form and an Application for Long Term Care Insurance.

**INFLATION PROTECTION COMPARISON**

The following chart is an example comparison of monthly benefits with and without the Simple Inflation Protection Option.

	<b>Without Inflation Protection</b>	<b>With 5% Simple Inflation Protection</b>
<b>Policy Year</b>	<b>Monthly Benefit</b>	<b>Monthly Benefit</b>
1	\$2000.	\$2100.
2	\$2000.	\$2200.
3	\$2000.	\$2300.
4	\$2000.	\$2400.
5	\$2000.	\$2500.
6	\$2000.	\$2600.
7	\$2000.	\$2700.
8	\$2000.	\$2800.
9	\$2000.	\$2900.
10	\$2000.	\$3000.
11	\$2000.	\$3100.
12	\$2000.	\$3200.
13	\$2000.	\$3300.
14	\$2000.	\$3400.
15	\$2000.	\$3500.
16	\$2000.	\$3600.
17	\$2000.	\$3700.
18	\$2000.	\$3800.
19	\$2000.	\$3900.
20	\$2000.	\$4000.

**9. TERMS UNDER WHICH GROUP COVERAGE THROUGH THE PLAN MAY BE CONTINUED IN FORCE OR DISCONTINUED**

• **PREMIUM WAIVER**

**Long Term Care Facility**

When benefits become payable, there will be no more cost to you for your coverage as long as you continue to have a loss of functional capacity or cognitive impairment and reside in a Long Term Care Facility.

• **RIGHT TO CHANGE PREMIUMS**

The premium rate will not increase because you grow older or because of your use of the benefits. However, the premium rate schedule may change in the future depending on the overall use of the benefits of all covered persons or changes in the benefit levels, plan design or other risk factors. Any such change will be made on a class basis according to Unum's underwriting risk studies under this type of insurance.

• **PORTABLE COVERAGE**

If the Employer or Unum ends group long term care coverage, you or your authorized representative may elect portable coverage for you. This means that the same coverage you had under this plan can continue on a direct billing basis. Retired employees and any other persons who are direct billed will automatically transfer to portable coverage.

Any election for portable coverage must be made within 31 days of the date the group coverage would otherwise end. If so elected, you are a portable insured.

Any premium that applies must be paid directly to Unum by you for any portable coverage to be continued.

Also, the premium rate schedule for portable coverage may change in the future, depending on the overall use of the benefits by all covered persons or changes in the benefit levels or other risk factors. Any such change will be made on a class basis according to Unum's underwriting risk studies.

Once on portability, you can apply at any time to increase coverage by filling out a new Benefit Elections Form and Application for Long Term Care Insurance which includes evidence of insurability.

If you voluntarily end your group long term care coverage, you may not elect portable coverage. However, you may be eligible to continue a percentage of your Monthly Benefit Maximum(s) and Lifetime Maximum Amount **if you elected** the paid-up coverage option and have met the requirements under that option.

• **WHEN COVERAGE WILL END:**

Your coverage will end on the earliest of these dates:

- the date the Summary of Benefits under the policy ends,
- the date you no longer are in an eligible class,
- the date your class no longer is included for insurance,
- the end of the period for which premiums were last remitted to Unum for your coverage.
- the date you no longer are an active employee with the Sponsoring Organization.

**10. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS**

Unum will not make long term care payments to you for losses caused by neurosis, psychoneurosis, psychopathy, psychosis or mental or emotional disease or disorder of any kind whether treated by drugs, counseling or other forms of therapy.

However, Unum will make payments to you for conditions that are not mental or nervous in nature, including Alzheimer's disease, multi-infarct dementia, brain injury, brain tumors, or other such structural alterations of the brain.

## **11. PREMIUMS**

Premiums are based on the plan design selected and the Insurance Age of each enrolled person. Unum may change the premium rates when the terms of the Summary of Benefits are changed.

## **12. ADDITIONAL FEATURES**

- Medical underwriting will be required
- Eligibility and Participation  
You are eligible for the plan if you are:
  - an active employee that works 20 hours per week for 20 or more weeks and his/her spouse of the Sponsoring Organization,
  - a retired employee/spouse of the Sponsoring Organization.
- Temporary or seasonal employees are excluded.