

LONG TERM CARE INSURANCE OUTLINE OF COVERAGE
FOR THE EMPLOYEES OF
NORSTAN, INC.
(the Policyholder)

Group Master Policy/Certificate Form Number **948668**

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 response 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 may have 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.

THE CERTIFICATE DOES NOT COVER ALL LONG TERM CARE FACILITY OR NURSING HOME, HOME CARE, OR ADULT DAY CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR CERTIFICATE CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR CERTIFICATE. THE NURSING FACILITY AND HOME CARE COVERAGES ARE NOT SUBJECT TO SEPARATE LIFETIME MAXIMUMS.

1. The policy is a group policy of insurance which was issued in **Minnesota**.

2. PURPOSE OF OUTLINE OF COVERAGE

This outline of coverage provides a 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 Policy contains governing contractual provisions. This means that the Policy sets forth in detail the rights and obligations of both you and UNUM. Therefore, if you purchase this coverage, or any other coverage, it is important that you **READ YOUR CERTIFICATE CAREFULLY!**

3. The Policy is intended to be a qualified Long Term Care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986.

4. 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 withdrawal must be sent to the Plan Administrator or UNUM. 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.

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5. 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.

6. LONG TERM CARE COVERAGE

Plans of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventative, 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 become Disabled and you are receiving care while confined in a Long Term Care Facility. Coverage is subject to policy limitations, benefit maximums and elimination periods.

Medicare Coverage. Medicare policies provide hospital insurance (Medicare Part A) and medical insurance (Medicare Part B).

- a. Medicare Part A hospital insurance is designed to pay for inpatient hospital care and limited skilled nursing care in a Medicare certified facility, or in your home, but only in certain situations. It does not cover intermediate or custodial care, or prolonged home health care.
- b. Medicare Part B medical insurance covers medically necessary services provided by a physician, outpatient services and a range of other medical services and supplies.

Medicare Part A and Part B do not pay the entire cost for all services covered by these programs. You or your Medicare supplemental insurance company must pay certain deductibles and coinsurance amounts and charges in excess of Medicare's approved amount for covered services and supplies.

Medicare Supplement Coverage. Medicare supplement insurance (Medigap) is private insurance designed to help pay for some of the gaps in Medicare coverage such as hospital deductibles and excess physician's charges. These policies generally do not cover long-term care expenses. However, some supplements will cover skilled nursing care needed at home for a short time after a hospital stay.

7. BENEFITS PROVIDED BY THE POLICY

Benefit Ratio. The expected benefit ratio for the policy is 65%. This means that, on the average, certificate holders may expect that \$65 of every \$100 in premium will be returned as benefits over the life of the contract.

REFER TO THE ATTACHED SUMMARY OF BENEFITS FOR THE BENEFITS AVAILABLE UNDER THE POLICYHOLDER'S PLAN.

You are eligible for a Monthly Benefit after:

- you become Disabled; and
- a Licensed Health Care Practitioner has certified that you are unable to perform (without Substantial Assistance from another individual) two or more ADLs for a period of at least 90 days, or that you require Substantial Supervision by another individual to protect you and others from threats to health or safety due to severe Cognitive Impairment. You will be required to submit a Licensed Health Care Practitioner certification every 12 months.

After becoming eligible for a Monthly Benefit, you are eligible for payment of a monthly benefit after:

- you have satisfied your Elimination Period; and
- you are receiving Qualified Long Term Care Services in a Long Term Care Facility or Assisted Living Facility; or Professional Home Care Services if your plan includes a Professional Home Care Services Benefit; or Total Home Care if your plan includes a Total Home Care Benefit;

The treatment and services you receive for your Disability must be provided pursuant to a Written Plan of Care developed by a Licensed Health Care Practitioner.

If you have an existing loss of ADLs or severe Cognitive Impairment on your effective date of coverage, that loss or impairment will only be eligible for coverage if you recover from that loss or impairment. We must receive acceptable proof of your ADL or cognitive recovery, such as a physician's statement or an assessment.

After you satisfy the Elimination Period, we will pay you:

the Long Term Care Facility Benefit Amount if you receive care while confined in a Long Term Care Facility. Your confinement must be because you are receiving care and need either: (1) Substantial Assistance from another person to perform 2 or more Activities of Daily Living (ADLs); or (2) Substantial Supervision because you suffer from severe Cognitive Impairment, or

the Assisted Living Facility Benefit Amount if you are Disabled and are receiving services in an Assisted Living Facility.

The Assisted Living Facility Benefit Amount will be the greater of:

- (1) 60% of the Long Term Care Facility Benefit Amount; or
- (2) the Total Home Care or Professional Home Care Services Benefit Amount shown on the SUMMARY OF BENEFITS.

Professional Home Care Services Benefit:

We will pay you 1/30th of the Monthly Professional Home Care Services Benefit Amount for each day you receive Professional Home Care Services if:

- a. you are Disabled; and
- b. you choose to receive care anywhere other than in a Long Term Care Facility, or Assisted Living Facility.

This care can be provided at any type of facility, such as an Adult Day Care Facility, or your home by/through a licensed Home Health Care Provider.

OPTIONAL BENEFITS AVAILABLE

Total Home Care Benefit:

We will pay you the Monthly Total Home Care Benefit Amount if you are Disabled and receiving care and you choose to receive care anywhere other than in a Long Term Care Facility or Assisted Living Facility.

This care can be provided at any type of facility, such as an Adult Day Care Facility or your home. Care can be provided to you by:

- a. a formal caregiver, such as a licensed Home Health Care Provider, a registered nurse, a licensed practical nurse, or
- b. an informal caregiver, such as a friend or relative.

Inflation Protection Provision - 5% Compound Inflation With No Cap

Your Monthly Benefit Amount will increase each year on January 1st by 5% of the Monthly Benefit in effect on that January 1st. Your remaining Lifetime Maximum Benefit Amount will also increase. Increases will be automatic and will occur regardless of your health and whether or not you are Disabled. Your premium will not increase due to automatic increases in your Monthly Benefit Amount.

The benefit paid is 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 10 of this Outline of Coverage.

IMPORTANT TERMS YOU SHOULD KNOW:

"Activities of Daily Living" (ADLs) are:

- 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 with or without equipment or adaptive devices.
- DRESSING - putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.
- TOILETING - getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- TRANSFERRING - moving into and out of a bed, chair or wheelchair with or without equipment such as canes, quad canes, walkers, crutches or grab bars or other support devices including mechanical or motorized devices.
- CONTINENCE - the ability to maintain control of bowel or 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).
- EATING - feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously.

"Adult Day Care" means a community-based program offering health, social and related support services to impaired adults. Adult Day Care can be provided by:

- a Home Health Care Provider; or
- an Adult Day Care Facility.

"Adult Day Care Facility" means a facility which is licensed by the appropriate state agency and any other laws that apply, or meets the following tests:

- operates a minimum of 5 days a week;
- remains open for at least 6 hours a day;
- is not an overnight facility;
- maintains a written record of care on each patient;
- includes a Written Plan of Care and record of services provided;
- has a staff that includes a full-time director and at least one registered nurse who are there during operating hours for at least 4 hours a day;
- has established procedures for obtaining appropriate aid in the event of a medical emergency; and
- provides a range of physical and social support services to adults.

“Chronically Ill Individual” means you have been certified by a Licensed Health Care Practitioner, within the preceding 12 month period, as either:

- being unable to perform without Substantial Assistance from another individual at least two Activities of Daily Living for a period of at least 90 days due to a Loss of Functional Capacity; or
- requiring Substantial Supervision by another individual to protect you or others from threats to health and safety due to severe Cognitive Impairment.

“Cognitive Impairment” means a deficiency in your:

- short or long term memory;
- orientation to people, places or time;
- deductive or abstract reasoning; or
- judgment as it relates to safety awareness.

Such deterioration or loss requires Substantial Supervision by another individual for the purpose of protecting you from harming yourself or others. The loss can result from a Disability, Alzheimer’s disease, or similar forms of dementia.

“Disability” and “Disabled” means that you have met the requirements stated in the definition of a Chronically Ill Individual.

“Elimination Period” is the number of consecutive days, specific to your plan, that you must wait before receiving benefits. The plan’s Elimination Period begins once you lose 2 or more Activities of Daily Living or suffer severe Cognitive Impairment and are receiving care at the level of care in your plan.

For example, if your plan has an Elimination Period of 90 days and Facility care, you must suffer the loss and be receiving care in a Facility for those 90 consecutive days before you will be eligible for benefits.

The Elimination Period needs to be satisfied only once in your lifetime.

“Lifetime Maximum Benefit Amount” is the total dollar amount of benefits that will be paid under the policy. Your Lifetime Maximum Amount is based on the level of coverage and benefit duration you select.

“Loss of Functional Capacity” means requiring the Substantial Assistance of another individual to perform the Activities of Daily Living.

“Qualified Long Term Care Services” means necessary diagnostic, preventative, therapeutic, curing, treating, mitigating, and rehabilitative services and Maintenance or Personal Care Services which are:

- required for you if you are Disabled; and
- provided to you pursuant to a Written Plan of Care developed by a Licensed Health Care Practitioner.

“Respite Care” means care provided to you for a short period of time to allow your informal caregiver a break from their caregiving responsibilities.

“Substantial Assistance” means stand-by assistance by another person without which you would not be able to safely and completely perform the ADL.

“Substantial Supervision” means the presence of another individual for the purpose of protecting you from harming yourself or others.

8. LIMITATIONS AND EXCLUSIONS

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

- a Disability caused by war (whether declared or not) or any act of war,
- a Disability caused by participation in a felony, riot or insurrection,
- Disabilities or confinements during which you are outside the United States, its territories or possessions for longer than 30 days,
- a disability caused by alcoholism,
- a disability caused by drug addiction
- a period in which you are confined in a hospital other than if you are confined in a nursing facility that is a distinctly separate part of a hospital (this exclusion does not apply to those periods covered under the Bed Reservation Benefit), or
- a disability caused by a mental or nervous disorder.

However, UNUM will make payments to you for conditions that are not psychological, psychiatric or mental in nature, including Alzheimer’s disease or similar forms of irreversible dementia.

Pre-existing Conditions Limitation

If you do not have to complete an Application for Long Term Care Insurance, which includes evidence of insurability, a Pre-Existing Conditions limitation may apply to you.

“Pre-Existing Condition” means any condition that exists for which you:

- received medical treatment, consultation, care or services, including diagnostic measures for the condition, or
- took drugs or medicines that were prescribed for the condition during the six month period right before your coverage began.

If you are Disabled as a result of a Disability that:

- is caused by, contributed to by, or results from a Pre-Existing Condition, and
- begins during the first six months after your coverage begins, your Elimination Period will not begin until six months after your coverage begins.

This Pre-Existing Condition limitation will apply to all insurance that does not require evidence of insurability.

THIS PLAN MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG TERM CARE NEEDS.

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

• RENEWABILITY

THE POLICY IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of the policy, to continue this coverage as long as you pay your premiums on time. UNUM cannot change any of the terms of the policy on its own except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY.

- **WHEN COVERAGE WILL END**

Your coverage will end on the earliest of these dates;

- the date the Policy ends,
- the date you are no longer an Active Employee with the Policyholder,
- the date you no longer work for the Policyholder,
- the end of the period for which premiums were last paid to UNUM for your coverage,
- the date your total benefit payments equal your Lifetime Maximum Amount, or
- the date you die.

If you are absent from work at the Policyholder for any reason, you will continue to be covered for group coverage if the Policyholder continues to pay premiums to UNUM.

- **CONTINUATION OF COVERAGE**

If your group long term care coverage ends, for reasons other than your choice to have premium payments stopped for your coverage, you may elect continuation of coverage. This means that the same coverage you had under this plan can continue on a direct billed basis. If you are already direct billed, your coverage will automatically transfer to continued coverage.

Election for continued coverage must be made within 31 days of the date the group coverage would otherwise end. Any premium that applies must be paid directly to UNUM by you for any coverage to be continued.

- **PREMIUM WAIVER**

When benefits become payable, there will be no more cost for your coverage as long as you continue to be eligible for a monthly benefit.

If your plan includes Professional Home Care Services and you do not receive these services for a period of 30 consecutive days, premium payments will again become due.

Premiums are not waived while you are receiving a payment for Respite Care.

- **RIGHT TO CHANGE PREMIUMS**

The rate will not increase because you grow older or because of your use of the benefits. However, the 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.

10. 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**

The premium rate paid for your coverage 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 Election Form and a Long Term Care/Evidence of Insurability Application.

INFLATION PROTECTION COMPARISON

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

	<u>Without Inflation Protection</u>	<u>With 5% Uncapped Compound Inflation Protection</u>
<u>Policy Year</u>	<u>Monthly Benefit</u>	<u>Monthly Benefit</u>
1	\$2000.	\$2100.
2	\$2000.	\$2205.
3	\$2000.	\$2315.
4	\$2000.	\$2431.
5	\$2000.	\$2553.
6	\$2000.	\$2680.
7	\$2000.	\$2814.
8	\$2000.	\$2955.
9	\$2000.	\$3103.
10	\$2000.	\$3258.
11	\$2000.	\$3421.
12	\$2000.	\$3592.
13	\$2000.	\$3771.
14	\$2000.	\$3960.
15	\$2000.	\$4158.
16	\$2000.	\$4366.
17	\$2000.	\$4584.
18	\$2000.	\$4813.
19	\$2000.	\$5054.
20	\$2000.	\$5307.

11. ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS

The policy provides coverage for severe Cognitive Impairment. Severe Cognitive Impairment is not related to the inability to perform ADLs. Rather, severe Cognitive Impairment means that you have lost the ability to reason and suffer a decrease in awareness, intuition and memory. Examples of conditions which may cause severe Cognitive Impairment are: Alzheimer's disease, multi-infarct dementia, brain injury, brain tumors, and other such structural alterations of the brain.

12. PREMIUM

The initial premium charges will be figured at the premium rates as shown on the attached pages. UNUM may change the premium rates when the terms of the policy are changed.

13. ADDITIONAL FEATURES

- Medical underwriting may be required
- Eligibility and Participation
 - You are eligible for the plan if you are:
 - an Active Employee of the Policyholder and your Family Members.