



601 E. BRITTON ROAD
OKLAHOMA CITY, OKLAHOMA 73114

TOLL FREE TELEPHONE NUMBER: 1-800-654-9106

Long-Term Care Insurance Outline of Coverage Home Health Care Indemnity Policy Form HHC-TX (Rev.)

Reserve National Insurance Company is hereinafter referred to as “we”, “us” or “Company.” The individual(s) covered under the policy are referred to as “you” or “your.”

Caution: The issuance of this long-term care insurance policy is based upon your responses to the questions on your application. A copy of your application will be attached to your policy. If your answers are incorrect or untrue, we may have the right to deny benefits or rescind your policy. 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 us at 601 East Britton Road, Oklahoma City, Oklahoma 73114.

1. POLICY DESIGNATION: This policy is an individual policy of insurance.

2. PURPOSE OF OUTLINE OF COVERAGE: This Outline of Coverage provides a very brief description of some of the important features of your policy. This is not an insurance contract and only the actual policy will control the rights and obligations of the parties to it. The policy itself sets forth in detail those rights and obligations applicable to both you and the Company. It is very important, therefore, that you READ YOUR POLICY CAREFULLY.

3. TERMS UNDER WHICH THE POLICY MAY BE RETURNED AND PREMIUM REFUNDED: If you are not satisfied with your policy after you receive it, send it back within 30 days. Your money will be returned. Upon the death of a Covered Person, any unearned premium paid for the deceased Covered Person beyond his/her date of death will be refunded.

4. MEDICARE SUPPLEMENT INSURANCE DISCLAIMER. THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If you are eligible for Medicare, review the Guide to Health Insurance for People with Medicare available from the Company. Neither Reserve National Insurance Company nor its agents represent Medicare, the federal government or any state government.

5. LONG-TERM CARE COVERAGE. Policies of this category are designed to provide benefits for one or more necessary or medically necessary therapeutic, rehabilitative, maintenance or personal care services provided in a setting other than a hospital. Home Health Care Indemnity Policy Form HHC-TX (Rev.) provides coverage in the form of a fixed daily indemnity benefit for covered Home Health Care Services and Adult Day Care, subject to policy limitations, conditions and exclusions, and the optional benefits shown below if selected by you. Coverage is provided for the benefits outlined in paragraph 6. The benefits outlined in paragraph 6 may be limited by the limitations and exclusions in paragraph 7.

6. BENEFITS PROVIDED BY THIS POLICY:

(A) HOME HEALTH CARE BENEFIT. We will pay a daily benefit each day you require Home Health Care provided by an Approved Home Health Care Practitioner, subject to the eligibility conditions below. The amount of the daily benefit for all Home Health Care Services for any one day will be the lesser of (i) the Daily Maximum Aggregate Benefit shown on page 2 or (ii) the amount set forth opposite the Home Health Care Services listed at the top of page 2.

Home Health Care Benefit

Daily Maximum Aggregate Benefit up to \$150.00

Home Health Care Services:

Skilled Nursing Care \$75.00

Intermediate Nursing Care \$60.00

Physical Therapy \$75.00

Speech Pathology \$75.00

Occupational Therapy \$75.00

Chemotherapy Specialist Services \$60.00

Enterostomal Therapy \$50.00

Respiration Therapy \$50.00

Medical Social Services \$100.00

Home Health Care Aide Services \$40.00

for the first 60 days; \$30.00 for the next 120 days; and \$25.00 for the remaining 185 days.

(B) ADULT DAY CARE BENEFIT. We will pay a daily benefit of \$150.00 each day you require care in an Adult Day Care Program, as defined in the policy, subject to the eligibility conditions below. The Adult Day Care Benefit will not be payable for any day for which the Home Health Care Benefit is payable.

Maximum Benefit Periods: The Maximum Benefit Period for the Home Health Care Benefit is 365 days. The Maximum Benefit Period for the Adult Day Care Benefit is also 365 days. These Maximum Benefit Periods are the maximum number of days we will pay benefits during your lifetime, unless benefits are restored as provided in the Restoration of Benefits provision of Form HHC-TX (Rev.).

Restoration of Benefits: The original Maximum Benefit Periods for the Home Health Care Benefit and the Adult Day Care Benefit will be restored if Home Health Care Services or Adult Day Care has not been received or required for 180 consecutive days.

Limitations or Conditions on Eligibility for the Home Health Care Benefit and the Adult Day Care Benefit: Payment of the Home Health Care Benefit and the Adult Day Care Benefit is subject to the following:

- (1) Your loss must be incurred after the policy's effective date and while the policy is in force;
- (2) For the Home Health Care Benefit, care must be provided in Your Home by an Approved Home Health Care Practitioner, as defined in the policy; and for the Adult Day Care Benefit, care must be provided in an Adult Day Care Program, as defined in the policy; and
- (3) You must be unable to perform, without the assistance of another person, two or more Activities of Daily Living (ADLs); or you must require substantial supervision and assistance due to a Cognitive Impairment. To meet this requirement, your Physician must perform such tests as are in accordance with accepted standards of medical practice and, based on such tests, certify in writing that you are unable to perform two or more ADLs or that you have a Cognitive Impairment. ADLs are bathing, continence, dressing, eating, toileting and transferring, as those terms are defined in the Policy. Cognitive Impairment is a deterioration or loss in intellectual capacity requiring substantial supervision for protection of self and others.

(C) OPTIONAL BENEFITS. The following are optional benefit riders, which may be available in your state. Your application reflects that you have applied for the additional benefits checked:

(1) EBR-HHC-4 -EXTRA BENEFIT RIDER.

(a) ANNUAL PHYSICAL EXAMINATION BENEFIT: If you have not used any other benefit under the rider or the policy and have a physical examination performed by a Physician more than 12 months after the rider's effective date, we will pay a benefit of \$150.00. After your first

physical examination for which this benefit is payable, we will pay a benefit of \$150.00 each time you have a physical examination performed by a Physician in each succeeding 12-month period, provided you have not used any other benefit under the rider or the policy during such 12-month period, limited to one physical examination in any 12-month period.

(b) VISION BENEFIT.

(i) Examination: We will pay a benefit of \$40.00 if you have an eye examination performed by a Physician more than six months after the rider's effective date. After your first eye examination for which this benefit is payable, we will pay a benefit of \$40.00 each time you have an eye examination performed by a Physician in each succeeding 12-month period, limited to one eye examination in any 12-month period.

(ii) Lenses and Frames: We will pay a benefit of \$75.00 if you purchase prescription lenses and eyeglass frames more than six months after the rider's effective date. After your first prescription lenses and frames for which this benefit is payable, we will pay a benefit of \$75.00 each time you purchase prescription lenses and frames in each succeeding 24-month period, limited to one set of lenses and frames in any 24-month period. "Prescription lenses" means any lens which requires a prescription and includes single, bifocal, trifocal, lenticular or contact lenses, but does not include sunglasses.

(c) HEARING BENEFIT.

(i) Examination: We will pay a benefit of \$50.00 if you have a hearing examination performed or ordered by a Physician or licensed audiologist more than 12-months after the rider's effective date. After your first hearing examination for which this benefit is payable, we will pay a benefit of \$50.00 each time you have a hearing examination performed by a Physician or licensed audiologist in each succeeding 12-month period, limited to one hearing examination in any 12-month period.

(ii) Hearing Aids: We will pay a benefit of \$250.00 if you purchase a hearing aid prescribed by a Physician or licensed audiologist more than 12 months after the rider's effective date. After your first hearing aid for which this benefit is payable, we will pay a benefit of \$250.00 each time you purchase a hearing aid prescribed by a Physician or licensed audiologist in each succeeding 24-month period, limited to one hearing aid in any 24-month period. This benefit is not payable for: (1) repairs or replacement parts for any hearing aid, provided that this benefit is payable for the replacement of an entire hearing aid in accordance with the above frequency limitation; (2) a spare hearing aid; and (3) follow-up visits to a Physician or audiologist charged for separately.

(d) AMBULANCE BENEFIT. While you are receiving the Home Health Care Benefit under the policy, we will pay a benefit of \$100.00 for each ambulance trip to a Hospital, and the return trip home, limited to a maximum benefit of \$200.00 in any 12-month period.

(e) IN-HOSPITAL PRIVATE DUTY NURSE BENEFIT. We will pay a benefit of \$80.00 for each 24-hour day you are confined in a Hospital and require exclusive private duty nursing services from a licensed graduate nurse (R.N.), limited to 30 days in any 12-month period. These services must be required and authorized by your attending Physician, and must be charged directly to you by the nurse rather than the Hospital. This benefit is not payable for a nurse who is a member of your Immediate Family.

(2) PD-2 - PRESCRIPTION DRUG BENEFIT RIDER. If you incur expenses in excess of a deductible of \$50.00 per Policy Year for Prescription Drugs for the treatment of an Injury or Sickness, we will pay 80% of such expenses, limited to a maximum benefit of \$250.00 per Policy Year.

(3) INF-HHC-TX-3 - INFLATION BENEFIT RIDER. This rider will increase the Daily Benefit amounts for Home Health Care Services in the Home Health Care Benefit provision by five percent (5%) each year on the anniversary of the effective date of this rider. The Daily Maximum Aggregate Benefit will increase accordingly. The daily amount for the Adult Day Care Benefit will also increase accordingly. This rider does not increase the benefits of any other benefit rider attached to your policy.

☐ (4) NBR-HHC-2 - NONFORFEITURE BENEFIT RIDER. If you fail to pay your premium within the grace period and the policy would otherwise lapse, and this rider has been in force for a continuous period of not less than three Policy Years, then your coverage under the policy will continue during the Continuation Period as if the premiums due during the Continuation Period had been timely paid. If coverage is continued under this rider, your coverage under the policy will terminate at the end of the Continuation Period. The “Continuation Period” is one Month (a period of 30 days) for each full Policy Year this rider was continuously in force.

7. LIMITATIONS AND EXCLUSIONS. The policy does not cover any loss caused or contributed to by: (a) Injury or Sickness for which benefits are payable under any Worker’s Compensation or Occupational Disease Law; (b) simple rest care, hotel or retirement home expense or other expense which is related to Your Home; (c) services other than those of an Approved Home Health Care Practitioner or care other than that received in an Adult Day Care Program, except as may be provided by rider; (d) declared or undeclared war or act thereof; (e) mental or nervous disorder without demonstrable organic origin (Note: This exclusion does not apply to Alzheimer’s Disease, senility or other organic brain syndrome. These diseases are covered by the policy like any other Sickness subject to the Pre-Existing Conditions Limitation); (f) charges that a Covered Person would not be legally obligated to pay in the absence of this insurance, except Medicaid; (g) attempted suicide or intentional self-inflicted injury; (h) alcoholism or drug addiction; (i) a Covered Person’s participation in a felony, riot or insurrection; (j) Pre-Existing Conditions are not covered under the policy until the policy has been in force for a period of six months.

PRE-EXISTING CONDITIONS LIMITATION: The policy is not considered to be in force or effective for any Pre-Existing Condition until six months after the Policy’s effective date. A Pre-Existing Condition is a condition for which medical advice was given or treatment was recommended by, or received from, a Physician within six months before the Effective Date of coverage.

THIS POLICY 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 Home Health Care Services will likely increase over time, you should consider whether and how the benefits of this plan may be adjusted. The benefit levels of the basic policy will not increase over time. However, for an additional premium payment, you may purchase optional Inflation Benefit Rider Form INF-HHC-TX-3, under which (a) the Daily Benefit amounts for Home Health Care Services and the Daily Maximum Aggregate Benefit increase by 5% each year and (b) the daily amount of the Adult Day Care Benefit will increase by 5% each year.

9. TERMS UNDER WHICH THE POLICY MAY BE CONTINUED IN FORCE AND IS CONTINUED.

(A) RENEWABILITY: THIS POLICY IS GUARANTEED RENEWABLE. This means you have the right, subject to the terms of your Policy, to continue this Policy as long as you pay your premiums on time. Reserve National Insurance Company cannot change any of the terms of your Policy on its own, except that, in the future, **IT MAY INCREASE THE PREMIUM YOU PAY.**

(B) PREMIUMS SUBJECT TO CHANGE. We can change the premiums for the policy at any time and from time to time. No change in premiums will be effective before the first policy anniversary. Any change will apply to future premiums for all policies with the same form number issued by us to persons in your state of residence. We will give you 45 days notice before any premium change under this provision.

10. ALZHEIMER’S DISEASE, OTHER ORGANIC BRAIN DISORDERS AND BIOLOGICALLY BASED BRAIN DISEASES/SERIOUS MENTAL ILLNESS. Subject to the Pre-Existing Conditions Limitation, and the Limitations or Conditions on Eligibility for the Home Health Care Benefit and the Adult Day Care Benefit, the following conditions are covered by the policy like any other sickness: a clinical diagnosis of Alzheimer’s Disease or related degenerative illnesses and illnesses involving dementia, or biologically based brain diseases/serious mental

illnesses, including schizophrenia, paranoia, and other psychotic disorders, bipolar disorders (mixed, manic and depressive); major depressive disorders (single episode or recurrent); and schizo-affective disorders (bipolar or depressive).

11. PREMIUM.

Annual Premium

| | |
|--|--|
| <input checked="" type="checkbox"/> Form HHC-TX (Rev.) ["Base" Policy] | \$ [_____] |
| <input checked="" type="checkbox"/> Form PD-2 | \$ [*Included in premium for Base Policy] |
| <input type="checkbox"/> Form EBR-HHC-4 | \$ [_____] |
| <input type="checkbox"/> Form INF-HHC-TX-3 | \$ [_____] |
| <input type="checkbox"/> Form NBR-HHC-2 | \$ [_____] |
| TOTAL ANNUAL PREMIUM | \$ [_____] |
| One-Time Policy Fee | \$ [_____] |

There is a grace period of 31 days for the payment of each premium. The policy will stay in force during the grace period.

12. TEXAS DEPARTMENT OF INSURANCE'S CONSUMER HELP LINE. You may call the Texas Department of Insurance's Consumer Help Line at 1-800-252-3439 for agent, company or other insurance information, and 1-800-599-SHOP to order publications related to long-term care coverage, and the Texas Department of Aging at 1-800-252-9240 to receive counseling regarding the purchase of long-term care or other health care coverage.

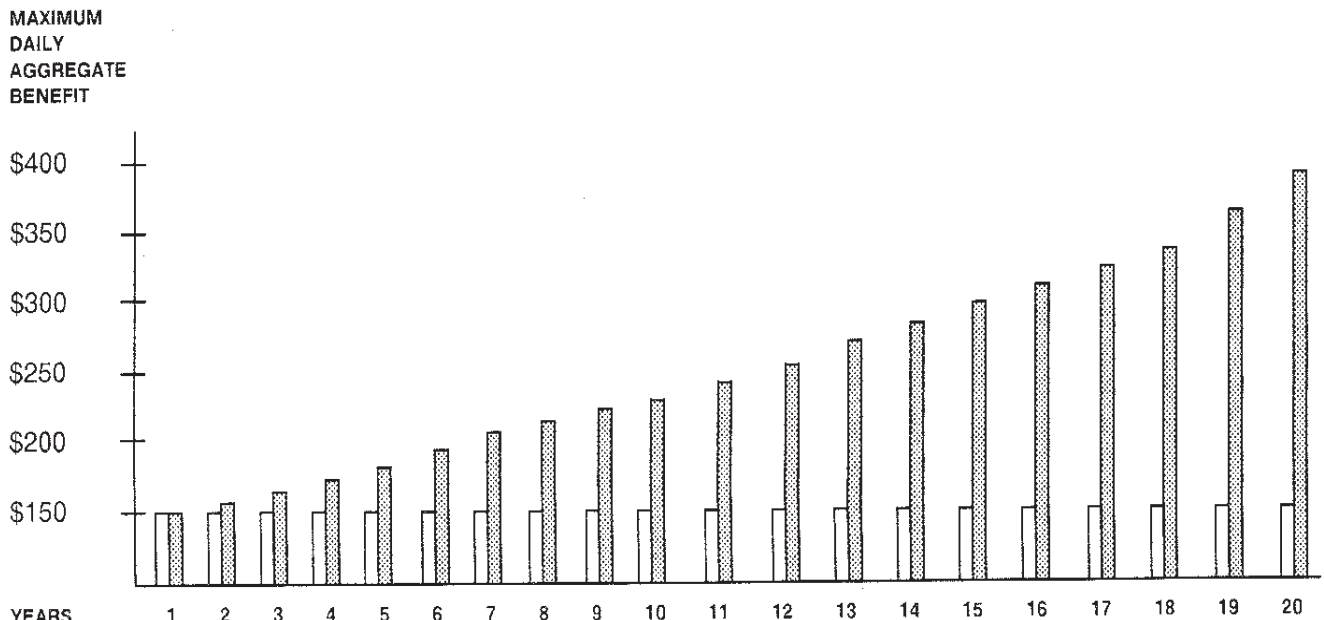
13. DENIAL OF APPLICATION. Within 30 days of denial of an application, we will refund any premiums you have paid.

14. OFFER OF INFLATION PROTECTION. Following is a graphic comparison of the benefit levels of a policy with and without Inflation Benefit Rider Form INF-HHC-TX-3.

Also shown below is a comparison of benefit levels and premiums with and without Inflation Benefit Rider Form INF-HHC-TX-3. Benefit levels shown in the bar graph below reflect only the Home Health Care Benefit of Form HHC-TX (Rev.); however, Form HHC-TX (Rev.) also contains an Adult Day Care Benefit.

Comparison of benefit levels with and without Inflation Benefit Rider Form INF-HHC-TX-3.

WITHOUT FORM INF-HHC-TX-3 WITH FORM INF-HHC-TX-3 (5% Compounded Annually)



Comparison of benefit levels and premiums with and without Inflation Benefit Form INF-HHC-TX-3, (assuming issue age is 65). The Maximum Benefit Period is 365 days, unless benefits are restored as provided in the Restoration of Benefits provision of form HHC-TX. (Rev.)

| | | WITH FORM INF-HHC-TX-3 | | WITHOUT FORM INF-HHC-TX-3 | |
|-------------|-----|---|-----------------|---|-----------------|
| Policy Year | Age | Daily Max. HomeHealthCare Aggregate Benefit | Annual Premium* | Daily Max. HomeHealthCare Aggregate Benefit | Annual Premium* |
| 1 | 65 | \$150.00 | \$609.40 | \$150.00 | \$300.85 |
| 2 | 66 | 157.50 | 609.40 | 150.00 | 300.85 |
| 3 | 67 | 165.38 | 609.40 | 150.00 | 300.85 |
| 4 | 68 | 173.65 | 609.40 | 150.00 | 300.85 |
| 5 | 69 | 182.33 | 609.40 | 150.00 | 300.85 |
| 6 | 70 | 191.45 | 609.40 | 150.00 | 300.85 |
| 7 | 71 | 201.02 | 609.40 | 150.00 | 300.85 |
| 8 | 72 | 211.07 | 609.40 | 150.00 | 300.85 |
| 9 | 73 | 221.62 | 609.40 | 150.00 | 300.85 |
| 10 | 74 | 232.70 | 609.40 | 150.00 | 300.85 |
| 11 | 75 | 244.34 | 609.40 | 150.00 | 300.85 |
| 12 | 76 | 256.56 | 609.40 | 150.00 | 300.85 |
| 13 | 77 | 269.39 | 609.40 | 150.00 | 300.85 |
| 14 | 78 | 282.86 | 609.40 | 150.00 | 300.85 |
| 15 | 79 | 297.00 | 609.40 | 150.00 | 300.85 |
| 16 | 80 | 311.85 | 609.40 | 150.00 | 300.85 |
| 17 | 81 | 327.44 | 609.40 | 150.00 | 300.85 |
| 18 | 82 | 343.81 | 609.40 | 150.00 | 300.85 |
| 19 | 83 | 361.00 | 609.40 | 150.00 | 300.85 |
| 20 | 84 | 379.05 | 609.40 | 150.00 | 300.85 |
| 21 | 85 | 398.00 | 609.40 | 150.00 | 300.85 |

*The Company has the right to raise premiums on all policies with the same form number issued by us to persons in your state of residence.

15. OFFER OF NONFORFEITURE BENEFITS.

(A) Under optional Nonforfeiture Benefit Rider Form NBR-HHC-2, if you fail to pay your premium within the grace period and the policy would otherwise lapse, and this rider has been in force for a continuous period of not less than three Policy Years, then your coverage under the policy will continue during the Continuation Period as if the premiums due during the Continuation Period had been timely paid. If coverage is continued under this rider, your coverage under the policy will terminate at the end of the Continuation Period. The “Continuation Period” is one Month (a period of 30 days) for each full Policy Year this Rider was continuously in force.

EXAMPLE 1: You take out the policy and keep it in force continuously for 10 Policy Years and 8 Months. Then you do not pay your premium when it is due and the policy would otherwise lapse. However, under Nonforfeiture Benefit Rider Form NBR-HHC-2, the policy would continue in force for 10 Months since it had been continuously in force for 10 full Policy Years.

EXAMPLE 2: You take out the policy and keep it in force continuously for 2 Policy Years. Then you do not pay your premium when it is due and the policy lapses. The policy will not continue in force under Nonforfeiture Benefit Rider Form NBR-HHC-2 because the policy was not in force continuously for at least three full Policy Years.

(B) Annual premiums for Nonforfeiture Benefit Rider Form NBR-HHC-2 at selected ages, for “base” Home Health Care Indemnity Policy Form HHC-TX (Rev.) are as follows:

| Age at Issue | Annual Premium | % Increase Over Base Premium (Approx.) |
|--------------|----------------|--|
| 46 | \$8.30 | 8% |
| 51 | 9.95 | 7% |
| 56 | 13.25 | 7% |
| 61 | 17.65 | 7% |
| 65 | 21.55 | 7% |
| 71 | 29.80 | 7% |
| 76 | 37.55 | 6% |

(C) If you do not purchase Nonforfeiture Benefit Rider Form NBR-HHC-2 and your premium goes up in the future as a result of us changing our premium rate schedule for all residents of your state that have the same policy form, you may be eligible for contingent nonforfeiture. Please refer to Contingent Nonforfeiture Benefit Endorsement Form C-NBR-HHC for details.

16. DISCLOSURE REGARDING FEDERAL TAX TREATMENT OF LONG-TERM CARE INSURANCE POLICY. This policy is not intended to be a qualified long-term care insurance contract as defined by the Internal Revenue Code of 1986, Section 7702B (b). This policy will not qualify you for the favorable tax treatment provided for in the Internal Revenue Code of 1986, Section 7702B. You are urged to consult with a qualified tax advisor.

17. ADDITIONAL FEATURES.

(A) Medical underwriting: Your insurability for the policy will be determined by the answers given in your application and any authorized medical information we obtain regarding your health.

(B) Unintentional Lapse: In your application for the policy, you may designate at least one person other than yourself to receive notice of lapse or termination of the policy, if issued, for nonpayment of premium. At least 30 days before the effective date of such lapse or termination, we will send notice to you and the person you have designated that the premium is due. By first class mail, postage prepaid, we will send such notice to the address(es) provided by you in your application. Notice of lapse or termination will not be given until 30 days after a premium is due and unpaid. Notice shall be deemed to have been given as of 5 days after the date of mailing.

(C) Reinstatement: If your policy lapses, you must apply for reinstatement as provided in the policy. Additionally, if your Physician certifies in writing that you were unable to perform two or more Activities of Daily Living or that you had a Cognitive Impairment at the time this Policy lapsed, or within 150 days after this Policy lapsed, which resulted in your failure to make a timely premium payment, you may reinstate this Policy without evidence of insurability by (a) applying for reinstatement; (2) furnishing the written certification from your Physician; and (3) paying any back premium due. You will be allowed to exercise this right for up to 150 days from the date this Policy lapsed under the foregoing circumstances.

THIS IS A LIMITED POLICY. READ THE POLICY CAREFULLY WITH THIS OUTLINE OF COVERAGE.

The undersigned applicant hereby acknowledges receipt of a copy of this Outline of Coverage.

Dated this _____ day of _____, year _____.

Signed at _____, State of _____.

Agent's Signature

Applicant's Signature

[This Outline of Coverage is to be delivered to the applicant at the time the application for coverage is completed.]