

## SPECIMEN POLICY

### **NATIONAL FAMILY CARE LIFE INSURANCE COMPANY**

13530 INWOOD ROAD DALLAS, TX 75244  
AN OLD LINE LEGAL RESERVE COMPANY

### **HOSPITAL INDEMNITY INSURANCE POLICY**

#### **PLEASE READ YOUR POLICY CAREFULLY**

This is Your Policy. You are insured. This Policy is in force as of the Policy Effective Date. The Policy Effective Date is shown in the Policy Schedule.

This Policy was issued on the basis that the information provided in the Application was correct and complete. Incorrect or incomplete information can result in the denial of a claim, rescission, or termination of this Policy. If any information on the Application is not correct or complete, contact Us at Our Office address within 10 days of receipt of this Policy.

#### **NOTICE OF TEN-DAY RIGHT TO CANCEL THIS POLICY**

If You are not satisfied with this Policy, contact Us or Our authorized agent within 10 days of receipt to request cancellation of coverage and refund of premium.

#### **RENEWABILITY**

This Policy is guaranteed renewable for life. You may renew this Policy by paying each premium on the premium due date, subject to the Grace Period.

#### **PREMIUM ADJUSTMENT**

Subject to any required regulatory approval, the Company has the right to adjust the premium rates on any renewal date on or after this Policy has been in force for at least one year.

**THIS IS A LIMITED BENEFIT POLICY. THIS IS A SUPPLEMENT TO HEALTH INSURANCE AND IT IS NOT A SUBSTITUTE FOR MAJOR MEDICAL COVERAGE. [LACK OF MAJOR MEDICAL COVERAGE (OR OTHER MINIMUM ESSENTIAL COVERAGE) MAY RESULT IN AN ADDITIONAL PAYMENT WITH YOUR TAXES.]**

**THIS IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. THE EMPLOYER DOES NOT BECOME A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM BY PURCHASING THIS POLICY, AND IF THE EMPLOYER IS A NON-SUBSCRIBER, THE EMPLOYER LOSES THOSE BENEFITS WHICH WOULD OTHERWISE ACCRUE UNDER THE WORKERS' COMPENSATION LAWS. THE EMPLOYER MUST COMPLY WITH THE WORKERS' COMPENSATION LAW AS IT PERTAINS TO NONSUBSCRIBERS AND THE REQUIRED NOTIFICATIONS THAT MUST BE FILED AND POSTED.**

**THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If You are eligible for Medicare, You should review the Guide to Health Insurance for People with Medicare available from the Company.**

IN WITNESS WHEREOF, National Family Care Insurance Company has caused this Policy to be executed, with coverage taking effect on the Policy Effective Date.

**President Signature**

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### POLICY SCHEDULE

**INSURED PERSON:** [John Doe]

**COVERED PERSONS:** [Individual, Individual +1, Family, Domestic, Civil Union Partner]

**POLICY NUMBER:** [0123456]

**POLICY EFFECTIVE DATE:** [mm/dd/yyyy]

**RENEWAL DATE:** [mm/dd/yyyy]

**TOTAL PREMIUM AMOUNT:** [XX.XX]

**PREMIUM MODE:** [Monthly] **Monthly as default, allow semi-monthly & annual**

**COVERAGE TYPE:** [Non-Occupational]

BENEFIT AMOUNT per Covered Person	Individual	Individual +1	Family
<b>HOSPITAL ADMISSION BENEFIT</b>			
Per Admission	\$750	\$750	\$750
Maximum Benefit Period per Calendar Year	2 admissions	2 admissions	2 admissions
<b>HOSPITAL CONFINEMENT BENEFIT</b>			
Per Day	\$150	\$150	\$150
Maximum Benefit Period per Calendar Year	31 days	31 days	31 days
<b>EMERGENCY ROOM BENEFIT</b>			
Per Visit	\$100	\$100	\$100
Maximum Benefit Period per Calendar Year	2 visits	2 visits	2 visits
<b>OUTPATIENT MAJOR SURGERY BENEFIT</b>			
Per Surgery	\$750	\$750	\$750
Maximum Benefit Period per Calendar Year	1 Surgery	1 Surgery	1 Surgery
<b>OUTPATIENT MINOR SURGERY BENEFIT</b>			
Per Surgery	\$250	\$250	\$250
Maximum Benefit Period per Calendar Year	1 Surgery	1 Surgery	1 Surgery

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## DEFINITIONS

**[Active Employee, Actively at Work** means You are at work for pay on a permanent basis at least [17<sup>1/2</sup>] hours per week performing the normal duties of Your job.]

**[Advanced Practice Registered Nurse (APRN)** means a nurse who has a master's, post-master's Policy, or practice-focused Doctor of Nursing practice degree. An APRN includes a nurse practitioner (NP).]

**[Ambulatory Surgical Center** means a licensed surgical center consisting of an operating room; facilities for the administration of general anesthesia; and a post-surgery recovery room in which the patient is admitted and discharged within a period of less than 24 hours.]

**Calendar Year** means the time period from the Policy Effective Date through December 31 of that year. Subsequent Calendar Years begin on January 1 and continue through December 31.

**[Complications of Pregnancy** means those conditions requiring Confinement whose diagnoses are distinct from a routine pregnancy but are adversely affected by pregnancy or are caused by pregnancy, such as acute nephritis, nephrosis, cardiac decompensation, missed abortion, miscarriage, non-elective Cesarean, non-elective abortion and similar medical and surgical conditions.

Complications of Pregnancy does not include false labor, occasional spotting, physician-prescribed rest during the period of pregnancy, morning sickness, hyperemesis gravidarum, preeclampsia and other conditions.]

**Confined or Confinement** means the assignment to a bed as a resident inpatient in one of the following facilities on the advice of a Physician:

1. Hospital
2. Hospital Sub-Acute Intensive Care Unit
3. [Hospital ICU]
4. a stay of more than 20 hours in an Observation Unit
5. [Rehabilitation Unit]

**[Covered Accident** means an unintended and unexpected event which results in an Injury that:

- occurs on or after the Policy Effective Date; and
- occurs while this Policy is in force; and
- is not excluded by name or specific description in this Policy.

No benefits are payable for any treatment or expenses incurred prior to the Policy Effective Date.]

**Covered Person** means You or a person who:

1. is eligible for coverage as your Spouse or Child(ren); and
2. is accepted for coverage or is automatically added; and
3. has paid the required premium; and
4. whose coverage has become effective and has not been terminated.

No person who is on active-duty status for the military service of any country may be covered under this Policy.

**[Covered Sickness** means an illness, infection, disease or any other abnormal physical condition not caused by an accident that:

1. occurs on or after the Policy Effective Date; and
2. occurs while this Policy is in force; and
3. is not excluded by name or specific description in this Policy.

Sickness includes Complications of Pregnancy.

No benefits are payable for any treatment or expenses incurred prior to the Policy Effective Date.]

**Dependent** means:

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1. Your Spouse[,] [Domestic Partner][,] [Civil Union Partner]; or
2. Your newborn child; or
3. Your natural child, legally adopted child, child in the waiting period prior to finalization of adoption by You, or step-child; under the age of [27]; or
4. Your grandchild under age [27] who is a dependent for federal income tax purposes at the time of completion of the enrollment[; or]
5. Your child for whom You must provide medical support under an order issued under Chapter 154, Family Code, or enforceable by a course of the state of Texas [;or][.]
6. [Your Military Veteran Dependent who is under age [30][; or][.]

Your unmarried natural child, legally adopted child, stepchild or grandchild, who is incapable of self-sustaining employment due to intellectual or physical incapacity, who became incapacitated prior to age [27], and who is chiefly dependent on the Insured Person for support and maintenance. You must submit a notice of the child's incapacity. The Insured Person must send Us satisfactory proof that the child meets these conditions, when requested. We will not require proof more than once per year after the second anniversary of the date the child attains the limiting age.

Coverage for a grandchild may not be terminated solely because the grandchild is no longer a dependent on You for federal income tax purposes.

**[Domestic Partner/Partner in a Civil Union** means a person who is in a Domestic Partnership or Civil Union with You as recognized and allowed by Texas state law.]

**[Emergency Room** means a special area in a Hospital that is equipped and staffed to give emergency treatment on an outpatient basis and is not a freestanding clinic or Physician's office.]

**Hospital** means an institution which meets all of the following requirements:

1. operates pursuant to state or provincial law for Hospitals;
2. operates primarily for the care and treatment of sick or injured persons as Inpatients;
3. provides 24-hour nursing service;
4. has facilities available for diagnosis and surgery either on its own premises or in facilities available to the Hospital on a pre-arranged basis; and
5. has a staff of at least one licensed Physician available at all times.

Hospital does not include rest homes, nursing homes, convalescent homes, homes for the aged, and facilities primarily affording custodial, educational, or rehabilitation facilities, including rehabilitation hospitals.

**[Hospital Intensive Care Unit (ICU) or Neonatal Intensive Care Unit (NICU)** means a place that:

1. is a specially designated area of the Hospital called an intensive care unit or neonatal intensive care unit that provides the highest level of medical care and is restricted to patients who are critically ill or injured and who require intensive comprehensive observation and care;
2. is separate and apart from the surgical recovery room and from rooms, beds, and wards customarily used for patient Confinement;
3. is permanently equipped with special lifesaving equipment for the care of the critically ill or injured;
4. is under constant and continuous observation by a specially trained nursing staff assigned exclusively to the intensive care unit on a 24-hour basis; and
5. has a Physician assigned to the intensive care unit on a full-time basis.

A Hospital Intensive Care Unit is not a progressive care unit, an intermediate care unit, a private monitored room, Hospital Sub-Acute Intensive Care Unit, an Observation Unit or any facility not meeting the definition of a Hospital Intensive Care Unit as defined above.]

**[Hospital Sub-Acute Intensive Care Unit** means a place that:

1. is a specifically designated area of the Hospital that provides a level of medical care below intensive care, but above a regular private or semi-private room or ward;
2. is separate and apart from the surgical recovery room and from rooms, beds and wards customarily used for patient Confinement;
3. is permanently equipped with special lifesaving equipment for the care of the critically ill or injured; and

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4. is under constant and continuous observation by a specially trained nursing staff.

A Hospital Sub-Acute Intensive Care Unit may be referred to as progressive care, intermediate care, or a step-down unit, but is not a regular private or semi-private room, or ward with or without monitoring equipment.]

**[Injured, Injury, or Injuries** means an accidental bodily injury that resulted from a Covered Accident. It does not include sickness, disease or bodily infirmity. Overuse syndromes, typically due to repetitive or recurrent activities, such as osteoarthritis, Carpal Tunnel Syndrome or tendonitis, are considered to be a sickness and not an Injury for purposes of this Policy.]

**Insured Person** means the person has completed and signed the Application and who has been accepted for coverage by Us as named in the Policy Schedule.

**Issue Date** means the date the Insured Person first becomes insured for the benefits of this Policy or attached riders, if any, as listed on the Policy Schedule, rider Schedule or as later amended.

**Maximum Benefit Period** means the longest period of time for which a benefit will be paid. The durations are shown in the Policy Schedule for each benefit that has a Maximum Benefit Period.

**[Medical Professional** means a person who is appropriately licensed to provide medical care and treatment, including a nurse practitioner (NP/APRN), physician's assistant (PA) or registered nurse (RN). The medical professional must be acting within the scope of his/her license.]

**Observation Unit** means a specified area within a Hospital, apart from the Emergency Room, where a patient can be monitored by a Physician following outpatient surgery or treatment in the Emergency Room that:

1. is under the direct supervision of a Physician or registered nurse;
2. is staffed by nurses assigned specifically to that unit; and
3. provides care seven days per week, 24 hours per day.

**Physician** means a person performing tasks that are within the limits of his or her medical license and is:

1. licensed to practice medicine, prescribe and administer drugs or to perform surgery; or
2. a legally qualified medical practitioner according to the laws and regulations of the governing jurisdiction.

**Policy Effective Date** means the date coverage under this Policy becomes effective. This Policy begins at 12:01 a.m. in the time zone where you live on the Policy Effective Date shown on the Policy Schedule. This date will be used to determine Policy years, months, and anniversaries. [While Interim Coverage is in effect, all references to the Policy Effective Date, except reference under Payment of Premium provision, shall mean the date of Your application.

**[Pre-Existing Condition** means a disease or physical condition for which a Covered Person received medical advice or treatment within the [12] months preceding the Policy Effective Date.]

**[Rehabilitation Unit** means a designated area or free-standing facility of a Hospital that provides physical, occupational or speech therapy on a short-term basis.]

**Renewal Date** means the date premiums are paid and the date the next premium (renewal premium) is due.

**[Spouse** means the person to whom You are married [including Your Civil Union Partner][, or Your Domestic Partner] as defined under this Policy].

### **[Surgery**

means a procedure performed by a Physician involving an incision of the Covered Person's skin or tissue, that, in and of itself, is intended to be curative, palliative or exploratory.

[The following will not be considered a covered Surgery under this Policy:

1. venipuncture (drawing blood);
2. lumbar puncture;
3. epidural injections;

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4. removal of skin tags; or
5. foreign body removal from the eye.]]

**[Urgent Care Facility** means a free-standing facility that:

1. provides immediate, ambulatory and unscheduled services intended to diagnose and treat acute, minor and non-life-threatening illness and injury; and
2. is not part of a Hospital or Emergency room; and
3. is duly licensed by the agency responsible for licensing such facilities; and
4. is attended by a Physician or a licensed Medical Professional.]

**We, Our, Us or the Company** means National Family Care Insurance Company.

**You or Your** means the Insured Person named in the Policy Schedule.

### **ELIGIBILITY**

You are eligible for coverage under this Policy if:

1. Your application is approved by Us.

A Dependent is eligible for coverage on the later of:

1. The date You are eligible for insurance; or
2. The date You acquire the Dependent.

A Dependent is deemed to be acquired as follows:

1. Spouse: On the date of the marriage or the date the Dependent becomes Your Domestic Partner or Civil Union Partner.
2. Natural Child: On the date of birth.
3. Adopted Child: On the date the child you are a party to a suit to adopt a child.
4. Stepchild: On the date of Your marriage to the child's parent or the date Domestic Partnership, Partnership in a Civil Union is established Stepchild includes a natural or adopted child of Your Spouse.
5. Grandchild: On the date the child is dependent on You or Your Spouse for Federal Income Tax purposes or at the time of completion of the enrollment form for coverage of the grandchild is made.

### **Addition Of Dependents**

1. Newborns: Coverage for a newborn is effective from the moment of birth and shall continue for a period of 31 days. To continue coverage beyond the initial 31 days period, You must notify Us of the birth of the newborn and pay any additional premium, including the additional premium required for the initial 31 day period. Adopted Children Coverage: Coverage for an adopted child is effective from the date of adoption or the earlier of either placement or party to a suit to adopt if You apply for coverage within 60 days after adoption or placement for adoption. For coverage to continue We must receive notice of the adoption within 60 days after the date of adoption or the earlier of either placement, adoption or a party to a suit to adopt; and You must pay all required premiums within 60 days after receiving a notice of amount due. Failure to provide notice within the required time period will not end coverage if it is shown that the notice was furnished as soon as reasonably possible. If notification of the adoption or the earlier of either placement, adoption or a party to a suit to adopt is received more than 60 days after the date of the adoption or the earlier of either placement, adoption or a party to a suit to adopt, coverage will be effective on the date notification is received by Us, provided You pay all required premiums within 45 days after receiving a notice of amount due.
2. Other than a Newborn or an Adopted Child: To add other eligible Dependents You must apply for coverage. If approved by Us, the additional coverage will be effective on the monthly anniversary of the Policy Effective Date following approval.

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### TERMINATION OF INSURANCE

Your coverage will terminate at the earliest of:

1. The end of the period for which premium is paid, subject to the Grace Period;
2. The date You enter into active-duty status for the military service of any country;
3. The date of Your death;
4. The monthly anniversary of the Policy Effective Date following the date We receive Your request to terminate Your insurance coverage.

Dependent coverage will terminate at the earliest of:

1. The end of the period for which premium is paid, subject to the Grace Period;
2. The monthly anniversary of the Policy Effective Date following the date a Dependent cease to be a Dependent as defined; [or]
3. The date Your coverage terminates, except as provided in the Dependent Conversion provision.
4. The monthly anniversary of the Policy Effective Date following the date We receive Your request to terminate Dependent coverage for Your Spouse and/or Dependent child(ren).

Termination of this Policy by Us will be without prejudice to any continuous loss which commenced while this Policy is in effect. This extension of benefits beyond the period this Policy was in force may be predicated upon the continuous total disability of the Covered Person, limited to the duration of the policy benefit period, payment of the maximum benefits or to a time period of not less than three months.

#### **Continuation For Incapacitated Children**

Dependent children insured Person hereunder who are incapable of self-sustaining employment due to intellectual or physical incapacity, and who became incapacitated prior to the age at which Dependent coverage would otherwise terminate and who are financially dependent on the Insured Person for support and maintenance, will continue to be covered regardless of age.

You must submit a notice of the Dependent child's incapacity, not later than 31 days after the child attains age 27 years. Coverage for an incapacitated Dependent child will end on the earliest of:

1. The date the Dependent marries;
2. The date the Dependent obtains self-sustaining employment;
3. The date the Dependent ceases to be incapacitated.
4. The date the Dependent ceases to be chiefly dependent upon You for support and maintenance.
5. The date You or Your Dependent refuses to allow Us to examine the Dependent.
6. Sixty (60) days after a written request for proof of incapacity if proof is not provided within such 60 days.
7. The monthly anniversary of the Policy Effective date following the date We receive Your written request to terminate Dependent coverage for Your Dependent child(ren).

#### **Dependent Conversion**

If coverage of the Spouse listed in the Policy Schedule terminates due to Your death or the divorce or annulment of Your marriage, or termination of the Domestic Partnership or Civil Union, Your Spouse may purchase hospital indemnity insurance. Your Spouse may elect to include coverage for Dependent children under the new policy if coverage for Dependent children is terminated under this Policy due to Your death or Your request at the time of the divorce or annulment or termination of the Domestic Partnership or Civil Union.

The Spouse must apply for conversion within 60 days after the death, divorce, annulment or termination of the Domestic Partnership or Civil Union and pay the premium for the continued coverage within 31 days after enrollment is made. No evidence of insurability will be required.

The effective date of the new policy will be the same effective date as under this Policy, prior to termination. The benefits provided shall be similar to the benefits provided under this Policy. Premium for the new coverage will be based on the age of the Spouse, the form and amount of insurance issued.



## **BENEFITS**

Refer to the Policy Schedule for benefit amounts and Maximum Benefit Periods. All benefits are paid only once per Covered Person per Covered Accident or Covered Sickness, unless otherwise noted in the Policy Schedule. [We will not pay the same benefit for a Covered Accident and Covered Sickness for the same day. Capitalized terms are defined in the Definitions provision of this Policy.]

### **EMERGENCY ROOM BENEFIT**

We will pay this benefit if a Covered Person receives treatment and/or advice by a Physician or an Advance Practice Registered Nurse (APRN) in a Hospital Emergency Room as the result of a Covered Accident or Covered Sickness. The treatment and/or advice must occur within 72 hours after the Covered Accident or Covered Sickness.

### **HOSPITAL ADMISSION BENEFIT**

We will pay this benefit for the first day a Covered Person is admitted to a Hospital, Hospital Sub-Acute Intensive Care Unit, Hospital Intensive Care Unit, or Neonatal Intensive Care Unit as an inpatient due to a Covered Accident or Covered Sickness. The Covered Person must be admitted to a Hospital within six months after the Covered Accident.

We will not pay this benefit for:

1. Emergency Room treatment;
2. Outpatient treatment; or
3. a stay of less than 20 hours in an Observation Unit; or
4. Confinement in a Rehabilitation Unit.

We will only pay for one Hospital Admission Benefit per Confinement.

If a Covered Person is admitted to a hospital and is then transferred to another Hospital, We will not pay an additional Hospital Admission Benefit.

### **HOSPITAL CONFINEMENT BENEFIT**

We will pay this benefit if a Covered Person is Confined in a Hospital, Hospital Sub-Acute Intensive Care Unit, Hospital Intensive Care Unit, or Neonatal Intensive Care Unit due to a Covered Accident or Covered Sickness. [The Covered Person must be Confined to a Hospital within six months after the Covered Accident.]

We will pay benefits for only one Confinement at a time even if it is caused by more than one Covered Accident or Covered Sickness.

We will not pay this benefit for:

1. Emergency Room treatment;
2. Outpatient treatment;
3. a stay of less than 20 hours in an Observation Unit; or
4. Confinement in a Rehabilitation Unit.

If a Covered Person is Confined in a Hospital, Hospital Sub-Acute Intensive Care Unit, Hospital Intensive Care Unit, or Neonatal Intensive Care Unit and is Confined again within 90 days for the same Covered Accident or Covered Sickness, we will treat this Confinement for a continuation of the prior Confinement.

### **OUTPATIENT MAJOR SURGERY BENEFIT**

We will pay this benefit once per day if a Covered Person undergoes Outpatient Major Surgery performed by a Physician due to a Covered Accident or Covered Sickness and is not Confined in a Hospital at the time of the procedure.

The Surgery can be performed in the following:

1. Hospital on an outpatient basis; or
2. Ambulatory Surgical Center.

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We will pay this benefit based on the Benefit Amount and Maximum Outpatient Major Surgeries per Calendar Year shown in the Policy Schedule.

The Outpatient Major Surgery Benefit is payable one time per 24-hour period, even if more than one Surgery is performed. We will pay the largest of the Surgeries for the Covered Accident or Covered Sickness.

We will not pay the Outpatient Major Surgery Benefit and the Outpatient Minor Surgery Benefit concurrently.

### **OUTPATIENT MINOR SURGERY BENEFIT**

We will pay this benefit once per day if a Covered Person undergoes Outpatient Minor Surgery performed by a Physician due to a Covered Accident or Covered Sickness and is not Confined in a Hospital at the time of the procedure.

The Surgery can be performed in the following:

1. Physician's office;
2. Urgent Care Facility; or
3. Emergency Room.

We will pay this benefit based on the Benefit Amount and Maximum Outpatient Minor Surgeries per Calendar Year shown in the Policy Schedule.

The Outpatient Minor Surgery Benefit is payable one time per 24-hour period, even if more than one Surgery is performed. We will pay the largest of the Surgeries for the Covered Accident or Covered Sickness.

We will not pay the Outpatient Minor Surgery Benefit and the Outpatient Major Surgery Benefit concurrently.

## **EXCLUSIONS AND LIMITATIONS**

### **EXCLUSIONS**

No benefits will be paid for any Covered Accident or Covered Sickness that is caused by, or occurs as a result of, a Covered Person's:

1. Being or driving while intoxicated or being under the influence of any narcotic or other prescription drug unless administered on the advice of a Physician and taken according to the Physician's instructions (the term "intoxicated" means the minimum blood alcohol level required to be considered operating an automobile under the influence of alcohol in the jurisdiction where the accident occurred).
2. Participating in an illegal occupation or attempting to commit or actually committing a felony ("illegal occupation" and "felony" is as defined by the law of the jurisdiction in which the activity takes place);
3. Committing or attempting to commit suicide or intentionally injuring himself or herself;
4. Having dental treatment, except for such care or treatment due to Injury to sound natural teeth within twelve (12) months of the Covered Accident.
5. Being exposed to war or any act of war, declared or undeclared, or serving in any of the armed forces or units auxiliary thereto;
6. Alcoholism;
7. Loss that occurs while a Covered Person is legally incarcerated in a penal or correctional institution.
8. Voluntary inhalation of or asphyxiation by gas or fumes.
9. Cosmetic surgery, except when due to reconstructive surgery needed as the result of an Injury or Sickness, or is related to or results from a congenital disease or anomaly of a covered Dependent Child; and congenital defects in newborns;
10. Services related to sterilization, reversal of a vasectomy or tubal ligation; in vitro fertilization and diagnostic treatment of infertility or other problems related to the inability to conceive a child, unless such infertility is a result of a covered Injury or Sickness.
11. Pregnancy or childbirth (except for Complications of Pregnancy, non-elective miscarriage or non-elective abortion).
12. Active participation in a riot or insurrection.
13. Mental and nervous disorders (except as provided in the Policy);
14. Treatment for being overweight, gastric bypass or stapling, intestinal bypass, and any related procedures, including any resulting complications.

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15. Surgery to correct vision or hearing, unless medically necessary surgery for glaucoma, cataracts or other sickness or injury.
16. Elective surgery.
17. Routine newborn care;
18. Rest or custodial cares.
19. If Your Coverage Type shown in the Policy Schedule is non-Occupational, no benefits will be paid for an Injury incurred while working for pay or profit.
20. No benefits will be payable for sickness or infection, including physical or mental condition, that is not caused solely by or as a direct result of a Covered Accident or Covered Sickness.

### **LIMITATIONS**

#### **Pre-existing Condition Limitation**

We will not pay benefits for a Covered Accident or Covered Sickness caused or contributed to by, or resulting from, a Pre-existing Condition.

This Limitation will not apply to a Covered Accident or Covered Sickness that occurs after coverage under this Policy is in force for the Covered Person for at least 12 months after the Covered Person's most recent Effective Date. This limitation will not be greater than 6 months for an individual who is issued coverage at the age of 65 years or older.

If coverage under this Policy replaces a prior plan of hospital indemnity insurance, a person who is otherwise eligible under the Policy shall be covered without regard to any evidence of insurability requirement if:

1. such person was validly covered under the prior plan on the Effective Date;
2. the applicable premium is paid; and
3. the prior coverage is terminated upon issuance of this coverage.

If coverage under this Policy replaces a prior plan of hospital indemnity insurance and the Covered Person does not satisfy this Policy's Pre-existing Condition limitation, but can satisfy their prior plan's pre-existing condition limitation giving credit for all time insured under both policies, then We will pay the lesser of:

1. benefits under this Policy without application of the Pre-existing Conditions limitation; or
2. benefits of the prior plan.

The following conditions must be met:

1. The Covered Person was validly covered under the prior plan on the Effective Date;
2. the applicable premium is paid; and
3. the prior coverage is terminated upon issuance of this coverage.

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### **PREMIUMS**

The first premium is due on the policy Effective Date. Each premium after the first is due on the last day of the period for which the most recent premium was paid. Premiums must be accepted by Us at Our Home Office. Coverage will remain in effect as long as premiums are paid when due or on the last day of the grace period. Premiums will be at the premium rates then in effect on the Renewal Date.

We cannot, without Your consent, cancel, refuse to renew or restrict this Policy as long as You pay the premium on time, except to make changes in premium rates.

We may change the premium rates for this Policy on any policy anniversary. However, We may do so only if We change it for all policies in Your class. We will send written notice at least 31 days in advance of any change in renewal premium. The notice will be mailed to Your last known address on record. No change in premiums is effective unless this notice is mailed.

#### **Grace Period**

We will grant a grace period of 31 days for the payment of each premium falling due after the first premium. During the grace period, the Policy continues in force. If the premium is not paid by the end of the grace period, coverage will be terminated.

#### **Reinstatement**

If any premium is not paid before the grace period ends, this Policy will lapse. If We later accept premium without an application for reinstatement, the Policy will be reinstated upon Our receipt of the premium due.

If an application for reinstatement is required for reinstatement, We will issue a conditional receipt for the premium paid and received by us. The Policy will then be reinstated upon the earlier of:

1. The day We approve your application for reinstatement; or
2. 45 days from the date of the conditional receipt unless We previously notified You, in writing, of Our disapproval of your application for reinstatement.

The reinstated policy will cover a [Covered Accident] [or] [Covered Sickness] diagnosed after the date of reinstatement only. All other rights and privileges under the reinstated Policy remain the same subject to any provisions of the reinstatement.

Premium will be applied to a period for which premiums have not been previously paid. We will not apply any premium to any period more than 60 days before the reinstatement date.

#### **Refund of Unearned Premium**

If this Policy terminates due to death, We will refund the portion of any premiums paid which were applied to periods following the date of the Covered Person's death to the beneficiary.

#### **Unpaid Premiums**

When a claim is paid, any premium then due and unpaid may be deducted by Us from the claim payment and applied to the premium due. If the premium due is more than the amount payable for the claim, no benefit is payable.

### **CLAIMS PROVISIONS**

#### **Notice Of Claim**

Written notice of claim must be given to Us within 20 calendar days after a loss covered by this Policy occurs, or as soon as reasonably possible. Notice given by or on behalf of the Insured Person or the beneficiary to Us at Our Home Office [13530 Inwood Rd. Dallas, TX 75244], or to Our authorized agent with information sufficient to identify the Insured Person will be deemed notice to Us. The notice should include the Policy Number as shown on the Policy Schedule and the name of the Covered Person. Notice should also include the name and address of the individual submitting the notice along with a description of their relationship to the Covered Person, if different, and a statement that payment of a claim is being requested.

#### **Claim Forms**

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When We receive the notice of claim, We will send You the forms for filing the required proof of loss. If We do not send these forms within 15 calendar days, it shall be deemed You met the proof of loss requirement by giving Us written proof of the cause, nature and extent of the loss within the time limit stated in the Proof of Loss section.

### **Proof Of Loss**

Written proof of loss satisfactory to Us must be given to Us within 90 calendar days after such loss. If it is not possible to give written proof in the time required, We will not reduce or deny the claim for this reason if such proof is filed as soon as reasonably possible. In any event, the proof required must be given to Us no later than one year after the time proof is otherwise required, unless You are legally incapacitated.

### **Timely Payment of Claims**

Benefits for any loss covered by this Policy will be paid immediately after We receive written proof satisfactory to Us and all other provisions herein are met.

### **Payment of Claims**

All benefits will be paid to You, if living, or to the beneficiary. If no beneficiary is living, benefits will be paid to Your estate. If benefits are payable to Your estate, We may pay up to \$1,000 to any relative of Yours who We find is entitled to it. Any payment made in good faith will fully discharge Us to the extent of the payment.

Benefits paid on behalf of a child or children under this coverage shall be paid to the Texas Health and Human Services Commission after written notice to Us if:

1. the parent who is a member of a group is: (A) a possessory conservator of the child under an order issued by a court in Texas or is not entitled to possession of or access to the child; and (B) is required by court order or court-approved agreement to pay child support;
2. the Texas Health and Human Services Commission is paying benefits on behalf of the children under Chapter 34231 or 32, Human Resources Code; and
3. We are notified through an attachment to the claim for insurance benefits when the claim is first submitted to Us that the benefits must be paid directly to the Texas Health and Human Services Commission.

If You are receiving medical assistance through the Medicaid Program of Texas, the Texas Health and Human Services Commission shall be reimbursed by Us.

Benefits shall be paid for the actual costs of medical expenses the Texas Health and Human Services Commission pays through medical assistance for a Covered Person if, the Covered Person is entitled to payment for the medical expenses.

For a minor child who qualifies as a Dependent of a group member, We may pay benefits on the child's behalf to a person who is not a group member if an order providing for the appointment of a possessory or managing conservator of the child has been issued by a court in this or another state. A person who is not a group member is entitled to be paid benefits only if the person presents to Us, with the claim: (1) written notice that the person is a possessory or managing conservator of the child on whose behalf the claim is made; and (2) a certified copy of a court order designating the person as possessory or managing conservator of the child or other evidence designated by rule of the commissioner that the person is eligible for the benefits.

### **Overpayment Reimbursement**

We have the right to recoup or recover any overpayment We make, for any reason, in processing a claim. We can only do so no later than two years after the date of the error unless the overpayment was a result of fraud. We will notify You within 15 days after We discover the error. Such notice will clearly state the nature of the error and the amount of the overpayment. We must be reimbursed in full for the amount of the overpayment.

### **Claim Review**

If We deny a claim, We will provide written notice of Our reason(s) for the denial and the provision(s) herein that We relied upon within 15 days of Our decision. You have the right to ask Us to review the claim and the right to submit additional information to Us that might change Our decision.

## SPECIMEN POLICY

### GENERAL PROVISIONS

#### **Entire Contract**

This Policy, the attached application for the Policy, and any attached endorsements, amendments, or riders, if any, are the entire contract. No change in this Policy is effective unless approved by an officer of Ours. This approval must be attached to this Policy. No agent may change this Policy or waive any of its provisions.

#### **Time Limit On Certain Defenses**

After this Policy is in effect for 2 years during the lifetime of the Covered Person, no misstatements, except fraudulent misstatements, contained in the application shall be used to void the Policy or deny any claim for loss commencing after such 2-year period.

No claim for loss incurred commencing after 12 months from the Policy Effective Date, will be reduced or denied on the grounds that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss existed prior to the Policy Effective Date.

#### **Assignment**

You, or any Covered Person, may assign His rights, privileges and benefits under this Policy to the institution or person rendering services as allowed in the Payment of Claims provision. We will be bound by an assignment of the Covered Person's insurance under this Policy only when the original assignment or a certified copy of the assignment, signed by the Covered Person as assignor or any irrevocable beneficiary, is filed with Us. The assignee may exercise all rights and receive all benefits assigned only while the assignment remains in effect and insurance under this Policy for the assignor remains in force. The assignee takes only such rights as the assignor possessed and such rights are subject to state and federal laws and the terms of this Policy.

When We furnish You written acknowledgement of the assignment, the assignment becomes effective on the date You signed Our form unless You specify a later date. We are not liable for payments made or action taken prior to Our written acknowledgement of the assignment.

#### **Change of Beneficiary**

Unless You indicate that a Beneficiary cannot be changed, you may change the Beneficiary at any time by written request. The Beneficiary's consent is not needed. This change will take effect on the date the notice is signed. Any payment by Us prior to receipt of such change will fully discharge Us to the extent of such payment.

#### **Conformity with State and Federal Law**

The laws of the federal government and Your state of residence on the Issue Date apply. If this Policy conflicts with the laws of the federal government or Your state on the Issue Date, they are considered changed to meet those laws. The change will be to the law's minimum requirement.

#### **Duty of Cooperation**

You, the Covered Person and any Beneficiary shall reasonably cooperate during any investigation or adjudication of a claim. This cooperation shall include providing information We request and authorizing the release of medical records to Us.

#### **Legal Action**

You cannot bring a legal action to recover benefits under this Policy for at least 60 days after You have given Us written proof of loss. You cannot start such an action more than three years after the date proof of loss is required.

#### **Misstatement of Age and/or Gender**

If the Covered Person's age and/or gender has been misstated, an adjustment in premiums, coverage or both will be made based on the correct age and/or gender. If, according to the correct age, the coverage provided by this Policy would not have become effective or would have ceased, Our only liability during the period in which the Covered Person was not eligible for coverage shall be limited to a refund of premiums.

#### **Physical Examination and Autopsy**

We have the right to have any Covered Person examined when and as often as is reasonable while a claim is pending and to have an autopsy performed where it is not forbidden by law. If We initiate the request, either or both will be done at Our expense.

## SPECIMEN POLICY

### **Time of Coverage**

Coverage starts on the Issue Date at 12:01 a.m. in the time zone of Your permanent residence. It ends at 12:01 a.m. in the same time zone on the renewal date, subject to the Grace Period. Each time this Policy is renewed, the new term begins when the old term ends.