



Long-Term Care Insurance

Product Guide

For producer/broker education only;
not for use with the public.

TABLE OF CONTENTS

Introduction to Long-Term Care Insurance	4
What is Long-Term Care?	4
Tax Advantages	5
Long-Term Care Insurance Today	5
LTC3SM	6
Product Description	6
Policy Design	6
Coverage	7
Standard Base Policy Benefits	17
Policy Exclusions	29
Non-Duplication of Medicare Benefits	29
Coordination with Other Prudential Individual Long-Term Care	
Insurance Policies	30
Multi-Life Programs	30
Marketing Prudential Long-Term Care Insurance	31
Pre-Sale Issues: Things To Know Before Selling LTC3	31
License and Appointment Guidelines	31
Product Availability	33
Sales Practices	33
State Suitability Requirements	34
National Partnership Program	35
Selling: Things To Know When Selling LTC3	35
Forms and Compliance	35
Premium Increases	36
Completing the Application	36
Submitting an Application	38
Required Forms To Be Left with the Applicant	40
Replacement	41
Post-Sale Issues: After the LTC3 Policy Is Sold	42
Policy Delivery	42
Changes in Benefits	42
Refunds	43
Reinstatements	43

The decision to purchase long-term care insurance is an important one that clients should not take lightly. In making this decision, the company providing the policy is almost as important as the coverage itself. People need to be sure they are buying their long-term care insurance from a company they can count on.

For over a century, Prudential has distinguished itself as one of the leaders in the insurance and financial services industry. You already know that Prudential has been helping to provide solutions to people's protection and accumulation needs for over 130 years and currently serves more than 15 million individual and institutional customers. What you may not know is that Prudential has been providing long-term care insurance since 1986.* We have over 20 years of experience servicing customers with their long-term care insurance needs.

**The Prudential Insurance Company of America, Investor Relations Approved Company Descriptions, February 9, 2011*

Introduction to Long-Term Care Insurance

What Is Long-Term Care?

Long-term care (LTC) includes a variety of services for people with chronic physical illnesses, disabilities, or cognitive disorders (such as Alzheimer's Disease). Long-term care services may include, but are not limited to, home health care, which can range from personal care or help with daily activities such as bathing and dressing, to skilled nursing services, respite care,* adult day care, and care in a facility.**

Someone with a chronic illness or disability may need substantial assistance with Activities of Daily Living (ADLs).

What is an ADL? It is a basic task that people generally do every day without the help of others. Prudential's LTC3SM policy uses six ADLs in determining when someone is eligible for benefits. The six ADLs are:

- Bathing
- Toileting
- Dressing
- Transferring (i.e., moving from a bed to a chair)
- Eating
- Continence

Providing long-term care for someone can be physically and emotionally draining. It can also be very expensive and could financially drain a family in only a few short years.

* Respite care is a specific benefit to give the primary caregiver a break from caregiving, which could be anywhere from a few hours to a few weeks.

**Facilities that provide personal care and health services in a residential care setting to residents who need assistance with ADLs may be known in other states by other names as well.

Tax Advantages

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA). This legislation clarified the tax status of long-term care insurance premiums and benefits and defined the provisions of policies known as federally tax-qualified insurance.

The benefits a client may receive under a tax-qualified policy should not be considered taxable income as long as the insured is chronically ill (as defined by the Internal Revenue Code) and the benefits are used to pay for qualified long-term care services (also defined by the Internal Revenue Code).

In addition, premiums for long-term care insurance may be tax deductible as a medical expense (subject to certain limitations) for federal income tax and treated as a credit or a deductible for the purpose of state income tax filing in many states. The producer should advise clients to consult a tax advisor with respect to the tax implications of ownership of a long-term care insurance policy in their state.

Benefits that are received by the client and used to pay for Long-Term Care Services generally will not be counted as income.

Long-Term Care Insurance Today

Long-term care insurance has changed significantly and rapidly over the past 10–20 years. The older generation of long-term care insurance policies had many limitations such as requiring a mandatory prior hospital stay or inadequate coverage such as few or no home care benefits or insufficient inflation protection.

LTC3SM

Product Description (state variations may apply)

LTC3SM is an individual, long-term care insurance product that was developed in a way that literally allows clients to customize the long-term care insurance protection of their choice.* In fact, there are many combinations including the broad Facility Daily Benefits range of \$50 to \$500 per day (subject to state minimum benefits). In addition, LTC3 has an array of built-in standard benefits created to provide a high-quality base on which to build the exact coverage the client needs.

** The amount of benefits and the premium will vary with the benefits selected.*

Issue Ages: 18 – 79

Rating Classes: Preferred, Standard I, Standard II, and Standard III

If an applicant does not qualify for these three rating classes, coverage may be denied. Please note, long-term care insurance cases are rated differently than life insurance cases. A person acceptable for life insurance may not necessarily be approved for long-term care insurance.

Most applicants are issued at Standard I rates (100% of regular premiums)

Preferred rates are applied to fully underwritten applicants who are considered to be better-than-average risks. The Preferred Health ratings are approximately 85% of the Standard premiums.

Standard II ratings are applied to fully underwritten applicants who are higher-than-average risks for LTC, but still insurable. Standard II ratings are approximately 125% of Standard I premiums.

Standard III ratings are applied to fully Underwritten applicants who do not qualify for Standard II rates, but who qualify for limited coverage. Standard III ratings are approximately 150% of Standard I premiums.

Refer to Underwriting Rating/Classification Categories in the Underwriting Manual for more information.

Policy Design

Prudential's LTC3 is a guaranteed renewable individual long-term care insurance policy, which is intended to be a federally tax-qualified long-term care insurance contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

Premiums are based on the client's age and coverage options chosen. A long-term care insurance policy issued by Prudential is guaranteed renewable. This means your client has the right to continue the policy so long as he or she pays his/her premiums on time and has not exhausted his/her Lifetime Maximum. Prudential has the right to change premium rates in the future but only on a class basis. An insured's rates cannot be increased due to his/her increasing age or declining health, nor can it be increased based on how many claims are filed. In most states, Prudential would need to obtain regulatory approval before increasing premiums.

Coverage

Once benefit eligibility (see page 27) has been determined, long-term care services are paid at either the Facility Daily Benefit rate or the Home Care Daily Benefit rate.

Services paid up to the Facility Daily Benefit level are:

- Nursing Home Care
- Care in an Assisted Living or Residential Health Care Facility
- Adult Foster Care or Board and Care Facility
- Hospice Care (Facility or Home-Based): Not subject to Calendar Day Elimination Period (CDEP)
- Respite Care (regardless of site of care): Not subject to Calendar Day Elimination Period
- Bed Reservation

Services paid up to the Home Care Daily Benefit level are:

- Home Health Care (referred to as Home Care in CA)
- Homemaker Services
- Personal Care
- Adult Day Care

Prudential's LTC3 long-term care insurance will cover the services listed above. Clients may select the provider they wish as long as licensure and Plan of Care requirements are met. They do not have to select services at the time of purchase.

Facility Daily Benefit: \$50 – \$500

In most states, the Facility Daily Benefit ranges from \$50 to \$500 in \$10 increments. When selecting a Facility Daily Benefit, clients should consider the cost of nursing home care in the area where they think care will be provided. The client should consider any other income that may be available to supplement their coverage, since lower benefits mean lower premiums.

Home Care Daily Benefit: 50%, 75%, 100%, or 150%* of Facility Daily Benefit

The Home Care Daily Benefit is calculated as a percentage of the Facility Daily Benefit. While it may vary by state, Prudential offers a choice of 50%, 75%, 100%, and 150% of the Facility Daily Benefit selected.

For example, if a \$100 Facility Daily Benefit is selected and the client chooses a 50% Home Care Daily Benefit, the policy would provide up to \$50 a day for Home Care.

** The 150% Home Care Daily Benefit Option can only be selected with a Facility Daily Benefit of \$350 or less. It is not available when you choose a 10-Year Benefit Period.*

Consider more Home Care coverage for clients whose intention is to remain at home.

Lifetime Maximum: 1, 2, 3, 4, 5, 6, or 10 years**

Pool of Money:

Although the Lifetime Maximum is expressed in years, the Lifetime Maximum Benefit is what is called a Pool of Money. The Pool of Money is the total amount of money accessible to pay benefits in accordance with the terms and conditions of the long-term care insurance policy. The value of the Pool is calculated at purchase by multiplying the selected Facility Daily Benefit by the number of days in the Lifetime Maximum the client selected. For example, assume the client selected a Facility Daily Benefit of \$100 and a Lifetime Maximum of 3 years. The initial Pool of Money (Lifetime Maximum Benefit) would be: $\$100 \times (365 \times 3)$ or \$109,500. Keep in mind that if your client chooses the 150% Home Care Daily Benefit, he or she may draw down the Lifetime Maximum faster than someone with 100% or less.

After the value of the Pool is first established, inflation protection can increase policy benefits and the Pool, while claims payments can reduce the amount of the Lifetime Maximum Benefit. Use of coverage other than Care Management services reduces the Pool.

It's important to note that even though your client may have selected a 5 year Lifetime Maximum Benefit, if there is still money left in the pool after 5 years, your client would still be eligible for benefits until the pool of money is depleted.

On the Policy Anniversary Date,* adjustments to the Lifetime Maximum Benefit are made as shown on the next page.

** Each month/day of a year following the Policy Effective Date.*

*** 1-Year Benefit Period is not available with a Shared Care rider, and it is not available in FL, MA, MD, NV, NY and OR.*

Calculation of New Lifetime Maximum:

Without Inflation Adjustment

Assume:	Original Lifetime Maximum Benefit is	\$109,500
	Inflation Protection Option is None	
	Claims during past policy year equal	\$10,000

On the Policy Anniversary Date, a new Lifetime Maximum Benefit is calculated as follows:

Step 1:	Subtract claims paid during prior year	\$109,500 – \$10,000
	New Lifetime Maximum Benefit	\$99,500

During the next year, assume \$15,000 in claims were paid.

On the next Policy Anniversary Date, calculation of the Lifetime Maximum Benefit would be:

Step 1:	Subtract claims paid during prior year	\$99,500 – \$15,000
	New Lifetime Maximum Benefit	\$84,500

Calculation of New Lifetime Maximum:

With 5% Automatic Compound Inflation Benefit—No Maximum

Assume:	Original Lifetime Maximum Benefit is	\$109,500
	Automatic Compound Inflation Benefit	
	Claims during past policy year equal	\$10,000

On the Policy Anniversary Date, a new Lifetime Maximum Benefit is calculated as follows:

Step 1:	Multiply current Lifetime Maximum Benefit by Inflation Factor	
	$\$109,500 \times 1.05 = \$114,975$	
Step 2:	Subtract claims paid during prior year	
	$\$114,975 - \$10,000$	
	New Lifetime Maximum Benefit	\$104,975

During the next year, assume \$15,000 in claims were paid.

On the next Policy Anniversary Date, calculation of the Lifetime Maximum Benefit would be:

Step 1:	Multiply current Lifetime Maximum Benefit by Inflation Factor	
	$\$104,975 \times 1.05 = \$110,223.75$ or	
	\$110,224 (amount = to \$.50 or greater are rounded up to the next dollar)	
Step 2:	Subtract claims paid during the year	
	$\$110,224 - \$15,000$	
	New Lifetime Maximum Benefit	\$95,224

Calendar Day Elimination Period (CDEP):

30, 60, 90, 120, 180, 365 Days

The Calendar Day Elimination Period (CDEP, also known as the Benefit Waiting Period in some states) is cumulative and needs to be met only once in a lifetime. It does not need to be satisfied to use Home Support Services, Private Care Consultant, Hospice Care Benefits, or Respite Care Benefits. The CDEP will begin on the date your client is certified by a Licensed Health Care Practitioner as having a Chronic Illness or Disability.

The CDEP is counted in calendar days. Each day the client's Chronic Illness or Disability continues counts towards satisfying the CDEP.

The client is not required to receive services for a day to qualify. Each day will count in satisfying the CDEP whether or not a qualified long-term care service is used or whether charges were incurred.

Waiver of Home Care Elimination Period*

Once your client is certified as being eligible for benefits, a commencement date has been established, and a plan of care has been created and approved, your client can begin receiving benefits at home without having to satisfy the Calendar Day Elimination Period. Additionally, for every day spent at home, Prudential will lower the client's Facility Elimination Period by one day.

After your client has been certified as needing care, if the number of days spent at home equals or exceeds the number of days in the chosen Calendar Day Elimination Period, the Facility Elimination Period will be considered satisfied in full.

The Waiver of Home Care Elimination Period is an option, available at time of application for an additional premium.

** This rider is available with a Calendar Day Elimination Period up to 90 days.*

Home Care Payment Options

Assuming the client has been certified as chronically ill or disabled, LTC3 long-term care insurance offers various ways to collect benefits and options for collecting benefits under Home Care. Each is designed to meet a particular client need. It is important to understand the differences in order to explain them and help guide the client's selection.

Daily Benefit

Claims may be made against this benefit for Eligible Charges incurred up to the Home Care Daily Benefit on any given day, again, assuming the client has been certified as chronically ill or disabled.

Cash Alternative (Built into the Base Policy)

The Cash Alternative is provided in the policy and provides a fixed monthly benefit instead of being reimbursed for Eligible Charges for Home Care. The Cash Alternative Benefit allows clients who have been certified as chronically ill or disabled to accept a reduced amount of the Home Care Daily Benefit as a monthly cash benefit, in lieu of reimbursing Eligible Charges incurred for Home Care. This monthly cash payment can be used to compensate informal caregivers. It must be elected on a monthly basis and cannot be combined with any reimbursable Facility Care or Home Care Benefits payable that month. This payment option pays the total of the Home Care Daily Benefit times 40%* times the number of days in the month the client has a Chronic Illness or Disability regardless of whether services were provided. For example, Facility Daily Benefit is \$200 with 150% Home Care = \$300 x a 30 day month, is \$9,000. The monthly cash amount when electing the Cash Alternative Benefit (40%) would be \$3,600.

Monthly Benefit

The optional Monthly Benefit Rider allows greater flexibility in using services when they are needed. This method of payment pays up to the total of the Home Care Daily Benefit times the number of days in the month for covered services at any time during that month, but not more than the actual charges incurred. The monthly pool (e.g., \$150 Home Care Daily Benefit x 30 days = \$4,500) can be used as needed during that month. There is no daily limit, per-service limit, or maximum per week; however, services provided must be consistent with those specified within the Plan of Care. Unused money is saved in the pool for later use subject to the terms and conditions of the policy. If the client satisfies the EP on a day other than the first of the month, the total benefits of the monthly pool will be pro-rated based on the number of days remaining in the month. If the client is eligible for the entire month, the monthly pool is calculated as discussed above.

This benefit is subject to the Calendar Day Elimination Period and reduces the Lifetime Maximum.

**50% in California.*

Inflation Protection

The cost of nearly everything we purchase tends to increase over time. Long-term care services are no different. Coverage bought today but not used for 20 years may not provide the same level of protection it did originally. That's where inflation protection comes in—to help keep pace with the rising costs of health care services and maintain the worth of the client's long-term care coverage.

When determining which option to recommend for the client, you should consider how far into the future the client's need for long-term care may arise. All states require the client to be offered the 5% Automatic Compound Inflation Benefit—No Maximum Rider. If the client decides to not apply for this and instead applies for one of the other options that will increase the benefits over time, or not apply for any increase option, the client must check the box on the Applicant Agreement page of the Individual Application rejecting the inflation coverage provided by the 5% Automatic Compound Inflation Benefit—No Maximum Rider. The more time expected to pass, the greater the potential effect of inflation on the cost of care: the greater the effect of inflation, the higher the possible out-of-pocket expense to the client. Simply put, as a rule, the younger the client, the greater the need for inflation protection.

With LTC3, there are seven inflation protection options. Except where benefit limits have been reached under the 5% Automatic Compound Inflation Benefit—2X Maximum Rider, all offers and increases will continue even if the client is in benefit.

None

The client has the option to choose no inflation protection. If this is chosen the policy alone provides no protection against increases in the cost of long-term care services due to inflation.

Guaranteed Purchase Option*

Under the Guaranteed Purchase Option (GPO), benefits do not automatically increase every year. Rather, an increase in coverage will occur every 3 years enabling the client to purchase additional coverage without further underwriting. Policy Benefits will be increased by 5% compounded annually over the 3 year period. For example, assume the current Facility Daily Benefit was \$100. Annually compounded by 5% for 3 years, the new Facility Daily Benefit would be

\$116 ($\$100 \times 1.05 \times 1.05 \times 1.05 = \115.76). Therefore, the increase to the Facility Daily Benefit would be \$16. The premium for the additional \$16 in coverage will be based on the client's attained age.

This increase will be automatic and is deemed to be accepted unless a written declination is received. No evidence of insurability is required. Increases are made even if the client has met the benefit eligibility criteria or is on claim.

Due to the fact that each increase of additional coverage is priced at an older age, over time the premium for coverage equivalent to that under the 5% Automatic Compound Inflation Benefit—No Maximum Rider will be significantly higher under the GPO Rider. Therefore, GPO protection may not be the most cost-effective protection for clients whose expected utilization is more than 10 years in the future.

A client who elects GPO will also have a one-time option to switch from GPO to any other inflation rider on a guaranteed issue basis at attained age premium rates. This option to switch is only available at the policy anniversary (policy effective date) up to age 79 for clients with a 2/1/2010 or later application signature date.

** The GPO rider is not available with Paid Up at Age 65 or 10 Year Paid Up Limited Payment Options. It also is not available with Joint or Survivor Waiver of Premium, or with Premium Reduction at Age 65.*

5% Automatic Simple Inflation Benefit Rider

On each policy anniversary date, the client's current Policy Benefits will automatically increase by 5% of the original Policy Benefits. For example, assume the original Facility Daily Benefit was \$100. On the first policy anniversary the Facility Daily Benefit would increase to \$105 ($\$100 + (\$100 \times .05 = \$5)$). On the second policy anniversary, the client's Facility Daily Benefit under this rider would increase to \$110 ($\$105 + (\$100 \times .05 = \$5)$). Increases will equal the same dollar amount each year. Although the premium for the 5% Automatic Simple Inflation Benefit Rider is usually lower than that of the 5% Automatic Compound Inflation Benefit—No Maximum Rider, the Facility Daily Benefit under each option will be approximately equivalent for about 10 years. This means that where the client's expected utilization is about 10 years in the future, the 5% Automatic Simple Inflation Benefit Rider might be a cost-effective choice.

5% Automatic Compound Inflation Benefit—2x Maximum Rider

On each policy anniversary date, the client's policy benefits will automatically increase by 5% of his or her previous year's policy benefits under this optional rider. When the original Facility Daily Benefit has doubled, it will cease increasing.

For example, assume the original Facility Daily Benefit was \$100. Through yearly compounding, it reaches \$200. Under this option, the Facility Daily Benefit would remain at \$200 for the duration of the policy.

2%, 3%*, 4% or 5% Automatic Compound Inflation Benefit— No Maximum Rider

On each policy anniversary date, the client's policy benefits will automatically increase by 2%, 3%*, 4% or 5% of his/her previous year's policy benefits under this optional rider. There is no limit to the growth of the policy benefits.

Inflation protection is an important feature of any long-term care insurance policy. The table on the following page shows examples of LTC3 inflation protection options and what each could mean to the client in terms of available coverage over time.

** 3% not available in all states.*

LTC3—Inflation Benefit Rider Options

Assume: Initial Facility Daily Benefit of \$100

Benefit Increase Option	None	GPO (Guaranteed Purchase Option)	5% Automatic Simple Inflation Benefit	2% Automatic Compound Inflation Benefit—No Maximum	3% Automatic Compound Inflation Benefit—No Maximum	4% Automatic Compound Inflation Benefit—No Maximum	5% Automatic Compound Inflation Benefit—2X Maximum	5% Automatic Compound Inflation Benefit—No Maximum
Policy Anniversary	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit	Facility Daily Benefit
1st	100	100	100	100	100	100	100	100
2nd	100	100	105	102	103	104	105	105
3rd	100	100	110	104	106	108	110	110
4th	100	116	115	106	109	112	116	116
5th	100	116	120	108	112	116	122	122
6th	100	116	125	110	115	121	128	128
7th	100	134	130	112	118	126	134	134
8th	100	134	135	114	122	131	141	141
9th	100	134	140	116	126	136	148	148
10th	100	155	145	118	130	141	155	155
11th	100	155	150	120	134	147	163	163
12th	100	155	155	122	138	153	171	171
13th	100	180	160	124	142	159	180	180
14th	100	180	165	126	146	165	189	189
15th	100	180	170	129	150	172	198	198
16th	100	208	175	132	155	179	198	208
17th	100	208	180	135	160	186	198	218
18th	100	208	185	138	165	193	198	229
19th	100	240	190	141	170	201	198	240
20th	100	240	195	144	175	209	198	252
21st	100	240	200	147	180	217	198	265

Waiver of Premiums

Premiums will be waived when both the eligibility criteria and the Calendar Day Elimination Period are satisfied. They will continue to be waived as long as the client is eligible for benefits under the policy. Premium waiver will begin on the day following the date the Calendar Day Elimination Period is met.

Waiver of Premium Options*

Joint Waiver of Premiums Benefit Rider

The Joint Waiver of Premiums Benefit Rider is available if both Spouses or Partners have purchased a long-term care insurance policy issued by Prudential. In addition, both policies must have been issued at the same time or within 6 months of one another. Under the Joint Waiver of Premium Option, when premium is waived due to eligibility for one Spouse or Partner, premiums will be waived for both Spouses or Partners. Premiums will resume following the death or ineligibility of the eligible Spouse or Partner. When premiums resume, they shall be pro-rated to the date of the ineligibility unless an insured for whom premiums were waived had selected a Limited Payment Option and during the waived period the payment period elapsed.

For example, if the insured had selected the 10 Year Paid Up Limited Payment Option and there were 3 more years payable, if premiums were waived 3 or more years under the Joint Waiver of Premium, no further premiums would be due when the waiver was no longer in effect. If either Spouse or Partner dies or lapses, the rider shall terminate for the remaining Spouse or Partner. If the remaining Spouse or Partner wishes to establish the option with another Partner, both must be underwritten even if both already hold active Prudential policies.

** This benefit is not available with the Guaranteed Purchase Option Inflation Rider or the Shared Care Benefit Rider.*

Survivor Waiver of Premiums Benefit Rider*

The Survivor Waiver of Premiums Benefit Rider Option is available if both Spouses or Partners have purchased an individual long-term care insurance policy issued by Prudential. If one Spouse or Partner dies after 10 years of premium payment with no claims by either client during the first 10 years the policies and this rider was in-force, the survivor's premium will be permanently waived.

If either Spouse or Partner dies prior to the 10th policy anniversary, lapses, or goes into claim prior to activating benefits under this option, the rider shall terminate for the remaining Spouse or Partner.

If a Spouse or Partner wishes to reestablish the option with another Partner, both must be underwritten.

** This benefit is not available with the Guaranteed Purchase Option Inflation Rider, the Shared Care Benefit Rider, or the 10 Year Paid Up Limited Payment Option.*

Standard Base Policy Benefits (except as noted, the following benefits are standard in all LTC3 policies)

International Coverage Benefit

The International Coverage Benefit provides **reimbursable** benefits for Qualified Long-Term Care Services that are received outside of the United States. Qualified services include Facility Care, Home Health Care, Homemaker Services, or Personal Care Services. Benefits for Eligible Charges will be paid up to the International Coverage Facility Daily Benefit or International Coverage Home Care Daily Benefit according to the services used. International Coverage Benefits do not include Bed Reservation, Hospice Care, Respite Care, Home Support Services, Alternate Plan of Care, or Private Care Consultant Benefits when incurred outside of the United States or its territories.

International Coverage Benefits cannot be used simultaneously with the Cash Alternative Benefit. Payment of International Coverage benefits is **limited to 365 days** over the lifetime of the policy, equivalent to 75% of the Facility and Home Care Daily Benefit for care provided in the United States (100% in California and New York). These benefits are subject to the Calendar Day Elimination Period and reduce the Pool of Money.

Using the Cash Alternative Benefit Outside the United States

Even though the policy provides a limited reimbursement benefit for International coverage, a client may elect to submit a claim using the Cash Alternative Benefit (without having to submit bills). This feature provides 40% of the Home Care Daily Benefit and lasts for the duration of the policy, not limited to 365 days.

Establishing Eligibility Outside the United States (Reimbursable Benefit)

- A U.S. Licensed Health Care Practitioner must use Prudential's assessment tool and report the assessment findings in English.
- Once the assessment has been completed a U.S. Licensed Health Care Practitioner must certify whether the policyholder has a Chronic Illness or Disability.
- After eligibility is established, reassessments following the same requirements as the original assessment are performed at least once a year. After completion of the Calendar Day Elimination Period and as long as eligibility continues, cash benefits will be payable without submission of bills. Reimbursable benefits will require submission of bills.
- Where Prudential is involved in having an assessment performed, we will use reasonable efforts to find a U.S. Licensed Health Care Practitioner (LHCP). In the event Prudential is not able to locate a suitable assessor, we would consider arranging an assessment through the insured's foreign medical practitioner. Such situations would be handled on a case-by-case basis. We would expect the medical professional to have some comparable training, expertise, or certification to perform such an evaluation of the insured's condition, and acceptance of the insured's foreign medical practitioner is at Prudential's discretion. The Licensed Health Care Practitioners in our Claim Department can determine whether the insured has a Chronic Illness or Disability based upon the results of the assessment and a review of any relevant medical records.
- All payments will be paid to the policyholder or policyholder's designee in U.S. currency.

Restoration of Benefits (Built-in)

The Lifetime Maximum will be restored if the client who had been receiving benefits:

1. is neither receiving benefits under the policy nor has exhausted his or her Lifetime Maximum Benefit; and
2. is reassessed by a Licensed Health Care Practitioner as no longer having a Chronic Illness or Disability; and
3. remains ineligible for benefits for a period of at least 6 consecutive months.

When these criteria are met, the client's Lifetime Maximum Benefit will be restored to what it would have been had no claims been paid under the policy. The Lifetime Maximum may be restored only once during the client's lifetime.

Home Support Services (Built-in)

When it comes to providing quality long-term care coverage, assisting clients to stay at home for as long as possible is one of the priorities of LTC3. That's why Prudential offers the Home Support Services feature to cover items that are important in helping clients maintain independence.

Home Support Services benefits are designed to provide coverage for things that make staying at home possible. Clients can use this benefit to purchase things like a personal emergency response system or to make home modifications (ramps, grab bars in the bathroom, etc.). It can also be used to provide caregiver training to the client's informal caregiver on transferring techniques, giving a bed bath, and use of assistive devices. With this training, the unpaid caregiver may be able to meet the needs of the client at home more effectively.

This feature provides funds for such things as:

- Assistive Devices
- Durable Medical Equipment not covered by Medicare
- Home Modifications
- Emergency Medical Response Systems
- Caregiver Training
- Transportation Services

The Home Support Services benefit equals 50 times the Facility Daily Benefit and may be used prior to meeting the Calendar Day Elimination Period. Claims against Home Support Services reduce the Lifetime Maximum Benefit.

Alternate Plan of Care (Built-in)

As the need for long-term care has grown, so have the types of services to meet that need. Thirty years ago, nursing homes predominated, and home health care was scarce. Ten years ago, nursing home services were still prominent, but home care and the choices for care in the community had grown tremendously. Today, assisted living facilities/residential health care facilities are again changing the way long-term care is delivered. Tomorrow there may be other services.

Because it is impossible to predict what new forms of long-term care are likely to be developed in the years ahead or what the specific needs of each client might be, Prudential's LTC3 Alternate Plan of Care feature enhances the value of the client's coverage by being open to consideration of new emerging trends and adaptable to new types of long-term care service providers not specifically mentioned elsewhere in the policy. Subject to Plan of Care requirements and qualification under federal tax regulations, Prudential will consider such services on a case-by-case basis.

Information Services (Built-in)

When the need for long-term care arises, most policyholders and their families need help in understanding and adjusting to the changes long-term care can bring. This help falls into two categories: process assistance and personal assistance. The Prudential policy recognizes both.

Prudential Benefit and Resource Information Services

The policy gives policyholders access to information on long-term care resources in their community. Prudential's Long-Term Care Customer Service Center can help provide this information. Policyholders do not need to meet the Benefit Eligibility Criteria in order to use this service. Policyholders can call 1-800-732-0416.

Prudential also offers the Prudential Long-Term Care Resource Center, your client's source for information, reviews, quality ratings, and discounts to long-term care providers in their area. This service is available online through the Prudential.com website.

This benefit does not reduce the Lifetime Maximum Benefit and is not subject to the Calendar Day Elimination Period.

Private Care Consultant

The Private Care Consultant Benefit provides personal assistance. While the substance of personal assistance services may be less obvious than process assistance services, they can be equally as important. Private Care Consultant services focus not on the mechanics of providing care and claiming benefits but on supporting the client and the client's family on a level that goes beyond direct provision of care.

Frequently, long-term care services are needed in the wake of a crisis. To guide the client through what may be difficult times, LTC3 provides funds to pay for services of an independent patient/family advocate. The Private Care Consultant is selected and retained solely by the client and is not connected with Prudential.

While a Private Care Consultant can provide some of the services covered under the Prudential Benefit and Resource Information Services benefit such as locating long-term care providers, the consultant's primary concern is giving practical support for the emotional needs of the client and his or her family. Types of assistance include counseling, education, and personal oversight of care quality. For example, the patient/family advocate may be someone who can visit the client's home and point out or arrange for changes to make it more comfortable. Or, the advocate could keep out-of-town family members up-to-date on care issues, concerns, or options. Having someone on site can be vital in keeping caring but separated families in touch with the well being of their loved one.

This benefit is an annual pool equal to 20 times the Facility Daily Benefit. Use is not subject to the Calendar Day Elimination Period, nor will using the benefit reduce the client's Lifetime Maximum Benefit.

Respite Care (Built-in)

Like the Private Care Consultant Benefit, Respite Care supports both clients and their families. Prudential recognizes that to be effective, caregivers need a break. We also recognize that the informal care provided by the caregiver may need to be replaced by formal care, possibly, at an increased expense. Therefore, LTC3 provides up to 21 days per year under the Respite Care Benefit.

Services claimed under the Respite Care Benefit will be paid up to the Facility Daily Benefit regardless of the site of care or the client's Home Care Daily Benefit. Benefits paid under the Respite Care Benefit reduce the Lifetime Maximum Benefit but are not subject to the Calendar Day Elimination Period.

Bed Reservation (Built-in)

If the client is in a nursing home or assisted living/residential health care facility and must leave for a period of time (up to 60 days annually), this benefit will be payable (up to the Facility Daily Benefit amount) if it is the facility's customary practice to charge a separate fee to retain the client's bed while he or she is absent from the facility. This allows the facility to hold the client's bed until the client returns.

The Bed Reservation Benefit reduces the Lifetime Maximum Benefit and is subject to the Calendar Day Elimination Period. The Bed Reservation Benefit may not be claimed on the same day as other services.

Services claimed under the Respite Care Benefit will be paid up to the Facility Daily Benefit regardless of the site of care or the client's Home Care Daily Benefit. Benefits paid under the Respite Care Benefit reduce the Lifetime Maximum Benefit but are not subject to the Calendar Day Elimination Period.

Non-Forfeiture

Shortened Benefit Period Rider

The Shortened Benefit Period Rider is the optional Non-Forfeiture Benefit available under the LTC3 long-term care insurance policy. If the client selects this option and the policy ends due to nonpayment of premium, and neither of the two following conditions apply, coverage under the policy may be extended.

The Shortened Benefit will NOT take effect if:

1. the policy ended before its third anniversary; or
2. the client has already received benefits that equal or exceed the total amount of premiums paid for the policy.

Clients who wish to purchase this option may only do so at time of issue.

Under the Shortened Benefit Period Option, benefits will be payable based on the Facility Daily Benefit in effect on the date coverage would otherwise have ended. However, there will be a reduced Lifetime Maximum Benefit. A reduced Lifetime Maximum Benefit means that benefits will be paid for a shortened benefit period. The reduced Lifetime Maximum Benefit will equal the greater of:

1. 30 times the policy's current Facility Daily Benefit at the time of lapse up to the Lifetime Maximum Benefit in effect on the date the coverage would otherwise have ended; or
2. the total amount of premiums paid for the policy, less the sum of all benefits paid on the client's behalf while the policy was in force.

For example, if the client selected a \$100-a-day Facility Daily Benefit, had no claims, and had paid a premium of \$1,200 for 5 years, available Shortened Benefit Period coverage would be calculated as follows:

$\$100 \times 30 = \$3,000$ (minimum amount available)

$\$1,200 \times 5 = \$6,000$ Total Premiums paid prior to termination
(higher than minimum).

Shortened Benefit Period = \$6,000

Contingent Non-Forfeiture Benefit

Although Prudential takes great pride in its ability to set stable premiums, rate increases are a possibility. Therefore, in the event that premium increases occur that go beyond certain set percentages and the client feels he/she cannot maintain the policy, this benefit automatically provides a choice of two options:

- 1) lower Lifetime Maximum Benefit that will enable the client to receive value for premiums paid; or
- 2) reduced benefit options to keep premium about the same as before the rate increase

The Contingent Non-Forfeiture Benefit is one of the basic LTC3 benefits. It works as follows: if the client does not have an optional Shortened Benefit Period Rider on his/her policy and there is a substantial increase to the premium as defined below, then he/she may choose to cancel coverage and revert to a reduced or lower Lifetime Maximum Benefit with no further premiums due.

The client's other choice under the Contingent Non-Forfeiture Benefit is to select alternative benefits such as a longer Calendar Day Elimination Period or a lower Facility Daily Benefit, resulting in a lower premium while but enabling the client to keep the policy in-force.

Substantial Premium Increase

A Substantial Premium Increase is one that results in a cumulative increase to the Initial Annual Premium that is equal to or exceeds a certain percentage of that premium. It does not include premium increases that result from a voluntary purchase of additional coverage. The limits of cumulative increase as a percentage of the Initial Annual Premium are based on the client's age as of the Policy Effective Date shown in the Schedule of Policy Benefits. The table below shows the cumulative increase that will trigger the Contingent Non-Forfeiture Provision.

Substantial Premium Increase Table

Premium Age	Percent of Increase	Premium Age	Percent of Increase
Less than 30	200%	72	36%
30 – 34	190%	73	34%
35 – 39	170%	74	32%
40 – 44	150%	75	30%
45 – 49	130%	76	28%
50 – 54	110%	77	26%
55 – 59	90%	78	24%
60	70%	79	22%
61	66%	80	20%
62	62%	81	19%
63	58%	82	18%
64	54%	83	17%
65	50%	84	16%
66	48%	85	15%
67	46%	86	14%
68	44%	87	13%
69	42%	88	12%
70	40%	89	11%
71	38%	90 and over	10%

Policies with a limited premium paying premium, called 'limited pay', are subject to a separate Substantial Premium Increase Table and an alternative reduced 'paid up' contingent nonforfeiture choice, even if the insured purchased the optional Non-forfeiture Benefit Rider. Limited pay would include the '10 Year Paid Up' and 'Paid Up At Age 65' policies. In the event that a limited pay policy trips the trigger for a Substantial Premium Increase under **both** tables, the insured can choose either of the contingent non-forfeiture benefit options to exercise.

Return of Premium Upon Death Rider

The Return of Premium Upon Death Rider refunds the total amount of premiums paid minus any benefits that have been paid, or are payable, when the policyholder dies. This benefit will be paid even if, at the time of death, the client is receiving benefits and premiums have been waived. However, waived premiums are not considered to be paid premiums and will not be included under this provision.

This rider is not available with the Shared Care Rider.

Clients who wish to purchase this option may only do so at time of issue.

Shared Care Rider

The Shared Care Rider allows one “Shared Care Partner” to access benefits available under the other “Shared Care Partner’s” Policy once his/her own Lifetime Maximum is exhausted. Furthermore, if one Shared Care Partner dies, the surviving Partner’s Lifetime Maximum will be increased by the amount of the deceased Partner’s remaining Lifetime Maximum, if any. The inherited benefit will not increase even if the policy was issued with an inflation rider.

If one "Shared Care Partner" exhausts the other’s benefits, the Partner who is not in benefit can purchase a new long-term care insurance policy from Prudential on a guaranteed issue basis with a Lifetime Maximum of 2 years. Benefits for this policy can go up to those that were in effect when the policy limits were exhausted. This policy will be rated based on the age of the Partner at the time he/she purchases this new policy and is not available to anyone age 91 or older on the day his/her Lifetime Maximum was exhausted. Your client may not take advantage of this offer if he/she was eligible for benefits during the 2 year period prior to exhaustion of benefits.

In order to access this benefit, certain conditions must be met. Both Shared Care Partners must purchase a policy and this rider and, at the same time, have identical plan designs, including inflation options. The Premium Payment Options must be identical as well.

The Shared Care Rider is not available with certain other benefits including Return of Premium at Death, Joint and Survivor Waiver of Premiums Riders, and Unlimited Lifetime Maximum. This rider is subject to the Calendar Day Elimination Period and reduces the Lifetime Maximum. This rider may not be available in all states.

Clients who wish to purchase this option may only do so at time of issue.

Premium Payment Options

10 Year Paid Up

The lifetime premium obligation can be paid in 10 annual increments. The minimum age for purchase of the 10 Year Paid Up Option is 40 and the maximum age for purchase is 75.

Paid Up At Age 65

The lifetime premium obligation can be paid in equal increments (not less than 10) that will create a paid-up policy by the purchaser’s 65th birthday. The maximum age for purchase of the Paid Up At Age 65 Option is 54.

Persons electing a 10 year Paid Up at Age 65 Option may not increase benefits (other than to drop their Premium Payment Option) under their policies after the first year.

If a policy lapses under either option, there is no return of premium or consideration of premiums paid except as may be covered by the policyholder's Non-Forfeiture option or state/federal requirements. The topic of payment options should be discussed carefully with your client. Once a policy is issued, a change from a lifetime pay to a limited pay (Paid Up at Age 65 or Ten Pay) or vice versa cannot be made on the same policy. In order to accommodate this change, the current policy would be terminated and a new policy would be issued. Additional medical underwriting may be required and no credit for premiums paid will be provided.

Premium Reduction at Age 65

The Premium Reduction at age 65 is a lifetime payment plan that reduces the client's premiums by 50% at age 65. It is available to clients age 60 or younger. If policy benefits are increased after age 65, the additional premium will not be reduced. Premium payment options are not available in all states.

Premium Increases

Premiums are based on the client's age and coverage options chosen. A long-term care insurance policy from Prudential is guaranteed renewable. This means your clients have the right to continue their policy so long as they pay their premiums on time and have not exhausted their Lifetime Maximum. Prudential has the right to change premium rates in the future but only on a class basis. An insured's rates cannot be increased due to his or her increasing age or declining health, nor can it be increased based on how many claims are filed. In most states, Prudential would need to obtain regulatory approval before increasing premiums.

Discounts

Depending on the state of sale, the following discounts are available:

Spouse or Partner Discount

This discount includes both married individuals and those people who are not married but meet the definition of "Partners". Spouse or Partner discounts are also available for Common Law and Partners in civil unions in states where such arrangements are legally recognized (subject to state availability).

The following requirements must be met in order to be eligible for the Partner discount:

1. be over age 18;
2. have lived together for at least 12 consecutive months preceding the date of the application;
3. have a serious and committed relationship;
4. not be legally married, nor a Partner to anyone else; and

5. be “financially interdependent”. “Financially interdependent” means that the Partners must share the cost of food and housing. While they do not have to contribute equally or jointly for each of these expenses, each must be responsible for such costs.

Persons potentially eligible under this discount include siblings, parent/child, other familial relationships, domestic partners, or any two individuals of either sex who have established a stable, committed association with the clear and expressed expectation of long-term cohabitation.

The discount has two levels. When only one Spouse or Partner is issued (whether both have applied or only one has applied) the discount is 15% on the issued Spouse’s or Partner’s policy. Two Spouses or Partners who apply for and are issued each qualify for a 30% discount on each policy.

Premium Payment Modes

The client may elect to remit premium in any of the following modes:

- Annual
- Semiannual
- Quarterly
- Monthly (Electronic Fund Transfer [EFT])

Electronic Fund Transfers

For EFT, one month’s prepayment is acceptable. However, two months’ premium ensures that there is no need to back-bill in situations where an effective date misses the transmission to the bank. While the need to back-bill will not happen often, the Producer and the client should be aware that it might be necessary. Prudential will notify the client if this is the case.

** EFT requires a signed authorization that must be completed on the application. A minimum of two months’ premium is required for applicants who select EFT, except all applicants in California and applicants age 65 and over in New Hampshire where one month’s premium is acceptable.*

Benefit Eligibility

Claim Process

To begin the claims process, the client or a family member should call Prudential’s Long-Term Care Customer Service Center at 1-800-732-0416 to arrange for an assessment as soon as possible, because this may affect the start of the benefit waiting period. The client may wish to wait until the client is advised that he or she is benefit eligible before incurring any long-term care expenses.

Once notified that your client is interested in accessing benefits under his/her long-term care insurance policy, a Prudential's Benefit Access Counselor will discuss the policy's eligibility criteria with the client or a family member, perform an intake evaluation, and arrange for an assessment, if necessary. Generally, that means that Prudential's assessment vendor will send a nurse to the client's home to assess the client's functional and cognitive abilities. An assessment takes about an hour to perform, is done at the client's home and convenience, at no cost to him or her. If the client prefers, his or her own Licensed Health Care Practitioner (LHCP) can perform the assessment. Prudential will send the client's LHCP a copy of our assessment tool used to evaluate functional abilities and cognitive deficits. If the client chooses the LHCP, the client will need to schedule that appointment, arrange for transportation to the LHCP's office, and the client will be financially responsible for the expense. In any event, once Prudential's clinical staff reviews the assessment results, and any other medical information, and determines whether the policy's benefit eligibility criteria have been met, the client will then be notified whether he or she is eligible to submit claims.

Benefits Triggers

Clients become eligible to receive benefits under the policy when they are assessed and certified as having a Chronic Illness or Disability.

A Chronic Illness or Disability is one in which there is:

- A loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living due to a loss of functional capacity that is expected to last for a period of at least 90 consecutive days. Activities of Daily Living are: bathing, continence, dressing, eating, toileting, and transferring; or
- Severe Cognitive Impairment, which requires Substantial Supervision to protect the client from threats to personal health and safety.

Plan of Care Requirement

If clients are eligible, a written Plan of Care must be developed consistent with the client's needs. A written Plan of Care describes the type, frequency, and anticipated duration of long-term care services that are needed. It must be developed and approved by a Licensed Health Care Practitioner. All claims are paid in accordance with the Plan of Care.

Generally, the client can choose his/her own long-term care provider as long as the provider meets the policy's definition of an eligible provider (which means, if state licensure is required for the types of providers covered under the policy, the provider will need to be licensed).

For claim payment, if the client wants to be reimbursed for his/her Eligible Charges, he/she should submit a claim form, and a copy of the provider's bill or itemized statement. For cash rider claims, only the claim form needs to be submitted.

Policy Exclusions (state variations may apply)

There are some special circumstances that limit or exclude the availability of benefits under this policy. No benefits will be payable if any of the following situations apply:

1. Illness, treatment or medical conditions arising out of
 - a) War or an act of war, whether declared or undeclared, while you are insured; or
 - b) Your participation in a felony, riot or insurrection; or
 - c) Alcoholism and drug addiction.
2. Treatment provided in a government facility, unless payment of the charge is required by law or services provided by any law or governmental plan under which you are covered. This does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.
3. Charges for services or supplies for which no charge would be made in the absence of insurance.
4. Charges for care or treatment provided outside the United States except as described in the International Coverage Benefit.

Non-Duplication of Medicare Benefits

Benefits under the policy are not payable for expenses for Qualified Long-Term Care Services to the extent that:

1. Such expenses are reimbursable under Medicare; or
2. Such expenses would be reimbursable under Medicare but for the application of a deductible or coinsurance amount.

This provision does not apply if the following situations apply:

1. Such expenses are reimbursable under Medicare as a secondary payer.
2. Claim is under the Cash Alternative Benefit.

Coordination with Other Prudential Individual Long-Term Care Insurance Policies

Benefits under the client's policy may be reduced if we also pay benefits for Eligible Charges under any other Prudential individual long-term care insurance policy. Benefits will be reduced under this policy only when payment under this Policy and all other Prudential individual long-term care insurance policies combined would exceed the actual amount incurred for Eligible Charges. We will not pay more under this Policy than the difference between the client's actual expenses and the amount payable by his or her other Prudential policies. However, this does not apply to the Cash Alternative Benefits.

If the client is insured under more than one Prudential individual long-term care insurance policy with a similar Coordination provision, the policy with the earliest effective date will be deemed primary and will pay its benefits first. Thereafter, payment will be made under any additional policy (secondary coverage) in order of effective date, from the earliest to the latest. A Prudential policy without a similar Coordination provision will pay first, without any reduction in its benefits.

Multi-Life Programs — Affiliation Program (AP) or Employer Sponsored Program (ESP)

LTC3 can be sold with either of our Multi-Life Programs.

Prudential's Employer Sponsored Program (ESP) can be the cornerstone of a solid benefits package for companies of any size, including small businesses with as few as two eligible employees. Coverage, options and a 5% ESP discount can be offered to actively-at-work Employees and their actively-at-work Spouses or Partners aged 18 – 65, with simplified underwriting for eligible program participants. Employees aged 66 – 79 and other family members may also be eligible for a 5% ESP discount but must be fully underwritten. Eligible family members include: Parents; Parents-in-law; Grandparents; Grandparents-in-law; Siblings; Aunts; Uncles; and Children age 18 and older.

Prudential's Affiliation Program (AP) offers premium discounts to clients who have an affiliation with a sponsoring association or organization. The association or organization may consist of any size group established for a purpose other than the purchase of insurance. Examples include employees, members of an association or organization, or clients of an organization. This program offers a 5% discount on coverage to members or customers of the sponsoring organization, their Spouses or Partners, and other family members ages 18 – 79 (including Parents; Parents-in-law; Grandparents; Grandparents-in-law; Siblings; Aunts; Uncles; and Children age 18 and older).

Please refer to the Multi-Life Programs Marketing Guide, the LTC3 ESP Producer Highlighter, or the LTC3 AP Producer Highlighter for more detailed information.

LTC EvolutionSM

Prudential currently offers two* long-term care insurance products to clients. Prudential LTC Evolution is an innovative individual long-term care insurance product that represents the next generation of long-term care insurance products. It was developed in response to the consumer's need for an easily understandable, affordable alternative to traditional long-term care insurance products. Clients familiar with health and life insurance terminology will find it easy to understand this new product, since it pays benefits based on a percentage of Actual Eligible Charges up to an overall Policy Lifetime Maximum. Furthermore, this policy's design results in benefits that increase at the actual rate of inflation, giving clients an alternative method to prepare for the rising cost of long-term care expenses. For more information about LTC Evolution, please see the LTC Evolution Product Guide.

**LTC Evolution may not be available in all states.*

Marketing Prudential Long-Term Care Insurance

Pre-Sale Issues: Things To Know Before Selling LTC3

License and Appointment Guidelines

Producer license and appointment status is validated for all states at two points in the New Business Process:

1. Prudential New Business receives an application; and
2. Before commissions are paid.

Currently, “**pre-appointment**” for LTC insurance sales is required for only 2 states (PA and FL). The state of **Florida** is considered pre-appointment if the producer does not hold an active appointment with any carrier, in addition to their valid Florida License.

The remaining states and the District of Columbia are **Concurrent Submission States** and allow concurrent submission of appointment paperwork with LTC insurance applications. *Exception:*

KS & TX are 30 days from the Application Signature Date

To facilitate this concurrent handling **you must fax or email** the appointment paperwork to our Dresher Pennsylvania Licensing Unit, at the same time that you mail the application to our PA address.

The Licensing Department fax number is 800-619-1904, and the email address is: GI_PL&C_Appointments@prudential.com.

The U.S.P.S address is:

2101 Welsh Road,
Attention Producer Licensing & Compensation, 3 South,
Dresher, Pennsylvania 19025

If you have questions, please call Licensing at 1-888-778-6639 and press “1” for licensing. Producers must hold the appropriate state insurance license and appointment in the state the policy owner resides and in any other state in which the solicitation, negotiation and sale of Individual Long-Term Care Insurance products takes place. Generally, this means producers are required to be Health or Life and Health licensed and appointed in these states. California requires both Life and Disability. Connecticut requires Accident and Health only. Please note that a separate line of authority exists for long-term care in North Carolina, and agents must be Life, Health and Medicare Sup/Long-Term Care licensed, and appointed, in that state. Additionally, a number of states have educational requirements that must be met for producers to transact business. Producers are required to provide a copy of the proof of completion of these requirements with the appointment paperwork at time of submission.

Licensing will review all submitted paperwork and will make a determination as to whether the state’s timing requirements can be met. If there is any missing information, Licensing will contact the General Agent and attempt to secure the missing information in order to meet the state’s requirements. If Licensing believes they cannot meet the state’s requirements, for any reason, the LTC insurance application will be closed, and the customer’s submitted premium will be returned.

Additionally, a number of states have educational requirements that must be met for producers to transact business. Producers are required to provide a copy of the proof of completion of these requirements with the appointment paperwork at time of submission. Prudential has negotiated a special deal with LTCiTraining.com whereby a producer can learn about and satisfy their state’s training requirement for \$50 and may earn CE credit for an additional fee.

If you require additional details on the NAIC/Partnership training, questions on certifications of any state or would like to gain access to the discounted online training, please contact Applicant Insight’s customer service center at 1-727-807-2179. For questions on certifications, please call Applicant Insight’s customer service center at 1-727-807-2179. For state-specific requirements, please consult the Prudential National Partnership and LTC Training Resource Guide or email GI_PL&C_Appointments@prudential.com.

Action Required for Agents who are already appointed and have not submitted certifications before

Agents who have not submitted proof of training completion before are required to submit certifications (i.e. a course completion certificate) directly to Applicant Insight via fax or email prior to or simultaneously with the submission of your next LTCi application. The fax number and email address appear below. The certificate of completion should contain the following information. However, if the certificate does not provide all of the information listed, the agent may indicate the missing information on the fax cover sheet or in the email. Applicant Insight will then confirm the certification. If you’ve provided an email address, Applicant Insight will acknowledge receipt of your submission (whether faxed or emailed) and begin the review process.

- Agent Name
- Course Name
- Course Number
- Course Provider Name
- Completion Date
- State the course pertains to
- Number of credit hours earned

Applicant Insight contact information for submitting completion certificates

Please fax or email your LTCi training completion certifications to Applicant Insight and include the following information. Both this fax number and email address are dedicated to Prudential agent submissions only.

- Name
- Phone Number
- Email Address

Fax to: 866-883-6170

Attn: Prudential LTC Verification

Email Address: PruExpedite@ainsight.com

Please note: Electronic communication with Applicant Insight should not include personal information regarding clients or their policies (including client names and or policy numbers).

Product Availability

LTC3 long-term care insurance is approved in all states although certain benefits or options may vary. As a matter of policy, product availability requirements must be followed. For example, it would not be appropriate to take the resident of one state into another state for the purposes of purchasing a benefit or options not available in the client's resident state.

Sales Practices

Producers selling LTC3 long-term care insurance must adhere to the following established sales practices:

- Establish marketing procedures to assure that any comparison of policies will be fair and accurate.
- Establish marketing procedures to assure excessive insurance is not sold or issued.
- Use only Prudential approved marketing material.
- Identify whether a prospective applicant for long-term care insurance already has any accident and sickness or long-term care insurance policies, as well as the types and amounts of any such insurance. If the applicant has existing long-term care insurance and does not intend to replace this coverage, consider whether the existing coverage is an indemnity or expense incurred plan, and review the relationship of cost of care and maintaining the existing coverage against total benefits. Excessive insurance is costly and unnecessary and the applicant should be advised accordingly.

In addition to general unfair trade practices that apply to all products sold, the following acts and practices are prohibited:

Twisting: Knowingly making any misleading representation or incomplete or fraudulent comparison of any insurance policies or insurers for the purpose of inducing, or tending to induce, any person to lapse, forfeit, surrender, terminate, retain, pledge, assign, borrow on, or convert any insurance policy or to take out a policy of insurance with another insurer.

High pressure tactics: Employing any method of marketing having the effect of or tending to induce the purchase of insurance through force, fright, threat, whether explicit or implied, or undue pressure to purchase or recommend the purchase of insurance.

Cold lead advertising: Making use, directly or indirectly, of any method of marketing which fails to disclose in a conspicuous manner that a purpose of the method of marketing is solicitation of insurance and that contact will be made by an insurance producer or insurance company.

State Suitability Requirements

To determine whether a sale is suitable, you must take the following points into consideration:

- The applicant's ability to pay for the proposed coverage not just now, given his present financial situation, but his ability to pay in the future
- The applicant's goals or needs with respect to long-term care and the advantages and disadvantages of insurance to meet these goals or needs
- The values, benefits, and costs of the applicant's existing insurance, if any, when compared to the values, benefits, and costs of the recommended purchase or replacement

Before recommending a long-term care insurance product, you should do a complete needs analysis to determine if there is indeed a need.

Three basic questions to help determine a need are:

- *Does the applicant already have long-term care insurance coverage?*
- *Can he or she afford it?*
- *Which benefits might be appropriate?*

To determine the client's need, review and consider income, assets, and the regional cost of nursing homes and in home care.

As part of meeting state suitability requirements, the producer must provide the client a copy of "Things You Should Know Before You Buy Long-Term Care Insurance" and in some states, the "Potential Rate Increase Disclosure Form". The producer may also be required to present the "Long-Term Care Insurance Personal Worksheet" (may vary by state) to the applicant at or prior to completing an application in these states where required.

Contact Prudential for a list of states that have adopted the NAIC requirements for suitability.

The completed Personal Worksheet must be returned to Prudential together with the application in those states where required. Prudential will use the answers on the Personal Worksheet together with its suitability standards to determine whether issuing long-term care insurance coverage to an applicant is appropriate.

If the applicant declines to provide his/her financial information on the "Long-Term Care Personal Worksheet" OR if the applicant is below the threshold of suitability, a letter will be sent out advising the applicant that he/she may not be suitable for LTC coverage. The applicant will be given 60 days to respond to Prudential advising whether or not he or she would still like to purchase LTC coverage. A policy will not be issued unless the letter has been received back by Prudential.

National Partnership Program

State-certified Partnership policies include a feature known as **Medicaid Asset Protection** (also referred to as “Asset Disregard” in some states). If a policyholder needs to rely on Medicaid for continued payment for long-term care services, this feature could help protect a portion of the assets that the policyholder might otherwise need to utilize, or “spend down,” to help qualify for Medicaid benefits.

With a Partnership policy, policyholders can protect one dollar of personal assets for each dollar the policy pays out in benefits prior to qualifying for Medicaid.* The additional assets they can keep are over and above the standard resource allowances for Medicaid applicants (including any assets a Spouse may be allowed to keep).

A policy may be considered a state-certified Partnership policy if it falls within these guidelines:**

Age at time of purchase	Minimum required level of inflation protection
60 or younger	Any type of automatic inflation protection with annual compounding
61 – 75	Any type of automatic inflation protection with either annual compounding or simple
76 or older	No requirement

A checkbox has been created on the individual long-term care insurance application to indicate that the applicant is applying for a National Partnership policy.

** Medicaid asset protection rules may vary by state. Policyholders will still be required to apply their income toward the cost of long-term care in accordance with state Medicaid requirements. Please check with the individual state Partnership Program for more information.*

*** If the policyholder’s state Partnership laws change in the future, the policyholder moves out of state, and/or they change their policy benefits, the Medicaid Asset Protection provided by their state may no longer apply.*

Selling: Things To Know When Selling LTC3

Forms and Compliance

Applications and other related sales material should be selected based on the client’s state of residence, since the policy documents issued to the client will also be based on state of residence.

The Producer’s Statement, which is part of the application, is the place to indicate additional information regarding agent requests, such as an alternate mailing address.

The application should contain a valid U.S. address in the state of application.

The producer must be appropriately licensed as a resident producer, or hold a non-resident producer license for the client’s residence state. The form also provides questions to verify you have met continuing education requirements (where applicable).

Premium Increases

Premiums are based on the client's age and coverage options chosen. A long-term care insurance policy from Prudential is guaranteed renewable. This means your clients have the right to continue their policies so long as they pay their premiums on time and have not exhausted their Lifetime Maximum. Prudential has the right to change premium rates in the future but only on a class basis. An insured's rates cannot be increased due to his or her increasing age or declining health, nor can it be increased based on how many claims are filed. In most states, Prudential would need to obtain regulatory approval before increasing premiums.

Completing the Application

As stipulated in the Producer's Statement, producers should meet with applicants to verify the applicant's health and mental status. However, occasionally circumstances dictate that the producer cannot be present when the application is taken. On a case-by-case basis, with prior approval of the Underwriting Department, exceptions will be considered. If such an exception is granted, a face-to-face assessment with a cognitive evaluation may be required.

The information the producer gathers and observations made during the visit with a client are critical in helping the underwriter make a sound judgment.

As a matter of practice it is expected producers will meet with their clients to take the long-term care insurance application in person and witness their signature. This enables the producer to carry out good Field Underwriting by observing the prospective insured in the person's own home and surroundings. Completing the application accurately and thoroughly is essential, as it becomes a part of the contract when a policy is issued. Failure to complete all portions of the application may result in unnecessary delays while the missing information is being obtained.

General Instructions:

- Please read all questions carefully.
- Use black ink to record complete responses.
- Print all information and be certain that all required signatures are obtained.
- Indicate if this application is for a new policy, coverage change, or reinstatement.
- Please be certain to mail completed applications and all required forms to Prudential as soon as possible to expedite processing.

The Following Is a Guide for Completing Each Part of the Application:

1. Applicant Information

Using the form approved for use in the applicant's state of residence, print complete name and title as they should appear on the policy. This section is important for identification and statistical purposes, as well as conveyance of when and where to

contact the applicant. If applicable, information regarding the Spouse or Partner should also be included.

2. Insurance History

Provide details regarding any other insurance coverage and replacement intentions. This information is required to meet company and state mandates.

If the policy is a replacement, the producer must complete and provide the client with the form: Notice to Applicant Regarding Replacement of Accident and Sickness or Long-Term Care Insurance.

3. Medical History

Part 1: Insurability Profile — This section is critical to determine whether the applicant is eligible to be considered for issuance of coverage. Please be sure each question is carefully reviewed. **IF ANY OF THESE QUESTIONS ARE ANSWERED “YES,” WE RECOMMEND YOU DO NOT SUBMIT THE APPLICATION.***

** State Exceptions: Kansas and Virginia require submission of the Application, regardless of response.*

Part 2: Personal Profile — Non-medical information and information regarding activity are important adjuncts to the medical history. The Primary Care Doctor’s name, address, phone number, and date and reason last seen are necessary to request medical records, as is verification that a doctor has been seen in the past 2 years.

Part 3: Health Profile — This section serves to outline the applicant’s medical history. Every question should be answered either “Yes” or “No.” Any “YES” answers require complete details, dates, physicians’ names, addresses, and phone numbers. If more space is needed, please use the additional Medical Information page, and if necessary, an 8 1/2" x 11" sheet of paper. When using an additional sheet of paper include the applicant’s name, social security number, and signature on the paper, as well as your own name, signature, and the date.

Part 4: Medications — This section lists all medications the applicant is taking; why the medication is being taken; the dose and frequency; and how long the medication has been taken. Indicate if the Primary Care Physician prescribes the medication, or if not, give the name, address, and phone number of the prescribing physician. If the applicant is taking more than seven medications, an Additional Medical Information Page is provided for your convenience.

4. Notification of Unintentional Lapse

The ability for applicants to designate a third party for notification in the event of unintentional lapse is required on all applications. This section must be completed even if the applicant does not wish to name a designee. Make sure your client understands the importance of designating a third party for this notification before signing this form.

5. Applicant Agreements

This section requires the applicant's signature, the producer's signature as witness, and the date. As a matter of practice, it is expected that the producer review in-person these important statements to be certain the client understands them and to witness their signature. If Electronic Funds Transfer is selected, complete the EFT Section under Applicant Agreements.

6. Producer's Statement

The Producer's Statement is a very important document. The producer should meet personally with client(s) to take the long-term care insurance application(s) and witness the signature(s). This enables the producer to carry out good Field Underwriting by observing the potential insured in their home and surroundings. The Producer's Statement is an affirmation of many aspects of Field Underwriting, and it should be completed factually and thoroughly. All information should be recorded whether you think it will impact the underwriting decision or not.

This information is not shared with the applicant. For the convenience of the producer, guidelines to assist with the premium classification are included in the Application Kit. Prudential's Height and Weight Guide is also included.

Any special instructions for the processing of this application should be noted here.

Application Processing Time

It generally takes about 30 days to process an application from the date of application until the policy is issued. The bulk of the time is spent awaiting medical records from the applicant's physician(s). It is important to establish realistic time frame expectations with the applicant. The producer should help the client understand the importance of underwriting and the value of the medical records in the process. Additionally, the producer should ask the applicant to notify his/her doctor that medical records will be requested and ask the doctor to expedite fulfilling the request. When the applicant calls the physician with this information, the time it takes to retrieve the medical records is greatly reduced.

Submitting an Application – The Application Checklist

All questions on the application must be completed accurately and in full. Missing information can cause a delay in processing or result in the application being returned.

Along with the completed Application and Plan Design Selection forms, the following must be submitted (in certain instances there may not be a form to submit; please ensure that the client has checked all appropriate boxes on the Application correctly):

- Updated HIPAA Authorization is signed
- Producer's Statement is present and complete

- Suitability Forms are present and complete (these forms consist of The Personal Worksheet* and The Potential Rate Increase Disclosure Form (where applicable))
- EFT information must be completed, or the case will default to quarterly. Also, please note that even if EFT is not being requested, the signature at the bottom of the Applicant Agreement Page is still required. This signature indicates that all of the information on the application is correct.
- All questions on application are fully completed
- Producer's license/appointment is up-to-date and producer is licensed in the state where the applicant resides
- It is usually better to quote Standard I premium in case the applicant does not qualify for Preferred Health rates
- Request for split commissions is clearly documented
- The most up-to-date application is being used
- The handwriting is legible
- All signatures are present
- Copy of PruQuote Illustration
- A copy of the Conditional Premium Receipt
- Premium Funding Disclosure Form (if applicable)
- If declining the Automatic Compound Inflation Benefit—No Maximum Rider, be sure the Rejection of Inflation box is checked on the Applicant Agreement section of the Application
- If declining Non-Forfeiture, be sure that the Rejection of Non-Forfeiture box is checked on the Application Agreement section of the Application

* Please consult the Field Office Forms database for a complete listing of states where The Personal Worksheet is required.

Completed applications and required forms (when applicable) are to be returned to Prudential in the self-addressed, prepaid envelopes along with the premium payment of full modal premium. *All applications are to be submitted with full modal premiums.*

The address for LTC New Business/Applications is:

Regular Mail	Overnight Address
Prudential LTC/Individual PO Box 8519 Philadelphia, PA 19176	Prudential LTC/Individual 2101 Welsh Road Dresher, PA 19025

The policy receipt address is:

Prudential
Long-Term Care Customer Service Center
PO Box 8519
Philadelphia, PA 19176

You may also fax the policy receipt to 877-773-9515, in lieu of mailing.

The address for money received after the policy has been issued (i.e., with policy delivery receipt):

Regular Mail	Overnight Address
Prudential Insurance—ID3 Box #3841, P.O. Box 8500, Lockbox ID3 Philadelphia, PA 19178	Wachovia Bank Lockbox # 3841 101 N. Independence Mall East Philadelphia, PA 19106

Call Customer Service with any questions: 800-732-0416.

Required Forms To Be Left with the Applicant

The following forms must be left with the applicant (make sure you are familiar with the content of these forms and explain them to your client).

■ **A Shopper’s Guide to Long-Term Care Insurance:**

The publication, A Shopper’s Guide to Long-Term Care Insurance, must be provided to all prospective applicants of a long-term care insurance policy. The producer must deliver the Shopper’s Guide prior to the presentation of an application. State variations apply.

■ **Outline of Coverage:**

The Producer must deliver a copy of the Outline of Coverage to the client in conjunction with any application. Do not submit the Outline of Coverage with the application to Prudential. When completing the Outline of Coverage, the producer must either fill in the Premium Calculation page manually or provide the client with a printout of the proposal page from the PruQuote program.

■ **Guide to Health Insurance for People with Medicare:**

This must be left with clients age 65 and over.

■ **Conditional Premium Receipt:**

The producer is required to complete the Premium Receipt whenever payment is accepted in consideration of an application for insurance. The receipt shall be signed by the producer and the applicant. A copy should be left behind with the applicant and the other copy should be mailed back to Prudential. State variations apply.

■ **Authorization for Release of Health-Related Information:**

The producer must submit an authorization (which the applicant must sign) with the application and leave a copy with the applicant for his or her records.

■ **Federal HIPAA Notice of Privacy Practices**

Under HIPAA, we must provide this notice which describes how Prudential may use and disclose medical information it may have about a long-term care insurance applicant or insured, and how the individual can access that information.

■ **Things You Should Know Before You Buy Long-Term Care Insurance**

■ **Potential Rate Increase Disclosure Form**

■ **Replacement Notice (if replacement is made)**

■ **Health Interview Brochure**

■ **Premium Funding Disclosure Form (if applicable) Instructions:**

If the applicant indicates he/she will be paying premiums for the long-term care insurance policy by withdrawing from or liquidating a current life insurance policy or annuity, the applicant must complete this form. It must be signed by the producer and the producer's managing supervisor and submitted together with the application.

Replacement

The LTC3 application and/or Producer's Statement have been designed to include questions to elicit information about whether the applicant has another long-term care insurance policy and whether the purchase of an LTC3 policy will involve replacement of existing coverage.

If a sale involves the applicant's replacement of existing coverage, the producer must furnish the applicant with a Notice to Applicant Regarding Replacement of Accident and Sickness or Long-Term Care Insurance. One copy of the notice is to be retained by the applicant. An additional copy, signed by both the producer and the applicant, must be sent to Prudential with the completed application.

Replacement Reporting

In some states, Prudential is required to annually report the 10% of its producers with the greatest percentages of lapses and replacements. Replacements are measured by the producer's amount of replacement sales as a percent of their total annual sales. The lapse rate is determined by the number of lapses of long-term care insurance policies sold by the producer as a percent of their total annual sales. Reported replacement and lapse rates alone do not constitute a violation of insurance laws or necessarily imply wrongdoing. However, the reports are for the purpose of more closely reviewing producer activities regarding the sale of long-term care insurance.

Replacement Commissions

Certain states have placed limitations on the amount of commission or compensation payable when a long-term care insurance policy is sold to replace existing coverage. Oftentimes, the commission is limited to the renewal commission, instead of first year, but there can be exceptions. The states with limitations on commission for replacement sales include Alabama, California, Delaware, Indiana, Kentucky, Nevada, New York, North Carolina, Pennsylvania, South Dakota, and Wisconsin.

Post-Sale Issues: After the LTC3 Policy Is Sold

Policy Delivery

The following must be presented to the insured at policy delivery:

- The policy and any applicable riders
- A copy of the application and any amendments
- A schedule of policy benefits
- A policy delivery receipt
- Any state-required forms (Disclosure Statements, etc.)

The producer is expected to deliver the policy in person, in order to visually verify that the applicant's health has not materially changed since taking the application.

The required materials should be delivered to the applicant as soon as possible upon receipt. The policy delivery receipt must be signed and returned to Prudential within 30 days of the effective date. The policy delivery receipt can be faxed to Individual Billing at 877-773-9515. If you choose to mail back the form instead, Prepaid Business Reply Envelopes are included in each state policy fulfillment kit.

All policies will be mailed to the producer for delivery to the client.

Changes in Benefits

A request to increase or decrease benefits requires certain forms.

Decrease in Benefits

- Use Benefit Change Request Form
- Use the issue age to calculate a reduction in premiums
- There is no medical underwriting required for a decrease
- Once a decrease is processed, any future request for increase requires medical underwriting.

Increase in Benefits

- Increases requested within 30 days after the effective date do not require a new medical application and can be done using the Benefit Change Request Form mentioned in "Decrease in Benefits."
- Increases requested beyond the 30 days after the effective date may require a new application and underwriting review.
- There are limitations on requests to increase benefits. Contact the Underwriting Department for further explanation.

Refunds

If Prudential receives a client's request to cancel coverage, the client may be eligible to receive a prorated refund of any unearned premium. We will determine if such a refund is warranted. Unearned premium refunds are also made upon the death of the client.

Reinstatements

(Guidelines may vary by state; Contact your Regional Sales Manager.)

Lapse Due to Chronic Illness or Disability

If, due to a Chronic Illness or Disability, a person's policy lapses because of non-payment of premiums, a reinstatement can be requested.

- The request must be made within 5 months of the date premiums were due.
- Prudential must confirm the Chronic Illness or Disability.
- All back premiums must be paid prior to reinstatement.
- Upon reinstatement, the level of coverage will be the same level of coverage that existed prior to the termination.
- All benefits paid prior to the reinstatement will count toward the Policy Lifetime Maximum.

Voluntary Lapse

If the policy lapses because the client voluntarily fails to pay the premium, the client may be eligible to reinstate the policy. The person may request reinstatement if the request is made within 90 days of the date the last notice of unpaid premium was given by Prudential. The former client will be required to submit satisfactory evidence of insurability before coverage is reinstated.

The producer should not accept past-due premiums to reinstate a client without also obtaining an application to request reinstatement.

The Prudential
Insurance Company
of America

Long-Term Care Insurance

LTC3 Long-Term Care Insurance policy is issued by **The Prudential Insurance Company of America**, 751 Broad Street, Newark, NJ 07102 (800-732-0416). This coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and provisions under which the insurance coverage may be continued in force or discontinued. Prudential is authorized to conduct business in all U.S. states and the District of Columbia.

FOR INTERNAL USE ONLY. NOT FOR USE WITH THE PUBLIC.

031-006 RR