

SERFF Tracking Number: PRUD-126718700 State: Arkansas
Filing Company: The Prudential Insurance Company of America State Tracking Number: 46238
Company Tracking Number: IIGH-83500BCOV5026-LH-AR
TOI: LTC03G Group Long Term Care Sub-TOI: LTC03G.001 Qualified
Product Name: 83500 BCOV 5026 et al
Project Name/Number: AFSPA Association Filing/

Filing at a Glance

Company: The Prudential Insurance Company of America

Product Name: 83500 BCOV 5026 et al SERFF Tr Num: PRUD-126718700 State: Arkansas
TOI: LTC03G Group Long Term Care SERFF Status: Closed-Approved State Tr Num: 46238
Sub-TOI: LTC03G.001 Qualified Co Tr Num: IIGH- State Status: Closed
83500BCOV5026-LH-AR

Filing Type: Form

Reviewer(s): Marie Bennett
Author: Laura Hughes Disposition Date: 09/13/2010
Date Submitted: 07/19/2010 Disposition Status: Approved

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: AFSPA Association Filing
Project Number:
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact:
Filing Status Changed: 09/13/2010

Status of Filing in Domicile: Not Filed
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Group
Group Market Size: Large
Group Market Type: Association
Explanation for Other Group Market Type:
State Status Changed: 09/13/2010
Created By: Laura Hughes
Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Laura Hughes

Filing Description:

See attached cover letter.

Company and Contact

Filing Contact Information

Karen L. Smyth, Vice President Karen.Smyth@Prudential.com
80 Livingston Avenue 973-548-6614 [Phone]
Roseland, NJ 07068 973-548-6630 [FAX]

Filing Company Information

The Prudential Insurance Company of America CoCode: 68241 State of Domicile: New Jersey

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 Project Name/Number: AFSPA Association Filing/
 751 Broad Street Group Code: 304 Company Type: Life
 Newark, NJ 07102-3777 Group Name: State ID Number:
 (973) 802-6000 ext. [Phone] FEIN Number: 22-1211670

Filing Fees

Fee Required? Yes
 Fee Amount: \$330.00
 Retaliatory? No
 Fee Explanation:
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Prudential Insurance Company of America	\$330.00	07/19/2010	38127173

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Marie Bennett	09/13/2010	09/13/2010

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	08/12/2010	08/12/2010	Laura Hughes	09/07/2010	09/07/2010
Pending Industry Response	Rosalind Minor	08/02/2010	08/02/2010	Laura Hughes	08/11/2010	08/11/2010

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Review	Note To Reviewer	Laura Hughes	09/09/2010	09/09/2010
Response to lastest objection	Note To Reviewer	Laura Hughes	09/07/2010	09/07/2010

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Disposition

Disposition Date: 09/13/2010

Implementation Date:

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	No	No
Supporting Document	Application	No	No
Supporting Document	Health - Actuarial Justification	No	No
Supporting Document	Outline of Coverage	No	No
Supporting Document	Cover Letter	No	No
Supporting Document	Association By-Laws	No	No
Supporting Document	Association Articles of Incorporation	No	No
Supporting Document	Association Financial Statement	No	No
Supporting Document	Response for Additional Information	No	No
Form	AFSPA Certificate of Insurance	No	No
Form	AFSPA Outline of Coverage	No	No

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Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/12/2010

Submitted Date 08/12/2010

Respond By Date

Dear Karen L. Smyth,

This will acknowledge receipt of the captioned filing.

Objection 1

- Cover Letter (Supporting Document)
- Association By-Laws (Supporting Document)
- Association Financial Statement (Supporting Document)

Comment:

From reading the by-laws, the financial statement and the website, it appears that the association was formed mainly for providing insurance. ACA 23-86-106(2)(A) states that the association must have an Articles of incorporation and bylaws; at least one hundred members; and been organized and maintained in good faith in active existence for at least two years for purposes OTHER THAN THAT OF OBTAINING INSURANCE OR INSURING MEMBERS.

Please explain how the association will qualify as a true group since it appears that it was formed mainly for insurance purposes.

Thank you.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 09/07/2010
Submitted Date 09/07/2010

Dear Marie Bennett,

Comments:

This is in response to the Department's concern regarding the above-captioned submission.

Response 1

Comments: It is our understanding of Arkansas law that group long-term care insurance is defined to mean a group long-term care insurance policy issued in the state to employers, labor organizations, associations, a trust or trustees of a fund established by one or more employers/labor organizations, or to any other group if the commissioner finds that the issuance of the group policy is not contrary to the best interest of the public, results in economies of acquisition or administration and results in benefits that are reasonable in relation to the premiums charged.

The American Foreign Services Protective Association has been active for 81 years as a group whose primary purpose is to provide life and accident and sickness insurance to its members and/or their dependents. Their membership consists of over 30,000 active and retired Foreign Service, Department of State, Department of Defense and other Executive Branch personnel and their families. This is a unique group, with membership only open to American Foreign Service personnel, direct hire employees of the Department of State, Department of Defense, Agency for International Development, Foreign Commercial Service, Foreign Agricultural Service, Peace Corps staff and volunteer, executive branch civilian employees assigned overseas or to U.S. possessions and territories, all direct hire domestic employees assigned to support the aforementioned activities, and all annuitants under the Foreign Service Retirement System. Members all have one common attribute: involvement in foreign services activities.

Prudential was selected as a long-term care insurance carrier through an RFP ("Request for Proposal") process; a number of carriers submitted an RFP, and the carriers selected then participated in a finalist interview process. Final selection of the long-term care insurer carrier chosen was based on the carrier's price, plan design and service provided to their membership. The Board of Directors oversaw the RFP process, and acts on behalf of its members in furtherance of the association's primary purpose.

The AFSPA provides legal services as well as insurance opportunities. They also support the Senior Living Foundation, a private, non-profit, 501(c)(3) organization to assist retired members of the American Foreign Service who are physically or mentally unable to cope with old age; the Foundation provides information about, and assistance with, obtaining community, state, federal and private financial and informational resources.

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While there are no initiation fees or membership dues for membership in the AFSPA, membership is for life. So, while this association group is neither an employer or labor organization group, nor a professional/occupational/trade association group, it is still a valid association group formed primarily to procure insurance on behalf of its membership.

Related Objection 1

Applies To:

- Cover Letter (Supporting Document)
- Association By-Laws (Supporting Document)
- Association Financial Statement (Supporting Document)

Comment:

From reading the by-laws, the financial statement and the website, it appears that the association was formed mainly for providing insurance. ACA 23-86-106(2)(A) states that the association must have an Articles of incorporation and bylaws; at least one hundred members; and been organized and maintained in good faith in active existence for at least two years for purposes OTHER THAN THAT OF OBTAINING INSURANCE OR INSURING MEMBERS.

Please explain how the association will qualify as a true group since it appears that it was formed mainly for insurance purposes.

Thank you.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We are hopeful that you can continue your review of our filing submission.

Sincerely,

Laura Hughes

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Project Name/Number: AFSPA Association Filing/

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/02/2010

Submitted Date 08/02/2010

Respond By Date

Dear Karen L. Smyth,

This will acknowledge receipt of the captioned filing.

Objection 1

- Association By-Laws (Supporting Document)

Comment:

As required by ACA 23-86-106(2)(A)(i), please submit the Articles of Incorporation. Also, please answer the questions on the attached questionnaire and also attach any brochures.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

We have received your filing regarding the above named association/ discretionary group. To determine if this organization is a qualified group under our statutes, please provide the answers to the following questions:

1. Name and address of the group.
2. Is this group incorporated? If so, give state of incorporation.
3. Is there a current office in Arkansas?
4. Does the Arkansas part of the organization have any officers, committees, or chapters? If so, give details.
5. Are annual dues charged? If so, specify amount.
6. What are the specific activities of the organization?
7. What benefits are provided to the members in addition to insurance?
PLEASE ATTACH BROCHURES ON THE BENEFITS.
8. What qualifies an individual for membership?
9. How are members recruited? If by mailing list, advise the source of this list.
10. Attach a copy of the organization by-laws.
11. Also, enclose a list of dues paying members residing in Arkansas with full addresses. If the organization considers this privileged information, we will treat it as such and once it has served our purpose, it will be destroyed.
12. Please attach a copy of the organization's most recent financial statement.
13. Does the organization receive any compensation of any kind from the insurer issuing contracts to its members?

Approval of the organization as a qualified group for insurance purposes will be determined upon receipt of your reply.

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/11/2010
Submitted Date 08/11/2010

Dear Marie Bennett,

Comments:

This is in response to the Department's concerns regarding the above-captioned submission.

Response 1

Comments: Please see attached.

Related Objection 1

Applies To:

- Association By-Laws (Supporting Document)

Comment:

As required by ACA 23-86-106(2)(A)(i), please submit the Articles of Incorporation. Also, please answer the questions on the attached questionnaire and also attach any brochures.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Association Articles of Incorporation

Comment:

Satisfied -Name: Association Financial Statement

Comment:

Satisfied -Name: Response for Additional Information

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We believe with our response the Department's concerns have been addressed and the review process may proceed.

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Sincerely,
Laura Hughes

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Note To Reviewer

Created By:

Laura Hughes on 09/09/2010 10:34 AM

Last Edited By:

Marie Bennett

Submitted On:

09/13/2010 03:40 PM

Subject:

Review

Comments:

Our response of 9/7/2010 can now be reviewed by the Department.

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Note To Reviewer

Created By:

Laura Hughes on 09/07/2010 01:08 PM

Last Edited By:

Marie Bennett

Submitted On:

09/13/2010 03:40 PM

Subject:

Response to latest objection

Comments:

The response to the latest objection was sent in error. Please disregard.

Sincerely,

Laura Hughes

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Form Schedule

Lead Form Number: 83500 BCOV 5026

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	83500 BCOV 5026	Certificate	AFSPA Certificate of Initial Insruance			53.900	50543, LTC-AR, 09-01-2010, 19.pdf
	GRP 113664	Outline of Coverage	AFSPA Outline of Coverage	Initial		40.300	50543-OC-Multi.pdf

**American Foreign
Service Protective
Association**

**Certificate of Insurance
under**

**Group Contract
LT-50543-DC**

Prudential Long-Term Care Solid
SolutionsSM

The Prudential Insurance
Company of America

751 Broad Street,
Newark, New Jersey 07102-3777

(For Residents of Arkansas)



FOREWORD

CORPORATE ADDRESS: The Prudential Insurance Company of America
751 Broad Street, Newark NJ 07102-3777

CONTACT ADDRESS: Prudential Long Term Care Customer Service Center
P.O. Box 8526, Philadelphia, PA 19176
1-800-732-0416

The Prudential Insurance Company of America (Prudential) certifies that the benefits described in this Certificate of Insurance (Certificate) are provided under and are subject to the terms and conditions of the Group Insurance Contract (Contract) issued to the Group Insurance Contract Holder (Contract Holder) shown on the cover. This Certificate and the Schedule of Benefits is your evidence of Coverage under the Contract. Your Original Effective Date and your benefit amounts are shown on the Schedule of Benefits. All benefits are subject in every way to the entire Group Insurance Contract, which includes this Certificate.

In your Certificate, The Prudential Insurance Company of America is referred to as Prudential, we, our, or us. The insured is referred to as you, your, or yours. Please see the Definitions section of this Certificate for additional defined terms.

TAX STATUS: The Group Insurance Contract, including this Certificate of Insurance is intended to be a Qualified Long-Term Care Insurance Contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended.

RENEWABILITY: Your Coverage is guaranteed renewable. It begins on the Original Effective Date shown in the Schedule of Benefits. You can continue your Coverage as long as the full modal premium is paid on time and the Lifetime Maximum has not been exhausted. Prudential cannot change the terms of your Coverage on its own, except it may change the premiums. (See "Premiums" provisions.) Certain provisions of your Coverage may be changed to conform with changes in state or federal law or regulation that apply to your Coverage.

IMPORTANT 30-DAY REVIEW: You have 30 days from receipt of your Certificate to review it. If you decide you do not want it, you may return the Certificate during these 30 days, to Prudential at the Contact Address shown above. Your Coverage will be deemed void from its Original Effective Date and any premium paid will be returned to you.

CAUTION: The issuance of this Long-Term Care Insurance Certificate is based upon your responses to the questions on your Enrollment Form and any Evidence of Insurability Forms. A copy of your Enrollment Form and any Evidence of Insurability Forms is enclosed. If your answers are incorrect or untrue, Prudential may have the right to deny benefits or rescind your Certificate or both. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact Prudential at the Contact Address shown above.

NOTICE TO BUYER: This Certificate may not cover all of the costs associated with Long-Term Care incurred by you during the period of coverage. You are advised to carefully review all Coverage limitations.

THIS IS NOT A MEDICARE SUPPLEMENT POLICY. If you are eligible for Medicare, review the *Guide to Health insurance for People with Medicare* available from Prudential.

STATE NOTICES

For residents of the State of Arkansas. You may reach the Arkansas Insurance Department at the following address. Arkansas Insurance Department, Consumer Services Division, 1200 West Third Street, Little Rock, AR 72201-1904 or call 1-501-371-2640 or 1-800-852-5494.

Table of Contents

FOREWORD	1
WHO IS ELIGIBLE.....	4
PREMIUMS	6
LONG-TERM CARE BENEFIT DESCRIPTIONS.....	9
GUARANTEED PURCHASE OPTION	17
ADDITIONAL COVERAGE FEATURES.....	19
THE CLAIMS PROCESS	23
COORDINATION OF BENEFITS WITH OTHER COVERAGES	29
COVERAGE EXCLUSIONS.....	31
DEFINITIONS.....	32
WHEN YOUR COVERAGE ENDS.....	44
AUTOMATIC COMPOUND INFLATION INCREASE BENEFIT – NO MAXIMUM .	47

WHO IS ELIGIBLE

WHO IS ELIGIBLE

Persons eligible under this Contract include the following:

- 1) **Members:** A member in good standing of the American Foreign Service Protective Association.
- 2) **Retired Members:** A person who has retired by the terms of the Contract Holder's retirement plan.
- 3) **Family Members:**
 - a) **Spouse:** The legal Spouse of a Member or Retired Member.
 - b) **Surviving Spouse:** The legal Spouse of a deceased Member or Retired Member.
 - c) **Parent:** The parent, parent-in-law, stepparent or step-parent-in-law of a Member, Retired Member, Spouse or Surviving Spouse.
 - d) **Grandparent:** The grandparent, grandparent-in-law, step-grandparent or step-grandparent-in-law of a Member, Retired Member, Spouse or Surviving Spouse.
 - e) **Adult Child:** A person who is at least 18 years old and who is a natural child, adopted child or stepchild of a Member or Retired Member, Spouse or Surviving Spouse or the legal Spouse of such person.

You must be at least age 18 but less than age 85 when your Enrollment Form is signed.

WHEN YOU BECOME INSURED

Prudential will determine if you are accepted for Coverage based upon your responses to the questions on your Enrollment Form and any other Evidence of Insurability Forms that Prudential may require. If you are accepted, the Effective Date of your Coverage and the benefits you have chosen will be shown in the Schedule of Benefits included with this Certificate. The applicable full modal premium must be paid for Coverage to take effect.

**DELAY OF
EFFECTIVE
DATE**

If you are eligible for this Coverage other than as a Member, your Coverage will be delayed if, on the day your insurance would otherwise begin, you are confined in a health care facility or are receiving Home Care or Hospice Care. Instead it will begin on the first day of the month following the date you are discharged from such confinement or are not receiving such care.

**KEEPING
YOUR
COVERAGE**

If any of the following situations occur, you may keep your Coverage in effect.

- 1) If the person through whom you have your Coverage leaves the Contract Holder, you must notify Prudential in writing within 60 days of this change in status if such change requires an adjustment to your billing method.
- 2) If you become divorced or your Spouse dies, you must notify Prudential in writing within 60 days of the final judgment of divorce or the death that you want to continue your Coverage. Prudential will then adjust the billing method and/or amount, if necessary, to reflect your change in status.
- 3) If the Contract Holder withdraws sponsorship of the Contract and does not replace it within 31 days of the date Coverage would otherwise end, Prudential will send you a written notice within these 31 days. To continue your Coverage, you must return the notice within 60 days of receipt along with any premium payments that are indicated.
- 4) If your premiums are being waived when any of the above events occur, you must still notify Prudential in writing as described above. You will not have to send premiums as long as your premium payments were current before the waiver period.

Notice should be sent to Prudential at the Contact Address shown above.

PREMIUMS

PREMIUM PAYMENT OPTIONS

The Premium Payment Option that applies to your Coverage is shown in your Schedule of Benefits. This option determines the length of time you will pay premiums. These options are described below.

LIFETIME PREMIUM PAYMENT OPTION: If you have the Lifetime Premium Payment Option, your premiums are payable when due while your Coverage is in force.

PAYING PREMIUMS

Your original premium is based on your age and the rates in effect on the Effective Date of your insurance. Your premiums are due and payable in accordance with the premium payment option you choose. Your premium contribution is shown on your Schedule of Benefits. Your premiums must be paid in U.S. currency.

As long as you continue to pay the required premium for this Coverage, and you have not reached your Lifetime Maximum, and you have answered the questions on the Enrollment Form and any applicable Evidence of Insurability Form truthfully, you can keep this Coverage in effect.

AMOUNT OF PREMIUM

Your age at the time you purchase a benefit is used to rate that benefit. The amount of your premium is calculated using the rate for the combination of benefits you have chosen. Premiums will not automatically increase as you become older. Premiums will not automatically increase because benefits are paid.

INCREASES IN PREMIUM

Prudential has the right to change your premium. Any change will apply on a class basis to all insureds in your class. Class, for purposes of this section, means a grouping of insured risks that exhibit a trait requiring a separate premium rate due to risk characteristics.

Any change in rates may be subject to review by the appropriate state regulatory agency. We will not change premiums rates more frequently than once a year. We will notify you at least 60 days before a change in the premium rates.

INCREASES IN BENEFITS

You will be charged an additional separate premium if you choose to increase your benefits. The premium for your original Coverage will remain the same. Your age at the time you purchase additional benefits is used to rate that benefit. The amount of your additional premium is calculated using the rate then in effect for the additional benefits you have chosen.

MISSTATEMENT OF AGE

The age shown on your Application is used to determine your eligibility for Coverage and to calculate your premium. If that age is in error, Prudential may adjust premiums to reflect your correct age, reduce your benefits or rescind your Coverage, as stated below.

If we need to rescind your Coverage, Prudential's liability will be limited to a refund of the premiums paid for this Coverage.

If your Coverage would have been denied had your age not been misstated, or if you would have been subject to additional evidence of insurability, Prudential's liability will be limited to a refund of all premiums you have paid for this Coverage.

MISSTATEMENT OF INFORMATION

If Prudential relied on information provided by you to apply a discount to your Coverage premium and it is later discovered that you were not eligible for the discount, then the premium rate will be adjusted prospectively with the next premium due.

WAIVER OF PREMIUMS

After you meet the Benefit Eligibility Criteria and satisfy any applicable Elimination Period, the premiums for your Coverage will be waived according to the following rules:

- 1) Waiver begins on the first day of the month following the date you satisfy your Elimination Period.
- 2) Waiver ends on the last day of the month in which your Chronic Illness or Disability ends. Premiums will again become due as of the first day of the month after the date your Chronic Illness or Disability ends.

Premiums will not be waived if you are only receiving Hospice Care, Respite Care, Home Support Services or Information Services.

GRACE PERIOD

Your first full modal premium must be paid for your Coverage to take effect. A grace period does not apply to the first premium. Your renewal premium is due on or before the premium due date.

Your Coverage provides a 31-day grace period for your renewal premiums. This means that if a renewal premium is not paid on or before the due date, it may be paid during the grace period. During the grace period, your Coverage will stay in effect. If the full modal premium is not received within the grace period, Prudential will mail a late payment notice to request payment within 31 days to you and your designee (if applicable). The notice will be deemed to have been given 5 days after the date mailed.

If we do not receive payment within 31 days of the date the late payment notice is given, your Coverage will lapse as of the premium due date.

PROTECTION AGAINST UNINTENTIONAL LAPSE

You have the right to name a person, in addition to yourself, to receive notice that your Coverage will lapse because your full modal premium was not received. You may exercise or waive this right at the time you enroll for your Coverage or any time thereafter. At least every two years, Prudential will notify you of your right to name a person for this purpose or to change the person currently named.

REFUND OF UNEARNED PREMIUM

Unless satisfactory proof is provided to Prudential to indicate a third party has the legal right to a refund of premiums made in connection with this Coverage, all premium refunds shall be made to the insured or the insured's estate.

Upon proper notice of the cancellation of your Coverage after the 30-day period described on page one, Prudential will refund on a pro-rata basis any part of the premium paid in advance that applies to the period after cancellation.

Upon receipt of proper notice of your death, Prudential will refund to your estate on a pro-rata basis any part of the premium paid in advance that applies to the period of time after death.

LONG-TERM CARE BENEFIT DESCRIPTIONS

This Coverage provides benefits for Qualified Long-Term Care Services. Benefit Descriptions are stated below. Not all charges are covered. Please refer to the Coverage Exclusions section for a list of exclusions applicable to your Coverage.

The actual amount payable depends on the benefits you have chosen. Daily benefits, calendar year limits, lifetime benefits and the Lifetime Maximum are shown in the Schedule of Benefits. These benefits are subject to change if you have elected Inflation Protection. Prudential will pay benefits for Eligible Charges up to the stated daily, monthly, calendar year and/or lifetime benefit that applies for the charges incurred, after all terms and conditions of coverage have been met. Limits on specific benefits are stated in the Benefit Descriptions section.

Please refer to The Claims Process provisions. Prudential will pay benefits if the conditions described in these provisions are met. Benefits for Eligible Charges are provided once the Elimination Period, if any, has been satisfied. All benefits are subject to the Elimination Period unless the Benefit Descriptions section states otherwise. Only services included in the Plan of Care will be considered Eligible Charges.

FACILITY CARE

NURSING HOME Your Coverage provides benefits for Eligible Charges you receive per day as a resident of a Nursing Home up to the Facility Daily Benefit.

Benefits for these Eligible Charges will be paid up to your Facility Daily Benefit for each day you are a resident in Nursing Home.

These benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

Benefits will not be paid for Facility Care and Home Care incurred on the same day. Either the Facility Daily Benefit or the Assisted Living Facility Daily Benefit is payable for the same day.

ASSISTED LIVING FACILITY, RESIDENTIAL HEALTH CARE FACILITY, ADULT FOSTER HOME OR BOARD AND CARE FACILITY

Your Coverage provides benefits for Eligible Charges you receive as a resident of an Assisted Living Facility, Residential Health Care Facility, an Adult Foster Home or Board and Care Facility, up to the Assisted Living Facility Daily Benefit selected.

Benefits for these Eligible Charges will be paid up to your Assisted Living Facility Daily Benefit for each day you are a resident in one of the above listed facilities.

These benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

Benefits will not be paid for Facility Care and Home Care incurred on the same day. Either the Facility Daily Benefit or the Assisted Living Facility Daily Benefit is payable for the same day.

BED RESERVATION

While you are receiving Long-Term Care services in a Nursing Home, you may incur charges for Bed Reservation by that facility to retain your bed while you are absent from the facility for any reason. Charges for Bed Reservation are Eligible Charges if:

- 1) The charge for Bed Reservation is a separate, customary facility charge that would be made in the absence of insurance.
- 2) You would be required to pay such charge in the absence of insurance.
- 3) The charge is incurred while you are receiving benefits under this Certificate for care in a Nursing Home.

Benefits for these Eligible Charges will be paid up to the Facility Daily Benefit. This benefit is subject to a Bed Reservation Calendar Year limit of 60 days.

Benefits will not be paid for Home Care for the same day on which a Bed Reservation benefit is paid.

Bed Reservation benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

HOSPICE CARE

Your Coverage provides benefits for Eligible Charges for Hospice Care. Benefits for these Eligible Charges will be paid up to the Facility Daily Benefit for each day you receive Hospice Care as a resident in a facility or in your Home.

Hospice Care benefits will reduce your Lifetime Maximum, but are not subject to the Elimination Period. Since Hospice Care is not subject to the Elimination Period, days in which those covered services are received do not count toward meeting your Elimination Period.

RESPITE CARE

Your Coverage provides benefits for Eligible Charges for Respite Care. Respite Care can include short-term care you receive as a resident of a Nursing Home, an Assisted Living Facility, a Residential Health Care Facility, an Adult Foster Home or Board and Care Facility or Home Health Care, Homemaker Services or Personal Care Services received for limited periods of time.

Benefits for these Eligible Charges will be paid up to the Facility Daily Benefit for each day you receive Respite Care. This benefit is subject to a Respite Care Calendar Year limit of 30 days.

Respite Care benefits reduce your Lifetime Maximum but are not subject to the Elimination Period. Since Respite Care is not subject to the Elimination Period, days in which those covered services are received do not count toward meeting your Elimination Period.

HOME CARE

ADULT DAY CARE, HOME HEALTH CARE HOMEMAKER SERVICES AND PERSONAL CARE SERVICES

Your Coverage provides benefits for Eligible Charges you receive as Home Health Care, Homemaker Services or Personal Care Services, up to the Home Care Daily Benefit. Such services must be received from a Home Health Care Agency, Referral Agency, Nurse Registry, or provided by an Independent Health Care Professional. Your Coverage also provides benefits for Eligible Charges when you receive Adult Day Care.

These benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

Benefits will not be paid for Facility Care and Home Care, including the Cash Alternative Benefit, incurred on the same day.

**CASH
ALTERNATIVE
BENEFIT**

Under this provision, at your option, your Coverage will pay a monthly fixed benefit to you in lieu of reimbursement for Eligible Charges for Home Care, as stated above. The Cash Alternative Daily Benefit is payable for each day in the month in which you have a Chronic Illness or Disability, after you satisfy the Elimination Period. Therefore, the monthly fixed benefit is equal to the number of the days in the month in which you have a Chronic Illness or Disability times the Cash Alternative Daily Benefit.

The Cash Alternative Benefit is subject to the following:

- 1) You must meet the Benefit Eligibility Criteria.
- 2) You can only elect this benefit on a monthly basis. This election must be made on the claim form.
- 3) It is in lieu of any other Facility Care, Home Care or International Coverage benefits payable for that month.

Charges for Qualified Long-Term Care services do NOT need to be incurred and any Coverage Exclusions related to incurring charges shall not apply to the Cash Alternative Benefit.

These benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

NOTICE: Since the Cash Alternative Benefit is made without regard to costs incurred by you, part of the benefits could be considered taxable income. If the benefits paid under this provision are in excess of the per diem limit as prescribed by law, they could be considered taxable income. This per diem limit is indexed for inflation. You should consult with a tax advisor for more information concerning the tax implications.

ADDITIONAL BENEFIT DESCRIPTIONS

**HOME SUPPORT
SERVICES**

Your Coverage provides benefits for goods or services that help you remain independent in your Home and relate to your Qualified Long-Term Care Service needs. These goods or services must be ordered by a Licensed Health Care Practitioner and be part of your Plan of Care. Eligible Charges are listed below.

Assistive Devices or Technology means adaptive tools, devices or technology that helps you function independently in your Home. Examples of such items include but are not limited to, specially adaptive eating and dressing utensils, a “Health Buddy” prompting device, “smart shoes” with GPS (global positioning system), or “Wander Mats.”

Caregiver Training means a training program provided by a Home Health Care Agency, Nursing Home, hospital or other similarly licensed medical facility acceptable to Prudential which provides instruction to Primary Informal Caregivers in basic care giving techniques which will allow you to remain in your Home. Such training is to help your Primary Informal Caregiver tend to your specific Long-Term Care needs. The Primary Informal Caregiver may be a relative or someone chosen by you, but in no event will we pay for training provided to someone who will be paid to care for you.

Durable Medical Equipment means reusable equipment you rent or purchase that is designed to be used in your Home to assist you in performing Activities of Daily Living. Examples include walkers, hospital-style beds, crutches and wheelchairs and those items routinely considered Durable Medical Equipment under the Medicare Program. Durable Medical Equipment does not include prescription drugs, athletic equipment, equipment placed in your body or items commonly found in a household.

Emergency Medical Response System means a communication system that is installed in your Home and used to call for assistance in the event of a medical emergency. It does not include a home security system or normal telephonic equipment or service.

Home Modifications means modifications to your Home that are primarily being made to improve your ability to perform Activities of Daily Living and to allow you to live safely and independently in your Home. Examples of Home Modifications include the following.

- 1) Installation of ramps for wheelchair access.
- 2) Installation of grab bars.
- 3) Widening doorways.
- 4) Other similar accessibility modifications.

Home Modifications do not include hot tubs, swimming pools, home repair or maintenance or other similar modifications. This benefit will not cover normal home modification that would only provide an incidental benefit to your Chronic Illness or Disability.

Transportation Services means transportation provided by a licensed transportation carrier, which carries passengers for a fare, from your Home directly to and/or from a Provider solely for the purpose of receiving Qualified Long-Term Care Services, if the services are included in your Plan of Care.

Benefits for Home Support Services are subject to the Home Support Services Lifetime Benefit. These benefits reduce your Lifetime Maximum but are not subject to the Elimination Period.

**ALTERNATE
PLAN OF CARE**

Your Coverage provides benefits for a broad range of services including Facility and Home Care. Because there are new emerging trends in the delivery of Long-Term Care services, Prudential will consider a claim for services designed to help you function independently in your home or for stays in facilities not otherwise covered. Determination of Eligible Charges and your benefits will be based on the type of services received. Depending upon the nature of the services, either the Facility or Home Care Daily Benefit shall apply.

Eligible Charges must be for a service that meets the following requirements.

- 1) It must be considered a Qualified Long-Term Care Service within the terms of Internal Revenue Code Section 7702B(b).
- 2) It must be clearly specified in your Plan of Care.
- 3) It must be agreed to by you, your Licensed Health Care Practitioner and Prudential as an appropriate alternative to services covered in your Certificate. However, you may choose to stop the covered alternative services at any time and use other services covered in your Certificate.

Alternate Plan of Care benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

**INFORMATION
AND REFERRAL
SERVICES**

Prudential Benefit & Resource Information Service - Your Coverage gives you access to information on Long-Term Care resources in your community. Prudential's Long-Term Care Customer Service Center can help provide this information. You do not need to meet the Benefit Eligibility Criteria in order to use this service. Call 1-800-732-0416 for assistance.

Prudential Benefit & Resource Information Services are not subject to the Elimination Period and do not reduce your Lifetime Maximum.

Private Care Consultant – Your Coverage provides benefits when you use a Private Care Consultant. Eligible Charges can include, but are not limited to, charges by a Private Care Consultant for the following types of services.

- 1) Advocacy for your care with respect to appropriate use of your own as well as community resources.
- 2) Development of your Plan of Care.
- 3) Arrangement for delivery of Qualified Long-Term Care Services appropriate to your needs.
- 4) Counseling, support and education with respect to your Long-Term Care needs and resources.

Benefits for these Eligible Charges will be paid up to the Private Care Consultant Calendar Year Benefit.

Private Care Consultant benefits are not subject to the Elimination Period and will not reduce your Lifetime Maximum.

**INTERNATIONAL
COVERAGE**

Your Coverage provides benefits for Qualified Long-Term Care Services you receive outside the United States as:

- 1) A resident in an Out-of-Country Nursing Home;
- 2) Home Health Care, Homemaker Services or Personal Care Services.

Benefits for these Eligible Charges for care you receive outside the United States will be paid up to your International Coverage Facility Daily Benefit or International Coverage Home Care Daily Benefit, according to the services you use.

Payment of International Coverage benefits is limited to 365 days during which Eligible Charges are incurred over the duration of the Coverage.

These benefits are subject to the Elimination Period and reduce your Lifetime Maximum.

There is no International Coverage benefit for Bed Reservation, Hospice Care, Respite Care, Home Support Services, Alternate Plan of Care or Private Care Consultant when provided or when charges are incurred outside of the United States.

GUARANTEED PURCHASE OPTION

Please refer to the Definitions section in your Certificate for defined terms.

This benefit allows you to increase your benefit levels as described below, by 5% compounded annually without proof of good health.

GUARANTEED PURCHASE OPTION

Every three years on the Anniversary Date of the Effective Date of your Coverage, while your coverage is in effect, Prudential will increase your benefits. You will be notified of this increase at least 60 days prior to the Anniversary Date. You will not have to provide proof of good health to receive this increase.

All increases will occur even if you meet the Benefit Eligibility Criteria at the time of the increase.

These increases will occur without taking any action. If you want to decline any increase, you must notify Prudential in writing, within 30 days of receipt of the notification.

Increases To Your Benefits

With each increase, your benefits that provide coverage for Eligible Charges up to a specified dollar amount per day, per Calendar Year or per lifetime will be increased by 5% compounded annually over the three-year period. Amounts are rounded. The number of days during a Calendar Year for which benefits are payable for Bed Reservation and Respite Care shall remain the same. The number of days during a lifetime for which benefits are payable for International Coverage shall remain the same.

You will receive a new Schedule of Benefits following each increase, listing your increased benefits.

Increases To Your Lifetime Maximum

The increase to your Lifetime Maximum will be the increase to your Facility Daily Benefit times the benefit period multiplier, where the benefit period multiplier is the Lifetime Maximum at issue divided by the Facility Daily Benefit at issue.

Conversion To Automatic Inflation Protection

You have a right to convert to Automatic Inflation protection if available under the Group Contract. You may elect to convert to Automatic Inflation one time only on an Anniversary Date, without having to provide additional evidence of insurability. The premium for the Automatic Inflation protection will be based on your age at the time you elect to convert.

If you wish to exercise this option, you should contact Prudential at the Contact Address or phone number.

**Termination Of
Guaranteed
Purchase Option**

This benefit will terminate if any of the following events occur.

- 1) This benefit will terminate if your Coverage lapses because you fail to pay the full modal premium when due or in accordance with the Grace Period provision.
- 2) You elect to convert to Automatic Inflation protection.

**Effect Of Lapse
And Termination
Of Guaranteed
Purchase Option**

If your Coverage ends and is later reinstated, increases will be made as if your Coverage had remained in effect.

If your Coverage lapses for non-payment of premium and coverage continues under the Non-Forfeiture Benefit, no increases will be made after the due date of the unpaid premium.

If you elect a lesser Lifetime Maximum under the Contingent Non-Forfeiture Provisions, no additional increases will be made.

ADDITIONAL COVERAGE FEATURES

TAX STATUS OF PREMIUMS AND BENEFITS

The Group Insurance Contract, including this Certificate of Insurance is intended to be a Qualified Long-Term Care Insurance Contract under Section 7702B(b) of the Internal Revenue Code of 1986, as amended. The benefits you may receive should not be considered taxable income. In addition, some or all of the premiums you pay may be tax deductible as a medical expense subject to certain limitations. Consult a tax advisor for more information concerning this deduction.

Public guidance issued by the Internal Revenue Service or Treasury Department may provide that a provision of your Coverage does not comply with the requirements of Code Section 7702B. In this event, this provision will be automatically nullified without any further action by Prudential or the Group Insurance Contract Holder.

OTHER GOODS AND SERVICES

From time to time, Prudential may offer or provide certain goods and services to you in addition to the insurance coverage. Prudential also may arrange for third party vendors to provide goods and services at a discount (including without limitation beneficiary financial counseling services, estate guidance and employee assistance programs) to you. Though Prudential may make the arrangements, the third party vendors are solely liable for providing the goods and services. Prudential shall not be responsible for providing or failing to provide the goods and services to you. Further, Prudential shall not be liable to you for the negligent provision of the goods and services by third party vendors.

COMMUNICATION THROUGH ELECTRONIC MEANS

Prudential reserves the right to designate the form and means for all communications or notices required by your Coverage.

With our prior consent, communications made by you or your representative pursuant to or in connection with your Coverage, using electronic means or technologies, may be made to us.

With your prior consent, communications made by Prudential pursuant to or in connection with your Coverage, using electronic means or technologies, may be made to you.

The transmittal of information, that is authorized or not otherwise prohibited by state or federal law, by electronic means or technology, is intended to have the same legal effect, validity, and enforceability as it would if the information were provided in other than an electronic form.

RESTORATION OF BENEFITS

Your Lifetime Maximum will be restored to the amount that would be in effect if no claims had been paid under your Coverage. All conditions stated below must be met.

- 1) You must be reassessed by a Licensed Health Care Practitioner so Prudential can verify you no longer have a Chronic Illness or Disability.
- 2) That status must be continuous for at least six consecutive months from the date of the reassessment and confirmed by Prudential through the results of a subsequent assessment within this time period.
- 3) You do not receive nor claim benefits under your Coverage for six consecutive months, beginning with the date of Assessment.
- 4) Your Lifetime Maximum has not been exhausted.
- 5) If you claim benefits at any time for the above six-month period, any amount of your Lifetime Maximum that has been restored will be null and void.

This benefit is not applicable if you have elected an unlimited (lifetime) Lifetime Maximum.

CHANGING YOUR COVERAGE

You may make a written request to change your Coverage while it is in force. If you choose to add additional benefits, you must complete another Enrollment Form and any applicable Evidence of Insurability Form. These forms can be obtained by calling the Long-Term Care Customer Service Center at 1-800-732-0416. Prudential will review your request and determine whether you are accepted for the additional benefits. If your request is denied, you will be sent a written notice that explains why you were not accepted. You are not required to provide evidence of insurability if you are decreasing your Coverage.

If you change your Coverage, your premium will be adjusted. You will be sent a new Schedule of Benefits confirming the Effective Date of the new Coverage.

**CONTINGENT
NON-
FORFEITURE
PROVISIONS**

If the Non-Forfeiture Benefit is not a part of your Coverage, these Contingent Non-Forfeiture provisions apply. These provisions change your Long-Term Care Coverage to provide options to you in the event your Coverage ends due to non-payment of premium after a Substantial Premium Increase.

A Substantial Premium Increase is one that results in a cumulative increase to your 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 benefits.

The limits of cumulative increase as a percentage of your annual premium are based on your age as of the Effective Date shown in your Schedule of 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%

CONTINGENCY OPTIONS

You will be notified of any Substantial Premium Increase at least 60 days prior to the change to your premium. The notice will include the amount of the premium and its due date, and the following contingency options in the event of lapse.

- 1) Reduced benefits at the premium in effect prior to the increase, without undergoing medical underwriting.
- 2) A lesser Lifetime Maximum, with no further premium payment required. You will have 120 days following the premium due date to elect this option. Under this option, the same Daily Benefit amounts in effect at the time of lapse will be payable, but the Lifetime Maximum will be equal to the greater of the following items.
 - a) The total amount of premiums paid for your Coverage.
 - b) 30 times the Facility Daily Benefit at the time of lapse.

The total of all benefits paid under your Coverage will not exceed the Lifetime Maximum that would have been payable if your Coverage did not lapse.

Option 2 will automatically take effect if both of the following apply.

- 1) Your Coverage lapses within 120 days of the premium due date for the Substantially Increased Premium.
- 2) You have not made an election.

THE CLAIMS PROCESS

In accordance with the provisions below, this section describes what Prudential needs to determine if benefits are payable under your Coverage. You must have a Chronic Illness or Disability while your Coverage is in force. You must undergo an Assessment and be certified by a Licensed Health Care Practitioner as having a Chronic Illness or Disability. A Licensed Health Care Practitioner must then develop a Plan of Care, consistent with the certification. Prudential must be provided with satisfactory proof of loss, including a completed claim form and other documentation. Once these requirements are met, Prudential will review your claim and determine whether benefits are payable.

LIMITATIONS OR CONDITIONS ON ELIGIBILITY FOR PAYMENT OF BENEFITS

BENEFIT ELIGIBILITY CRITERIA

Before incurring Eligible Charges and submitting a claim, you must undergo an Assessment and be certified by a Licensed Health Care Practitioner as having a Chronic Illness or Disability. A Chronic Illness or Disability is one that meets either definition below.

- 1) A loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living due to a loss of functional capacity. This inability must be expected to continue for at least 90 consecutive days. This expectation is not a waiting period. Activities of Daily Living are Bathing, Continence, Dressing, Eating, Toileting and Transferring.
- 2) A Severe Cognitive Impairment that requires Substantial Supervision to protect you from threats to health and safety.

A Licensed Health Care Practitioner must then develop a Plan of Care.

NOTICE OF CLAIM

If you think you have a Chronic Illness or Disability that is expected to last at least 90 days, you should call the Prudential Customer Service Center at, 1-800-732-0416. Either you or your representative may call. This notice should be given to Prudential within 20 days of the onset of a potential Chronic Illness or Disability, or as soon as reasonably possible.

Notice may be given to The Prudential Insurance Company of America at our Long-Term Care Customer Service Center. The notice should include your name and Certificate number. The address for the Customer Service Center appears on the first page of your Coverage.

CERTIFICATION PROCESS

Prudential will arrange for an Assessment to determine if you have a Chronic Illness or Disability. As part of the Assessment process, you will be interviewed. The Assessment will be based on objective standards of measurement. The Assessment must be made at a time when the chronic nature of the condition can be determined.

A Licensed Health Care Practitioner must certify your Chronic Illness or Disability. After your Chronic Illness or Disability is certified, a Plan of Care, acceptable to Prudential, must be developed consistent with your needs. Prudential reserves the right to verify that all of the Benefit Eligibility Criteria have been satisfied and determine if you are eligible for benefits. You will be sent a written notice to confirm the date you become eligible. If you are not eligible, you will be sent a written notice explaining the reasons you are not eligible.

You can select your own Licensed Health Care Practitioner to certify your Chronic Illness or Disability. If you wish to do so, you should notify us when you call our Long-Term Care Customer Service Center. Prudential will send you an Assessment form that your Licensed Health Care Practitioner must complete and return together with an acceptable Plan of Care to us prior to submitting proof of loss. Prudential must receive proof that a Licensed Health Care Practitioner has certified, in writing, that you have a Chronic Illness or Disability. Prudential must receive such proof within 12 months of the certification date. The certification must occur on or after your Effective Date. Prudential reserves the right to verify that all of the Benefit Eligibility Criteria have been satisfied to determine if you are eligible for benefits.

CLAIM FORMS

When Prudential is notified, you will be sent a claim form. It will be sent no later than 10 working days following the date of your notice. If you do not receive the claim form within this time, you may send us the documentation identified in the Proof of Loss section of your Coverage.

PROOF OF LOSS For reimbursement of Eligible Charges, your Proof of Loss must include the Provider's bill, together with the completed claim form. Any bill must include all of the following.

- 1) The name of the person who received the service.
- 2) The name and address of the Provider who rendered the service.
- 3) The date(s) of service.
- 4) Each type of service rendered.
- 5) The charge for that service.

At your own expense, you must obtain and submit all required documentation to us in English.

If you are submitting Proof of Loss for charges for Qualified Long-Term Care Services rendered by a Nursing Home, Assisted Living Facility, Residential Health Care Facility, Adult Foster Home or Board and Care Facility, or by a vendor providing such services on behalf of the facility, you must submit a written bill that itemizes and separately details each service, cost and expense that you sustained. This bill must include an itemized listing of all services, costs and expenses, including type and date of each, hours of services per day and cost per hour for each date services are provided to you. Charges for room and board or comparable expenses for residence in the facility must be listed separately from any other costs. Prudential reserves the right to require that facility bills be sufficiently itemized to allow us to determine which charges, if any, from a facility may be Eligible Charges under your Coverage. You are responsible for obtaining a sufficiently itemized bill from the facility you use.

If you are submitting Proof of Loss for the International Coverage benefit, you must also submit a copy of your passport, airline ticket or other proof acceptable to Prudential that you are outside the United States.

A Provider's bill does not need to be submitted for a claim under the Cash Alternative Benefit.

The proof of loss should be sent within 90 days of the date loss begins. Failure to furnish such proof within the time required will not invalidate or reduce any claim if both of the following apply.

- 1) It was not reasonably possible to furnish the proof within that time; and
- 2) Proof is furnished as soon as reasonably possible.

Except in the absence of legal capacity, the required proof must be given no later than one year (Fifteen months for residents of Hawaii) from the time specified.

PHYSICAL EXAMINATION

You may be required to have a physical examination to be eligible for benefits. Prudential may do this when and as often as is reasonable, while your claim is pending, at its own expense.

TIME OF CLAIM PAYMENT

Benefits are payable when Prudential receives satisfactory proof of loss. An explanation of benefits notice that explains the resolution of your claim will be sent to you within 30 days from the date Prudential receives satisfactory proof of loss.

Benefits due and unpaid at your death will be paid to your estate.

At your request, all or a portion of any benefits payable under your Coverage may be paid directly to the eligible Provider if located in the United States. Benefits not assigned will be paid directly to you.

Benefits will be calculated and paid in United States currency. If applicable, any foreign exchange rate will be as determined by Prudential.

FACILITY OF PAYMENT

Prudential may pay benefits to a person whom we deem entitled to the benefits if they would otherwise be paid to your estate, or to a person who is a minor or to a person otherwise not competent to give a valid release.

We may pay up to \$1,000 under this provision. Any payment made by us, in good faith pursuant to this provision, shall fully discharge Prudential to the extent of such payment.

LATE PAYMENTS

If benefits are not paid in a timely fashion, Prudential will pay interest on any such late claim payments in accordance with the laws then in effect.

REASSESSMENT You will be reassessed periodically to determine if you are still eligible for benefits. To comply with federal income tax requirements, you must be certified as having a Chronic Illness or Disability at least once in a 12-month period. Prudential reserves the right to verify that all of the Benefit Eligibility Criteria have been satisfied to determine if you continue to be eligible for benefits.

APPEALS You have the right to appeal decisions made about your eligibility for benefits or a claim.

If your claim or benefit is denied, Prudential will explain the procedure you must follow if you choose to appeal a claim decision.

Prudential will send you a written acknowledgement of your appeal within 10 days of receipt. If no additional information is required and the appeal is denied, the acknowledgment will include an explanation of the reasons for the denial. If additional information is required, we will explain what information is needed. If we do not receive the requested data within 21 days, we will notify you in writing. Within 30 days of the receipt of the required information, Prudential will notify you in writing of the decision concerning your claim.

The Appeals process does not in any way negate or reduce your rights under the Legal Actions provision.

LEGAL ACTIONS

No action at law or in equity can be brought against Prudential to recover benefits from this Coverage until 60 days after the required proof of loss is furnished to Prudential. No such action shall be brought more than three years (five years in Kansas; six years in South Carolina) after you incur Eligible Charges.

For Florida residents, no such action shall be brought after the end of the applicable Florida statute of limitations from the time within which proof of loss is required.

For Missouri and Texas residents, no such action shall be brought more than three years after the expiration of the period within which proof of loss must be furnished.

ELIMINATION PERIOD

The Elimination Period must be satisfied once during your lifetime before benefits are paid. The number of calendar days for your Elimination Period is stated in your Schedule of Benefits.

Prudential will begin to count days to satisfy your Elimination Period with the date you are certified by a Licensed Health Care Practitioner, within the last 12 months, as having a Chronic Illness or Disability. Each day your Chronic Illness or Disability continues counts in satisfaction of this Elimination Period.

If your Chronic Illness or Disability ends before the Elimination Period is satisfied, the number of days that elapsed during that Chronic Illness or Disability will be applied towards satisfaction of Elimination Period.

Since Hospice Care and Respite Care are not subject to the Elimination Period, days in which those covered services are received do not count toward meeting your Elimination Period.

No benefits are payable during the Elimination Period for charges to which the Elimination Period applies.

COORDINATION OF BENEFITS WITH OTHER COVERAGES

WHAT IT MEANS Long-Term Care insurance helps you pay for the cost of any Long-Term Care expenses described in this Certificate. It is not meant for you to receive benefits that are greater than the actual costs you incurred. Therefore, Prudential coordinates its benefit payments with other types of coverage that might pay you benefits for the same Long-Term Care expenses. In doing so, the benefits under this Coverage can last longer and it helps premium rates for this insurance to remain reasonable.

This Coordination of Benefits provision follows the guidelines set by the National Association of Insurance Commissioners.

OTHER COVERAGES The other coverage(s) we look at include government programs (other than Medicaid), group medical benefits, no-fault or medical payment provisions of an automobile insurance contract and other employer/association-sponsored Long-Term Care insurance. We do not look at Medicaid or individual insurance policies.

HOW IT WORKS One coverage will pay benefits first and is called the primary coverage.

Other coverage(s) that pay next are called the secondary coverage(s).

If Prudential's Long-Term Care Insurance Coverage is primary, we will pay benefits without coordinating with other coverage(s). That means that we will pay benefits to the maximum extent permitted by your Coverage.

If another plan is primary, then it will pay first. In that case, we will pay no more than the difference between the amount payable by your other coverage(s) and your actual expenses.

WHICH COVERAGE IS PRIMARY

The following rules determine which coverage is primary.

A coverage that does not have a coordination of benefits provision with rules that are similar to those in this Coverage is the primary coverage.

A coverage that covers you as a Member or Retiree is primary to a coverage, which covers you as a relative (e.g. by blood or marriage) of the Member or Retiree. If Medicare also covers you, this rule may be reversed depending on Medicare's rules regarding its payments for your expenses.

A coverage that covers you as an active Member or as the relative (e.g. by blood or marriage) of such a Member is primary to a coverage, which covers you as a laid off or retired member or as the relative (e.g. by blood or marriage) of such a Member. But if the other coverage does not have this rule, it is ignored.

If the above rules do not apply, then the coverage, which has covered you the longest will be primary.

INFORMATION

Certain information is needed to apply the above Coordination of Benefits rules. We have the right to decide which information we need to provide benefits and to collect the information from or given that information to any other organization, person or entity, if needed to provide benefits. We need not notify the insured of the receipt or disbursement of information. Each person claiming benefits under the coverage must provide us with any facts we need to pay the claim.

RIGHT OF RECOVERY

A payment made under another coverage may include an amount that should have been paid under this Coverage. If it does, we may pay that amount to the organization or entity that made that payment. That amount will be treated as though it was a benefit paid under this Coverage. We will not have to pay that amount again.

If we pay more than we should have paid under this provision, we may recover the excess from one or more of the following.

- 1) The persons we have paid or the person for whom we have paid.
- 2) Insurance companies.
- 3) Other entities or organizations.

COVERAGE EXCLUSIONS

Your Coverage is designed to provide benefits to pay for your Qualified Long-Term Care Services. Your Coverage does not provide benefits for any of the following.

- 1) Work-connected Conditions Charge. A charge covered by a worker's compensation law, occupational disease law or similar law.
- 2) 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.
- 3) 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.
- 4) Charges for services or supplies for which no charge would be made in the absence of insurance.
- 5) Charges for care or treatment provided outside the United States except as described in the International Coverage benefit.
- 6) Charges arising from intentionally self-inflicted injury or attempted suicide.

NON-DUPLICATION OF MEDICARE BENEFITS

Benefits under your Coverage 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 following situations apply.

- 1) Such expenses are reimbursable by Medicare as a secondary payer.
- 2) Claim is under the Cash Alternative Benefit, Cash Benefit or Flexible Cash Benefit, if any.

DEFINITIONS

This section defines certain terms used in your Certificate. These definitions apply to the terms used in your Certificate, Outline of Coverage and the Contract, and any other attached forms.

ACTIVITIES OF DAILY LIVING (ADLs)

Bathing - Washing oneself by sponge bath, or in either a tub or shower, including the task of getting into or out of the tub or shower.

Continence - The ability to maintain control of bowel and bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Dressing - Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

Eating - Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by feeding tube or intravenously.

Toileting - Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

Transferring - Moving into or out of a bed, chair or wheelchair.

ADULT DAY CARE

A formal community based program for six (6) or more persons, providing social and health related services during the day, to functionally and/or cognitively impaired adults. It must be licensed and/or certified as Adult Day Care according to the laws of the jurisdiction in which it is located. If licensure and/or certification is not required, then the Adult Day Care must satisfy all of the following requirements:

- 1) It must have a structured program that includes a variety of health, social and other related support services in a protective setting during daytime hours, but less than 24-hour care.
- 2) It must have established procedures for obtaining emergency medical services for clients.
- 3) It must maintain a written record of services provided to each client.
- 4) It must provide personal assistance with meals, toileting, continence and transferring.

ADULT FOSTER HOME OR BOARD AND CARE FACILITY

A family home or other facility in which residential care is provided to five or fewer adults in a home-like environment for compensation. Residents must be unrelated to the Provider by blood or marriage and be elderly or functionally and/or cognitively impaired. It must be licensed and/or certified as an Adult Foster Home or Board and Care Facility according to the laws of the jurisdiction in which it is located.

Adult Foster Home does not include any house, institution, hotel or other similar living arrangement that supplies room or board only, if you do not receive any Qualified Long-Term Care Services as a resident of the facility.

ASSESSMENT

An evaluation performed by a Licensed Health Care Practitioner to determine or verify that you have a Chronic Illness or Disability. The Assessment will be based on objective standards of measurement using generally accepted tests to produce verifiable results. The Assessment must be made at a time when the chronic nature of the condition can be determined.

ASSISTED LIVING FACILITY OR RESIDENTIAL HEALTH CARE FACILITY

It must be licensed and/or certified as an Assisted Living Facility or Residential Health Care Facility according to the laws of the jurisdiction in which it is located. For facilities located in a jurisdiction that does not license or certify Assisted Living Facilities or Residential Health Care Facilities, it is a facility that provides ongoing services to a minimum of three residents in one location and is determined by Prudential to meet the following minimum criteria.

- 1) It is a group residence that maintains records for services to each resident.
- 2) It provides services and oversight on a 24 hour a day basis.
- 3) It provides a combination of housing, supportive services, and personal assistance designed to respond to the resident's need for help with Activities of Daily Living and instrumental activities of daily living.
- 4) It provides, at a minimum, assistance with Bathing, Dressing and help with medications.
- 5) It is not licensed as a Nursing Home.

The above criteria are based on established, national industry standards such as those developed by The Assisted Living Quality Coalition, The Assisted Living Federation of America, The American Association of Homes and Services for the Aging, and The Joint Commission on the Accreditation of Health Organizations.

BED RESERVATION	The retention of your bed by a Nursing Home that occurs if you are a resident in such a facility and you are absent from that facility for 24 hours or more for any reason.
CALENDAR YEAR	During the first year your Coverage is in force, the Calendar Year begins with your Original Effective Date and ends December 31 of the same year. Each Calendar Year thereafter, starts with January 1 and ends December 31 of the same year.
CHRONIC ILLNESS OR DISABILITY	<p>An illness or disability certified by a Licensed Health Care Practitioner in which there is at least one of the following.</p> <ol style="list-style-type: none"> 1) The loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living due to a loss of functional capacity. This inability must be expected to continue for at least 90 consecutive days. This expectation is not a waiting period. The Activities of Daily Living are defined and listed above. 2) A Severe Cognitive Impairment that requires Substantial Supervision to protect you from threats to health or safety.
COVERAGE	The Prudential Long-Term Care Insurance coverage provided to an eligible insured, as described in this Certificate of Insurance, and issued in consideration of the statements made in the Group Insurance Contract and any other required evidence of insurability and the payment of premium.
DAILY BENEFIT	The maximum amount payable per day for Eligible Charges according to the benefits you have chosen.
ELIGIBLE CHARGES	<p>The charges for your Qualified Long-Term Care Services that are used as the basis for a claim determination by Prudential. Such Qualified Long-Term Care Services must be included in your Plan of Care in order for the charges to be considered Eligible Charges. These charges must be incurred</p> <ol style="list-style-type: none"> 1) while your Coverage is in force. 2) after the Elimination Period, if any, is satisfied. 3) after the date you are certified as having a Chronic Illness or Disability. <p>Eligible Charges must be incurred for services and supplies described in Your Long-Term Care Insurance Benefit Descriptions section. Eligible Charges must be incurred from Providers who meet the criteria defined by your Coverage. A charge is considered incurred on the date you receive the service or supply.</p>

Room and board charges and comparable expenses for residence in a facility shall not be Eligible Charges unless a Licensed Health Care Practitioner certifies in a Plan of Care both of the following.

- 1) The primary reason for your residence in a Nursing Home, Assisted Living Facility, Residential Health Care Facility, Adult Foster Home or Board and Care Facility is your need to receive Qualified Long-Term Care Services in connection with your Chronic Illness or Disability on a 24-hour per day basis.
- 2) Such services are available at that Nursing Home, Assisted Living Facility, Residential Health Care Facility, Adult Foster Home or Board and Care Facility.

A charge is not an Eligible Charge if it is described in the Coverage Exclusions section. Eligible Charges do not include charges incurred during the Elimination Period even after it is satisfied.

Eligible Charges also do not include charges for ancillary or miscellaneous items or services, provided in or by a facility or as part of a Home Health Care provided to you which are not directly related to providing Qualified Long-Term Care Services in connection with your Chronic Illness or Disability. Examples include, but are not limited to, charges for utilities, hair care, newspapers, routine over-the-counter medical supplies, guest charges and convenience items.

ELIMINATION PERIOD

The number of calendar days that you have a Chronic Illness or Disability that must elapse before benefits may be payable. The Elimination Period applies to all benefits unless the Benefit Description states otherwise. The Elimination Period is shown in the Schedule of Benefits. Prudential will begin to count days to satisfy your Elimination Period with the date you are certified by a Licensed Health Care Practitioner, within the last 12 months, as having a Chronic Illness or Disability. Each day your Chronic Illness or Disability continues counts in satisfaction of this Elimination Period.

GRADUATE NURSE

A person who has completed a post-secondary nursing care training program and has a current license to provide skilled nursing care to sick or infirm persons under the direction of a licensed Physician.

GROUP INSURANCE CONTRACT

Group Insurance Contract No. LT-50543-DC between Prudential and American Foreign Service Protective Association, including this Certificate of Insurance.

**GROUP
INSURANCE
CONTRACT
HOLDER**

The entity to which this Group Insurance Contract was issued.

HOME

Your primary place of residence, which may include your independent living quarters in a continuing care retirement community or similar entity. Home does not include a Nursing Home, an Assisted Living Facility, a Residential Health Care Facility, an Adult Foster Home or Board and Care Facility, a rest home, a hospital or rehabilitation facility, or a facility for the treatment of alcoholism, chemical dependency or mental illness.

**HOME HEALTH
AIDE**

A person whose function is to provide Personal Care Services or Homemaker Services. A Home Health Aide must be licensed or certified according to the laws of the jurisdiction in which care is rendered.

When licensing or certification is not required, a person will be deemed a Home Health Aide if he or she meets both of the following criteria.

- 1) He or she meets the minimum training qualifications recognized by the Foundation for Hospice & Home Care, National League of Nursing or Centers for Medicare and Medicaid Services.
- 2) He or she is employed through an eligible Home Health Care Agency, or is an Independent Health Care Professional.

**HOME HEALTH
CARE AGENCY**

An organization that meets at least one of these three tests.

- 1) It is an agency licensed as a home health care agency in the jurisdiction in which the Home Health Care is delivered.
- 2) It is a home health care agency as defined by Medicare.
- 3) It is an agency or organization that provides a program of Home Health Care that meets all these tests.
 - a) It is licensed to provide the services for Home Health Care in the Plan of Care.
 - b) It maintains written records of services provided to patients.
 - c) Its staff includes at least one Registered Nurse or nursing care by a Registered Nurse is available to it.

HOME HEALTH CARE

Medical and non-medical services, provided to ill, disabled or infirm persons in their Home.

HOMEMAKER SERVICES

Services that are designed to maintain your ability to function independently in your Home. Homemaker Services include but are not limited to the following.

- 1) Shopping
- 2) Planning menus, preparing meals, and delivering meals to your Home.
- 3) Laundry and light house cleaning and maintenance. Light house cleaning includes vacuuming, dusting, dry mopping, dishwashing, cleaning the kitchen and bathroom and changing beds.

HOSPICE

A public agency or private organization providing palliative medical care (care which seeks to reduce pain and provide comfort, rather than provide a cure) to Terminally Ill persons. The agency or organization must meet federal certification requirements as a Hospice, or be licensed according to the laws of the jurisdiction in which it is located.

HOSPICE CARE

Services and supplies provided through a Hospice to meet the special physical, psychological, spiritual and social needs for a Terminally Ill person and his or her immediate family. Hospice Care provides palliative and supportive medical, nursing and other health services through home and inpatient care during the illness to one or both of the following.

- 1) A Terminally Ill person who has no reasonable prospect of cure as estimated by a Physician.
- 2) The immediate family or Primary Informal Caregiver of the person described in 1) above.

Hospice Care includes the following.

- 1) Part-time nursing care by or supervised by a Registered Nurse.
- 2) Counseling, including dietary counseling, for the Terminally Ill person.
- 3) Family counseling for the immediate family and the Primary Informal Caregiver before the death of the Terminally Ill person.

- 4) Medical supplies, equipment, and medication required to maintain the comfort and manage the pain of the Terminally Ill person.

INDEPENDENT HEALTH CARE PROFESSIONAL	A Home Health Aide, Registered Nurse, Licensed Practical Nurse or Therapist independently providing Home Health Care services within the scope of his or her license.
LICENSED HEALTH CARE PRACTITIONER	A Physician, a Registered Nurse, a licensed social worker, or another professional individual who meets the requirements prescribed by the United States Secretary of the Treasury.
LICENSED PRACTICAL NURSE	A professional nurse legally designated "LPN" who, where licensing is required, holds a valid license according to the laws of the jurisdiction in which the nursing service is performed. The term licensed practical nurse (LPN) shall include a licensed vocational nurse (LVN) and any other similarly designated nurse in those jurisdictions in which a professional nurse is designated as other than an LPN and for whom licensing is required.
LICENSED SOCIAL WORKER	A person who has a Baccalaureate, Master's or Doctoral degree in Social Work from a program accredited by the Council on Social Work Education and is appropriately licensed or certified, if licensing and certification is required, in the United States' jurisdiction where the social work is performed.
LIFETIME MAXIMUM	The maximum lifetime benefit payable for Eligible Charges according to the benefits you have chosen for this Coverage. Your initial Lifetime Maximum is the amount available for all benefits payable under your Coverage as of the Original Effective Date. Benefits paid are deducted from the Lifetime Maximum, unless the benefit description states otherwise. If Eligible Charges are less than your Daily Benefit, only the amount of the benefit payment for the Eligible Charge is deducted from your Lifetime Maximum.
MEDICAID	Title XIX, Grants to States for Medical Assistance Programs, of the United States Social Security Act, as amended from time to time.
MEDICARE	The program under The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 or Health Insurance for the Aged Act (42 U.S.C.A. §1495- 1495ccc).
MEMBER	A member in good standing of the American Foreign Service Protective Association.

**NURSE
REGISTRY**

An organization that meets the following requirements.

- 1) Its main function is to provide a referral service for Registered Nurses or Licensed Practical Nurses specialized in providing Home Health Care services.
- 2) It is appropriately licensed according to the laws of the jurisdiction in which the services are provided, if the jurisdiction in which the Nurse Registry is located requires licensure.

NURSING HOME

A facility that provides skilled, intermediate or custodial care and meets one of the following criteria.

- 1) It is Medicare-approved as a Provider of skilled nursing care services.
- 2) It is licensed and operated according to the laws of the jurisdiction in which it is located as a skilled nursing home, an intermediate care facility or a custodial care facility.
- 3) It meets all the following criteria.
 - a) Its main function is to provide skilled, intermediate or custodial nursing care.
 - b) It is engaged in providing continuous room and board accommodations for three or more persons.
 - c) It has a Physician on staff or available to it under contract.
 - d) It is under the supervision of a Registered Nurse or Licensed Practical Nurse.
 - e) It maintains medical records for each patient.
 - f) It maintains control of and records of all medications dispensed.

A nursing home shall not include a facility or part thereof that is primarily a facility for the treatment of alcoholism, chemical dependency or mental illness.

**OUT-OF-
COUNTRY
NURSING HOME**

An institution, not excluded below, that meets the following criteria.

- 1) It is located outside the United States, its territories and possessions.
- 2) It is a legally operated facility that is engaged primarily in providing skilled, intermediate or custodial nursing care for at least 10 people.

- 3) It provides such care in accordance with the authority granted by a license or similar accreditation, acceptable to Prudential, that has been issued by the national or requisite political subdivision of the country in which it is located to provide the levels of care for which benefits would be payable under the Coverage's Facility Care benefits.
- 4) It provides continuous room and board accommodations for all of its residents.
- 5) It employs at least one full-time Graduate Nurse, with a Graduate Nurse on duty or on call in the facility at all times.
- 6) It has an awake employee on duty in the facility who is trained and ready to provide residents with scheduled and unscheduled care and services sufficient to support needs resulting from inability to perform Activities of Daily Living or Severe Cognitive Impairment and who is aware of the whereabouts of the residents.
- 7) It provides three meals a day and accommodates special dietary needs.
- 8) It has arrangements with a duly licensed physician or Graduate Nurse to furnish medical care and services in case of an emergency.
- 9) It has methods and procedures to provide necessary assistance to residents in managing prescribed medications.

The following facilities are excluded.

- 1) A facility whose primary function is not to provide Qualified Long-Term Care Services.
- 2) A hospital or clinic, sub-acute care or rehabilitation hospital or unit.
- 3) A facility or part thereof that operates primarily for the treatment of alcoholism, chemical dependency or mental illness.
- 4) Your Home or place of residence in an area used principally for independent residential living, including hotels, motels, spas, retirement homes, boarding homes and adult foster care facilities.
- 5) A substantially similar adult residence establishment or environment.

PERSONAL CARE SERVICES

The provision of hands-on services needed to assist a person with a Chronic Illness or Disability. Such care can provide assistance with simple health care tasks, personal hygiene, and other supportive tasks, including use of the telephone, managing medications, moving about outside, preparing meals, shopping for essentials, and transportation to and from health care Providers. Personal Care Services can be provided by a skilled or unskilled person.

PHYSICIAN

Any person licensed by a United States jurisdiction as a Medical Doctor (M.D.) or Doctor of Osteopathy (D.O.) practicing within the scope of his or her license.

PLAN OF CARE

A written plan that has been developed to meet your Long-Term Care needs. The Plan of Care must meet the following requirements.

- 1) It is developed and approved by a Licensed Health Care Practitioner based on review of your health status, medical records and information from the Licensed Health Care Practitioner responsible for your care.
- 2) It names the type, frequency and duration of services you need.
- 3) It names the types of Providers that are needed.
- 4) It is in accordance with accepted medical and nursing standards of practice in the United States.

Your Plan of Care must be updated as your condition and care needs change. We must be provided with a revised Plan of Care if it is updated by your Licensed Health Care Practitioner.

PRIMARY INFORMAL CAREGIVER

An unpaid person who regularly provides one of the following.

- 1) Substantial Assistance when you are unable to perform at least two of the Activities of Daily Living.
- 2) Substantial Supervision when you have Severe Cognitive Impairment.

PRIVATE CARE CONSULTANT

A Licensed Health Care Practitioner not associated with Prudential, who is qualified to coordinate your necessary medical care, Long-Term Care, Personal Care and social services. Qualifications are based on training and experience and can include health care industry, state or national standards.

PROVIDER	A licensed or certified professional or entity that provides Qualified Long-Term Care Services.
QUALIFIED LONG-TERM CARE SERVICES	Necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or Personal Care Services, provided in a setting other than an acute care unit at a hospital which began while your Coverage is in-force.
REFERRAL AGENCY	<p>An agency that meets the following requirements.</p> <ol style="list-style-type: none"> 1) Its main function is to provide a referral service for Registered Nurses, Licensed Practical Nurses, Therapists or licensed Home Health Aides providing Home Health Care. 2) It is licensed according to the laws of the jurisdiction in which it is located to provide such services. If licensing is not required, the agency must be accredited by the Joint Commission on Accreditation of Health Care Organizations, the National Care Organizations, the Community Health Accreditation Program, the Foundation for Hospice and Home Care or the National League of Nurses.
REGISTERED NURSE	A professional nurse legally designated “RN” who, where licensing is required, holds a valid license according to the laws of the United States jurisdiction in which the nursing service is performed.
RESPITE CARE	Short-term care provided by a third party to relieve your Primary Informal Caregiver from care giving responsibilities.
SEVERE COGNITIVE IMPAIRMENT	<p>A loss or deterioration in intellectual capacity that is:</p> <ol style="list-style-type: none"> 1) Comparable to (and includes) Alzheimer’s Disease and similar forms of irreversible dementia, and 2) Measured by clinical evidence and standardized tests that reliably measure impairment in the individual’s <ol style="list-style-type: none"> a) Short-term or long-term memory, b) Orientation as to people, places, or time and c) Deductive or abstract reasoning.
SPOUSE	The person to whom you are legally married.

SUBSTANTIAL ASSISTANCE	<p>Hands-on assistance or stand-by assistance.</p> <ol style="list-style-type: none"> 1) Hands-on assistance is the physical assistance of another person without which an individual would be unable to perform an Activity of Daily Living. 2) Stand-by assistance is the presence of another person within arm's reach that is necessary to prevent, by physical intervention, injury to an individual while the individual is performing an Activity of Daily Living.
SUBSTANTIAL SUPERVISION	Continual oversight that may include cueing by verbal prompting, gestures or other demonstrations by another person, and that is necessary to protect you from threats to your health or safety.
TERMINALLY ILL	A medical prognosis given by a Physician that your life expectancy is six months or less.
THERAPIST	A physical therapist, occupational therapist, respiratory therapist, speech pathologist or audiologist who is licensed according to the laws of the jurisdiction in where the services are performed.
UNITED STATES	The United States of America, its territories and possessions.

WHEN YOUR COVERAGE ENDS

TERMINATION OF YOUR COVERAGE

Your Coverage and any optional benefits will end at 12:01 A. M. on the earliest of the following dates.

- 1) The premium due date if you fail to pay the full modal premium required for your Coverage when due or in accordance with the Grace Period provision. This will not apply if the premium is being waived under the Waiver of Premiums provision.
- 2) The date you have exhausted your Lifetime Maximum.
- 3) The date of your death.
- 4) The date we receive written notice requesting cancellation of your Coverage or the date requested in such notice, if later.

EXTENSION OF BENEFITS

Termination of your Coverage will be without prejudice to benefits payable for your care in a Nursing Home, an Assisted Living Facility, a Residential Health Care Facility, an Adult Foster Home or Board and Care Facility if such care began while your Coverage was in force and continues without interruption after your Coverage ends. Benefits will be extended until the earlier of the following.

- 1) The date on which you no longer incur Eligible Charges for such care.
- 2) The date your Lifetime Maximum has been exhausted.

If you are receiving benefits when the Coverage terminated, you will be considered covered under your Coverage for purposes of the Waiver of Premiums provision.

REINSTATEMENT

If your full modal premium is not paid within the time required, your Coverage will lapse. To reinstate your Coverage, all of the following must occur.

- 1) You must request reinstatement within 90 days from the date the last notice of unpaid premium is given by Prudential.
- 2) You must complete a reinstatement application.
- 3) Prudential must approve the reinstatement application.
- 4) You must pay all past due premium as of the date of reinstatement.

If your Coverage lapsed due to your Chronic Illness or Disability, you or your representative may request reinstatement, without a reinstatement application, if both of the following items apply.

- 1) The request is made within five months of the premium due date.
- 2) Your Chronic Illness or Disability is certified by a Licensed Health Care Practitioner and existed on the premium due date.

Your Coverage will be reinstated as of the premium due date provided all past due premium has been received.

In all other respects, your rights and Prudential's rights will remain the same. You will have the same level of Coverage you had before your Coverage lapsed. All benefits paid before the reinstatement count towards your Lifetime Maximum under the reinstated Coverage.

Call the Long-Term Care Customer Service Center at 1-800-732-0416 to determine if your Coverage can be reinstated.

**RESCINDING YOUR
COVERAGE -
INCONTESTABILITY**

Your Coverage was issued based on information given in your Enrollment Form and any applicable Evidence of Insurability Forms. All statements made by you are considered to be to the best of your knowledge and belief. Such statements will be deemed representations and not warranties. A statement will not be used in a contest to avoid this insurance or reduce benefits unless both of the following apply.

- 1) It is a written statement signed by you.
- 2) A copy of that statement is or has been furnished to you or your representative.

During the first six months your Coverage is in force, if:

- 1) Information on your Enrollment Form and any applicable Evidence of Insurability Forms misrepresented any information about you or your health or medical history; and
- 2) As a result, we offered you insurance that you otherwise would not have been offered,

Prudential can rescind your Coverage or deny an otherwise valid claim.

After your Coverage has been in effect for six months, but less than two years, if:

- 1) Information on your Enrollment Form and any applicable Evidence of Insurability Forms misrepresented any information about you or your health or medical history; and
- 2) As a result, we offered you insurance that you otherwise would not have been offered; and
- 3) The misrepresentation pertains to the condition for which benefits are claimed,

Prudential can rescind your Coverage or deny an otherwise valid claim.

After your Coverage has been in effect for two years, if:

- 1) Relevant facts relating to your health were knowingly and intentionally misrepresented on your Enrollment Form and any applicable Evidence of Insurability Forms; and
- 2) As a result, we offered you insurance that you otherwise would not have been offered,

Prudential can rescind your Coverage or deny an otherwise valid claim.

These provisions also apply if you provide additional evidence of insurability to purchase additional coverage after your Effective Date.

AUTOMATIC COMPOUND INFLATION INCREASE BENEFIT – NO MAXIMUM

Your Schedule of Benefits will indicate if you selected this option. If you did not elect this option, then the Automatic Compound Inflation Benefit – No Maximum is not part of your Coverage.

Please refer to the Definitions section in your Certificate for defined terms.

This benefit increases the benefit levels as described below, by 5% compounded annually.

AUTOMATIC COMPOUND INCREASES

Your benefits will automatically increase on the Anniversary Date of the Effective Date of your Coverage. The first increase will take effect on the Anniversary Date that follows the Effective Date of this benefit. The increase will occur even if you are receiving benefits.

If you have purchased additional benefits after the Effective Date of this benefit, increases will also occur for those benefits, in accordance with the terms and conditions described herein.

Your premium will not increase solely due to increases under this benefit.

Increases to your Benefits

With each increase, your benefits that provide coverage for Eligible Charges up to a specified dollar amount per day, per Calendar Year or per lifetime will be increased each year by 5%. The number of days during a Calendar Year for which benefits are payable for Bed Reservation and Respite Care shall remain the same. The number of days during a lifetime for which benefits are payable for International Coverage shall remain the same.

Increases to your Lifetime Maximum

The increase to your Lifetime Maximum will be the increase to your Facility Daily Benefit times the benefit period multiplier, where the benefit period multiplier is the Lifetime Maximum at issue of this benefit divided by the Facility Daily Benefit at issue of this benefit.

Termination of Automatic Compound Inflation – No Maximum

This benefit will terminate if any of the following events occur.

- 1) Your Coverage lapses because you fail to pay the full modal premium when due or in accordance with the Grace Period provision.

- 2) You send a written request to terminate this benefit. This benefit will end as of the date the request is received, unless a later date is specified.

**Effect of Lapse
and Termination
of Automatic
Compound
Inflation – No
Maximum**

If your Coverage ends and is later reinstated, automatic inflation increases will be made as if your Coverage had remained in effect.

If your Coverage lapses for non-payment of premium and Coverage continues under the Non-Forfeiture Benefit, no increase will be made after the due date of the unpaid premium.

If you elect a lesser Lifetime Maximum under the Contingent Non-Forfeiture Provisions, no additional increases will be made.

Long Term Care Coverage is underwritten by The Prudential Insurance Company of America.

Coverage under Prudential's Long Term Care Coverage is subject to all applicable laws and regulations.

Prudential Long-Term Care Solid SolutionsSM is a service mark of The Prudential Insurance Company of America.

**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
751 BROAD STREET
NEWARK, NEW JERSEY 07102
(800) 732-0416**

**LONG-TERM CARE INSURANCE
OUTLINE OF COVERAGE**

Policy Number 83500 Contract Series
Group Contract No. LT-50543-DC

The following applies to applicants who must answer medical questions in order to qualify for the Long Term Care Insurance.

Caution: *The issuance of this long-term care insurance certificate is based upon your responses to the questions on your enrollment form. A copy of your enrollment form will be included with your Certificate of Insurance if you had to provide evidence of insurability. If your answers are incorrect or untrue, or you fail to include all material medical information requested, Prudential may have the right to deny benefits or rescind your Certificate, subject to the Incontestability provision. The best time to clear up any questions is now, before a claim arises! If, for any reason, any of your answers are incorrect, contact the company at this address: Prudential Long Term Care Customer Service Center, P. O. Box 8526, Philadelphia, PA 19176.*

Notice to buyer: The Certificate of Insurance may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all coverage limitations.

1. This policy is a group policy that was issued in the State of District of Columbia.
2. **PURPOSE OF OUTLINE OF COVERAGE.** This outline of coverage provides a very brief description of the important features of the Coverage. You should compare this outline of coverage to outlines of coverage for other policies available to you. This is not an insurance contract, but only a summary of coverage. Only the group policy contains governing contractual provisions. This means that the group policy sets forth in detail the rights and obligations of both you and the insurance company. Therefore, if you purchase this Coverage, or any other coverage, it is important that you **READ YOUR CERTIFICATE CAREFULLY!**
3. **FEDERAL TAX CONSEQUENCES. The Certificate of Insurance 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.**

4. TERMS UNDER WHICH THE CERTIFICATE MAY BE CONTINUED IN FORCE OR DISCONTINUED. RENEWABILITY: **THE CERTIFICATE OF INSURANCE IS GUARANTEED RENEWABLE.** This means you have the right, subject to the terms of your Certificate of Insurance to continue the Certificate as long as you pay your premiums on time. Prudential cannot change any of the terms of your Certificate on its own, except that, in the future, IT MAY INCREASE THE PREMIUM YOU PAY. The Coverage may be continued if your Coverage ends for any reason other than nonpayment of premiums or exhaustion of the Lifetime Maximum. You may elect to continue the Coverage by paying the applicable premium for it. This Certificate contains a Waiver of Premium provision. After you meet the Benefit Eligibility Criteria and satisfy the required Elimination Period, the premiums for your Coverage will be waived. These features are described in full detail in the Certificate.
5. TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS. **PRUDENTIAL RESERVES THE RIGHT TO CHANGE THE PREMIUM YOU PAY. ANY CHANGE WILL APPLY ON A CLASS BASIS TO ALL INSUREDS.**
6. TERMS UNDER WHICH THE CERTIFICATE MAY BE RETURNED AND PREMIUM REFUNDED. If you decide you do not want the Coverage, you may return the Certificate, along with a written request to cancel the Coverage within 30 days of receipt. Your Coverage will be canceled as of the Effective Date. Any premium paid will be returned to you within 10 days of receiving your cancellation request. Upon notification of your death or cancellation of the Coverage after the 30-day free look period, Prudential will refund on a pro-rated basis any part of the premium that applies to the period after cancellation. The Certificate does not contain provisions that provide for a refund or partial refund of premiums paid upon your death.
7. **THIS IS NOT MEDICARE SUPPLEMENT COVERAGE.** If you are eligible for Medicare, review the *Guide to Health Insurance for People with Medicare* available from Prudential by calling 1-800-732-0416. Prudential is not representing Medicare, the federal government or any state government.
8. LONG-TERM CARE COVERAGE. Policies of this category are designed to provide coverage for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital, such as in a nursing home, in the community or in the home. The Certificate provides coverage in the form of reimbursement benefits, according to the Plan you choose, for covered long-term care expenses, subject to the Elimination Period and any applicable daily benefits, monthly benefits, calendar year limits and Lifetime Maximum benefits.

9. **BENEFITS PROVIDED BY THE CERTIFICATE.** The Certificate pays benefits for Eligible Charges incurred by you for the following. Care in a Nursing Home. Care in an Assisted Living Facility Care, Residential Health Care Facility, Adult Foster Home or Board and Care Facility. Bed Reservation, Hospice Care and Respite Care. Home Care, which includes Adult Day Care, Home Health Care, Homemaker Services and Personal Care. Additional Benefits which include Home Support Services, Alternate Plan of Care, Information and Referral Services and International Coverage. Benefits paid for Eligible Charges count towards fulfillment of your Lifetime Maximum, unless otherwise stated. The actual amount paid depends on the benefit options you have chosen. Either the Facility Daily Benefit or the Assisted Living Facility Daily Benefit is payable for the same day. Benefits will not be paid for Facility Care and Home Care, including the Cash Alternative Benefit, incurred on the same day. You may choose from the following.

American Foreign Service Protective Association
LONG-TERM CARE INSURANCE BENEFITS

FACILITY DAILY BENEFIT	\$100, \$150, \$200, \$250 or \$300
ASSISTED LIVING FACILITY DAILY BENEFIT	100% OF FACILITY DAILY BENEFIT
BED RESERVATION BENEFIT	SAME AS FACILITY DAILY BENEFIT
BED RESERVATION CALENDAR YEAR LIMIT	60 DAYS
HOSPICE CARE	SAME AS FACILITY DAILY BENEFIT
RESPITE CARE	SAME AS FACILITY DAILY BENEFIT
RESPITE CARE CALENDAR YEAR LIMIT	30 DAYS
HOME CARE DAILY BENEFIT	60% OF FACILITY DAILY BENEFIT
	100% OF FACILITY DAILY BENEFIT
CASH ALTERNATIVE DAILY BENEFIT	50% OF HOME CARE DAILY BENEFIT
HOME SUPPORT SERVICES LIFETIME BENEFIT	60 times FACILITY DAILY BENEFIT
PRIVATE CARE CONSULTANT CALENDAR YEAR BENEFIT	20 times FACILITY DAILY BENEFIT
INTERNATIONAL COVERAGE FACILITY DAILY BENEFIT	75% OF FACILITY DAILY BENEFIT
INTERNATIONAL COVERAGE HOME CARE DAILY BENEFIT	75% OF HOME CARE DAILY BENEFIT

INTERNATIONAL COVERAGE LIFETIME BENEFIT LIMIT	365 Days
LIFETIME MAXIMUM	\$109,500, \$164,250, \$219,000, \$273,750 or \$328,500 <i>(Your Facility Daily Benefit times 365 days times the maximum number of years Example: \$100 X 365 X 3 years = \$109,500)</i>
ELIMINATION PERIOD	90 Days
INFLATION PROTECTION	<input checked="" type="checkbox"/> GUARANTEED PURCHASE OPTION <input checked="" type="checkbox"/> AUTOMATIC 5% COMPOUND
NON-FORFEITURE BENEFIT	<input checked="" type="checkbox"/> CONTINGENT
RETURN OF PREMIUM UPON DEATH	<input checked="" type="checkbox"/> NO
WAIVER OF PREMIUM BENEFIT	<input checked="" type="checkbox"/> STANDARD

Elimination Period. The Elimination Period must be satisfied once during your lifetime before benefits are paid. Prudential will begin to count days to satisfy your Elimination Period with the date you are certified by a Licensed Health Care Practitioner, within the last 12 months, as having a Chronic Illness or Disability. Each day your Chronic Illness or Disability continues counts in satisfaction of this Elimination Period. Since Hospice Care and Respite Care are not subject to the Elimination Period, days in which those covered services are received do not count toward meeting your Elimination Period.

Eligibility for Payment of Benefits. Before incurring Eligible Charges and submitting a claim, you must undergo an Assessment. You must also be certified by a Licensed Health Care Practitioner as having a Chronic Illness or Disability. A Chronic Illness or Disability is one that meets either definition below.

- 1) A loss of the ability to perform, without Substantial Assistance, at least two Activities of Daily Living due to a loss of functional capacity. This inability must be expected to continue for at least 90 consecutive days. This expectation is not a waiting period. Activities of Daily Living are Bathing, Contenance, Dressing, Eating, Toileting and Transferring.

- 2) A Severe Cognitive Impairment that requires Substantial Supervision to protect you from threats to health and safety.

Activities of Daily Living are defined as follows.

Bathing. Washing oneself by sponge bath, or in either a tub or shower, including the task of getting into or out of the tub or shower.

Continence. The ability to maintain control of bowel and bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag).

Dressing. Putting on and taking off all items of clothing and any necessary braces, fasteners or artificial limbs.

Eating. Feeding oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by feeding tube or intravenously.

Toileting. Getting to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.

Transferring. Moving into or out of a bed, chair or wheelchair.

Severe Cognitive Impairment is defined as follows. A loss or deterioration in intellectual capacity that is comparable to (and includes) Alzheimer's Disease and similar forms of irreversible dementia. It is measured by clinical evidence and standardized tests that reliably measure impairment in the individual's short-term or long-term memory, orientation as to people, places, or time and deductive or abstract reasoning.

Prudential will arrange for an Assessment to determine if you have a Chronic Illness or Disability. As part of the Assessment process, you will be interviewed. The Assessment will be based on objective standards of measurement. The Assessment must be made at a time when the chronic nature of the condition can be determined. A Licensed Health Care Practitioner must certify your Chronic Illness or Disability. After certification, a Plan of Care must be developed consistent with your needs. You can select your own Licensed Health Care Practitioner to certify your Chronic Illness or Disability. If you wish to do so, you should notify us when you call us. Prudential will send you an Assessment form that your Licensed Health Care Practitioner must complete and return together with the Plan of Care to us prior to submitting proof of loss. Prudential must receive proof that a Licensed Health Care Practitioner has certified that you have a Chronic Illness or Disability. Prudential must receive such proof within 12 months of the certification date. The certification must occur on or after your Effective Date. Prudential reserves the right to verify that all of the Benefit Eligibility Criteria have been satisfied and determine if you are eligible for benefits.

10. LIMITATIONS AND EXCLUSIONS. Charges Not Covered.

- a) Work-connected Conditions Charge. A charge covered by a worker's compensation law, occupational disease law or similar law.
- b) Illness, treatment or medical conditions arising out of
War or an act of war, whether declared or undeclared, while you are insured.
Your participation in a felony, riot or insurrection.
Alcoholism and drug addiction.
- c) 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.
- d) Charges for services or supplies for which no charge would be made in the absence of insurance.
- e) Charges for care or treatment provided outside the United States except as described in the International Coverage benefit.
- f) Charges arising from intentionally self-inflicted injury or attempted suicide.

Non-Duplication of Medicare Benefits. Benefits under your Coverage are not payable for expenses for Qualified Long-Term Care Services to the extent that such expenses are reimbursable under Medicare or such expenses would be reimbursable under Medicare but for the application of a deductible or coinsurance amount. This provision does not apply if following situations apply. Such expenses are reimbursable by Medicare as a secondary payer. Claim is under the Cash Alternative Benefit, Cash Benefit or Flexible Cash Benefit, if any.

THE CERTIFICATE MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH YOUR LONG-TERM CARE NEEDS.

- 11. RELATIONSHIP OF COST OF CARE AND BENEFITS.** Because the costs of Long-Term Care services will likely increase over time, you should consider whether and how the benefits of the Coverage may be adjusted. Benefit levels may increase over time in accordance with the inflation protection provision you choose.

Guaranteed Purchase Option. Every three years on the Anniversary Date of the Effective Date of your Coverage, Prudential will increase your benefits. You will be notified of this increase at least 60 days prior to the Anniversary Date. You will not have to provide proof of good health to receive this increase. All increases will occur even if you meet the Benefit Eligibility Criteria at the time of the increase. These increases will occur without taking any action.

With each increase, your benefits that provide coverage for Eligible Charges up to a specified dollar amount per day, per Calendar Year or per lifetime will be increased by 5% compounded annually over the three-year period. Amounts are rounded. The number of days during a Calendar Year for which benefits are payable for Bed Reservation and Respite Care shall remain the same. The number of days during a lifetime for which benefits are payable for International Coverage shall remain the same.

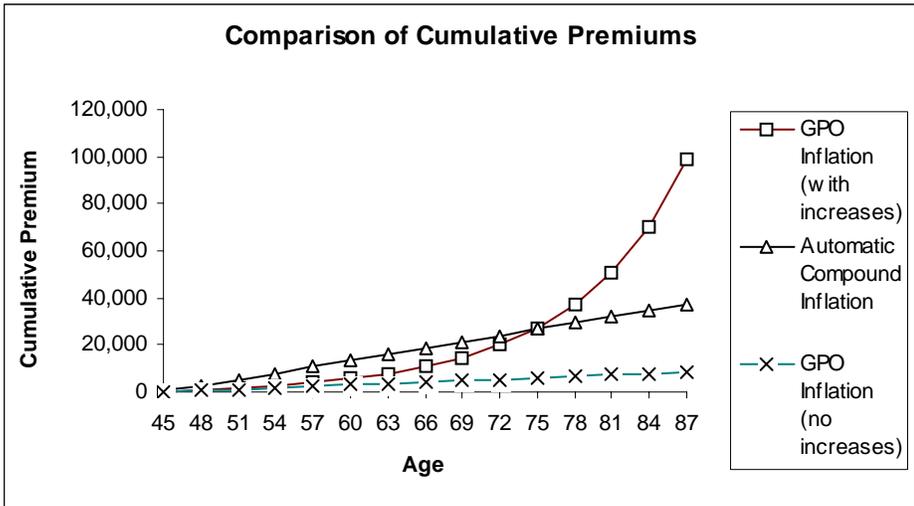
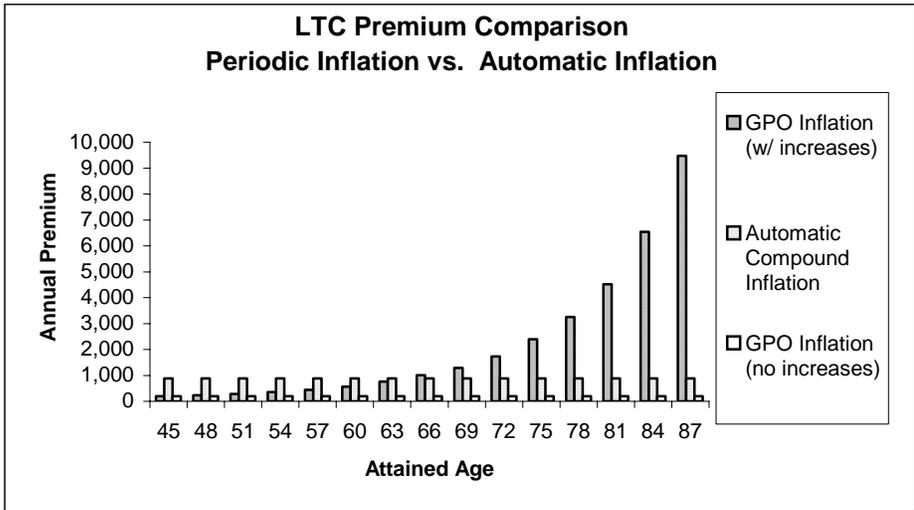
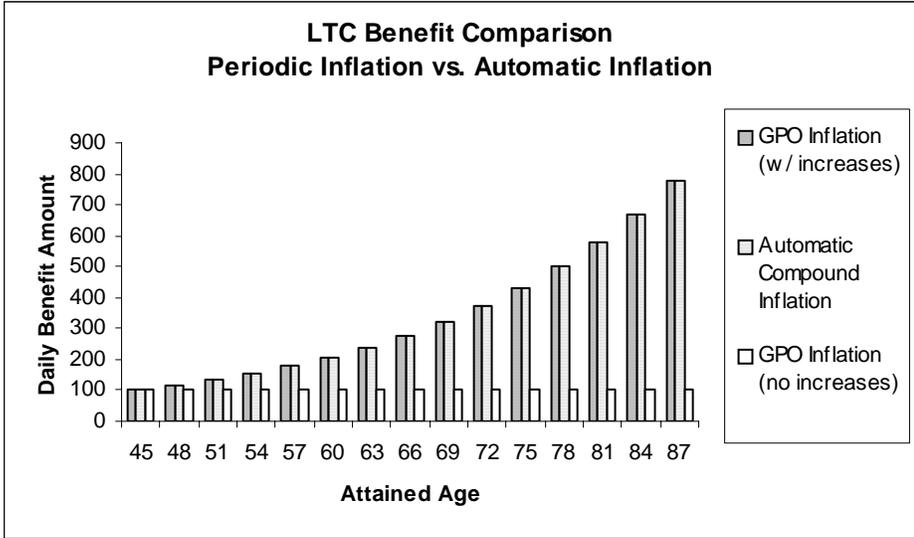
OPTIONAL BENEFIT AVAILABLE FOR ADDITIONAL PREMIUM

Automatic Compound Inflation Benefit – No Maximum. This benefit increases the benefit levels by 5% compounded annually. Your benefits will automatically increase on the Anniversary Date of the Effective Date of your Coverage. The first increase will take effect on the Anniversary Date that follows the Effective Date of this benefit. The increase will occur even if you are receiving benefits. Your premium will not increase solely due to increases under this benefit.

With each increase, your benefits that provide coverage for Eligible Charges up to a specified dollar amount per day, per Calendar Year or per lifetime will be increased each year by 5% compounded annually. The number of days during a Calendar Year for which benefits are payable for Bed Reservation and Respite Care shall remain the same. The number of days during a lifetime for which benefits are payable for International Coverage shall remain the same.

The increase to your Lifetime Maximum will be the increase to your Facility Daily Benefit times the benefit period multiplier, where the benefit period multiplier is the Lifetime Maximum at issue divided by the Facility Daily Benefit at issue.

The following is a hypothetical graphic comparison of the benefit and premium levels of a plan that increases benefits over the period of coverage with a plan that does not increase benefits. The graphic comparison shows benefit and premium levels over a thirty-year period. The example is based on a \$100 Facility Care Daily Maximum plan purchased by a 45 year old.



12. **ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN DISORDERS.** The certificate provides coverage for insureds clinically diagnosed as having Alzheimer's disease or related degenerative and dementing illnesses.
13. **PREMIUM.** Premiums vary according to the benefits you choose. The initial premium for your Coverage will be determined from the premium rate schedules contained in your enrollment material. Premiums are based on the benefits selected and your age as of the date you enroll.

14. **ADDITIONAL FEATURES.**

Medical Underwriting. Medical underwriting is used to determine eligibility for Coverage. To enroll for Coverage, you must complete an Enrollment Form. Satisfactory evidence of good health is required for all applicants in order to be eligible for the Coverage. Individuals over the age of 84 are not eligible.

Third Party Lapse Designee. You have the right to name a third party as your authorized designee to be notified when the lapse of your coverage is imminent. It is our responsibility to notify you and this designee prior to canceling your Coverage due to lack of premium payment. Notice will not be given until 30 days after a premium is due and unpaid. You may change your designee at any time by notifying Prudential in writing.

Reinstating Coverage. If you fail to pay your premium and your Coverage ends for this reason, you may be eligible to reinstate your Coverage. You must request reinstatement within 90 days from the date the last notice of unpaid premium is given by Prudential. If you fail to pay your premium, due to your Chronic Illness or Disability, and your Coverage ends for this reason, you may be eligible to reinstate your Coverage. You or your representative may request reinstatement within five months of the premium due date.

15. CONTACT THE STATE SENIOR HEALTH INSURANCE ASSISTANCE PROGRAM IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE CERTIFICATE.
16. **SENIOR COUNSELING PROGRAMS.** Please refer to *A Shopper's Guide To Long-Term Care Insurance* contained in your enrollment material for the telephone number of the Senior Counseling Program in your state.

SERFF Tracking Number: PRUD-126718700 State: Arkansas
 Filing Company: The Prudential Insurance Company of America State Tracking Number: 46238
 Company Tracking Number: IIGH-83500BCOV5026-LH-AR
 TOI: LTC03G Group Long Term Care Sub-TOI: LTC03G.001 Qualified
 Product Name: 83500 BCOV 5026 et al
 Project Name/Number: AFSPA Association Filing/

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Flesch Certification		
Comments:		
Attachment: Readability Certification.pdf		

	Item Status:	Status Date:
Satisfied - Item: Application		
Comments: Application form numbers and approval information is included in the attached Cover Letter.		

	Item Status:	Status Date:
Satisfied - Item: Health - Actuarial Justification		
Comments:		
Attachment: GLTC-4 Actuarial Memo rs ASSN 2010-05-18.pdf		

	Item Status:	Status Date:
Satisfied - Item: Outline of Coverage		
Comments: Outline of Coverage included under Form Schedule tab		

	Item Status:	Status Date:
Satisfied - Item: Cover Letter		
Comments:		
Attachment: Arkansas Association Filing Letter.pdf		

SERFF Tracking Number: PRUD-126718700 State: Arkansas
Filing Company: The Prudential Insurance Company of America State Tracking Number: 46238
Company Tracking Number: IIGH-83500BCOV5026-LH-AR
TOI: LTC03G Group Long Term Care Sub-TOI: LTC03G.001 Qualified
Product Name: 83500 BCOV 5026 et al
Project Name/Number: AFSPA Association Filing/

Item Status: **Status Date:**

Satisfied - Item: Association By-Laws
Comments:
Attachment:
Bylaws .pdf

Item Status: **Status Date:**

Satisfied - Item: Association Articles of Incorporation
Comments:
Attachment:
AFSPA Article of Incorporation.pdf

Item Status: **Status Date:**

Satisfied - Item: Association Financial Statement
Comments:
Attachment:
2009 AFSPA Audited Financial Statements.pdf

Item Status: **Status Date:**

Satisfied - Item: Response for Additional Information
Comments:
Attachment:
Arkansas Association Response 1 8.11.2010.pdf

Certification
Of
Readability

The Prudential Insurance Company of America hereby certifies that each form submitted achieves a Flesch reading testing score of at least 40.

A handwritten signature in black ink that reads "Karen L. Smyth". The signature is written in a cursive style with a large initial 'K' and a distinct 'L'.

Karen L. Smyth
Vice President

July 14, 2010

**Actuarial Memorandum Supporting Rates
for The Prudential Insurance Company of America
Group Long Term Care Insurance**

Policy Form 83500 COV 5022 et al

I. Purpose of Memorandum

The purpose of this memorandum is to provide actuarial information supporting rates for The Prudential Insurance Company of America Group Long Term Care Insurance Policy and to demonstrate the reasonableness of benefits in relationship to premiums. This rate filing is not intended to be used for other purposes.

II. Policy Information

This policy is intended to be a Tax Qualified Long Term Care Insurance Contract as defined by the Internal Revenue Code Section 7702B(b). This plan is a Guaranteed Renewable Group Long Term Care Insurance policy. Each insured person will receive a Certificate of Insurance evidencing coverage under the Group Policy. Premiums are issue age based.

III. Underwriting

For association groups, all members and qualifying family members will typically be fully underwritten.

IV. Description of Benefits

A. Facility Care - Pays eligible charges incurred up to the selected Facility Daily Benefit. Facility Care includes qualified long term care services received as a resident in a Nursing Home.

B. Assisted Living Facility Care - Pays eligible charges incurred up to the Assisted Living Facility Daily Benefit selected. This can be 50 – 100% of the Facility Daily Benefit, but not less than the Home Care Daily Benefit. Assisted Living Facility Care includes qualified long term care services received as a resident in an Assisted Living Facility, Residential Care Facility, Adult Foster Home or Board and Care Facility.

C. Home Care - Pays eligible charges incurred up to the Home Care Daily Benefit selected. This can be 50 – 100% of the Facility Daily Benefit. Pays for home health care, homemaker services or personal care and adult day care services from:

- A Home Health Care Agency
- A Referral Agency
- A Nurse Registry
- An Independent Health Care Professional
- Adult Day Care Facility

Cash Alternative Benefit – In lieu of utilizing the reimbursement benefit for Home Care, claimants will have the option of electing a cash alternative. This benefit is 50% of the Home Care reimbursement benefit.

D. Hospice Care - Pays eligible charges incurred up to the selected Facility Daily Benefit. No Elimination Period is required to be satisfied. Days during which benefits are paid will not count towards satisfying the Elimination Period.

E. Respite Care Benefit - Respite care includes LTC services that relieve family or informal care givers. Respite care services are covered up to the selected Facility Daily Benefit for up to 30 days per calendar year. No Elimination Period is required to be satisfied. Days during which benefits are paid will not count towards satisfying the Elimination Period.

F. Bed Reservation Benefit - The certificate will provide benefits for up to 60 days annually payable up to the selected Facility Daily Benefit to help reserve the insured's accommodations in the event an insured is temporarily away from a facility (i.e. nursing home) for any reason.

G. Home Support Services - Benefits are payable for assistive devices or technology, caregiver training, durable medical equipment, emergency medical response system, home modifications and transportation services which assist an insured to maintain residence in their home. This is a pool of money equal to 60 times the selected Facility Daily Benefit. No Elimination Period is required to be satisfied.

H. Alternate Plan of Care Benefit – The certificate provides benefits for care received in either an alternative setting (facility) or for services designed to help the insured remain independent in their home. Benefit eligibility and amount will be determined on an individual basis by Prudential. The care must be a Qualified Long Term Care Service that is cost effective.

- I. Private Care Consultant** – The Certificate provides coverage for consultations with a private care consultant. This is a pool of money equal to 20 times the Facility Daily Benefit per calendar year. Benefits paid do not reduce the Lifetime Maximum benefit pool. No Elimination Period is required to be satisfied.
- J. Restoration of Benefits** – When a claimant is no longer meeting the benefit eligibility criteria for at least six months, the Lifetime Maximum will be restored to the level in effect as if the insured had never made a claim. This does not apply to an insured with an Unlimited Lifetime Maximum benefit. This optional provision is elected by the Group Contract Holder, not the individual certificateholder.
- K. Return of Premium Upon Death Rider** – Upon death of the insured, the Plan will refund a portion of the total amount of premiums paid less any benefits paid or payable, based on the age of the insured at death. Various scales are available. This optional provision is elected by the Group Contract Holder, not the individual certificateholder.
- L. Elimination Period** – An insured must meet the benefit eligibility criteria and satisfy the Elimination Period before benefits are payable. The Elimination Period is counted in calendar days. The Elimination Period needs to be fulfilled only once per lifetime. Hospice Care, Respite Care, Home Support Services and Private Care Consultant benefits are not subject to the Elimination Period.

Available Elimination Periods are 30, 60, 90, 120, 180 and 365 days.

- M. Lifetime Maximum Benefit**– The plan will pay benefits until the total of all types of benefits paid reaches the Lifetime Maximum. Once the Lifetime Maximum has been reached, all coverage under the plan will terminate.

The Lifetime Maximum can be expressed as a function of time in years (e.g. 2, 3, 4, 5, 6, 10), dollar multiples of the Facility Daily Benefit (e.g. 2000x, 3000x, etc.) or can be Unlimited (lifetime).

- N. Daily Benefit Level** - Maximum Daily Benefits will be offered in \$5 increments ranging from \$50 to \$500 per day, unless a higher minimum benefit must be offered according to law.
- O. Waiver of Premium** - Premiums will be waived beginning the first day of the month following the date the insured is determined to be eligible for benefits and has satisfied the Elimination Period. Premiums will not be waived if the insured is only receiving Hospice Care, Respite Care, Home Support Services or Private Care Consultant (all of which are not subject to the Elimination Period).

- P. Contingent Non-forfeiture** – If the insured’s Certificate does not otherwise contain a non-forfeiture benefit, a contingent benefit is provided. This contingent benefit is triggered by a lapse due to a premium increase such that the cumulative increase for a Certificate is above a threshold amount that varies by issue age. The contingent benefit and the threshold amounts are as described in the 2000 NAIC Long Term Care Insurance Model Regulation.
- Q. International Coverage** – 75% percent of the selected Facility Daily Benefit or Home Care Daily Benefit is available for services received outside of the United States, subject to a maximum duration of 365 days during which Eligible Charges were incurred over the lifetime of the Certificate. All internal Certificate maximums remain. Benefits will be paid in U.S. currency.
- R. Issue Ages** – 18-84 for lifetime pay plans; 40-75 for 10-year paid up plans; 18-55 for Paid-up at Age 65 plans.
- S. Optional Benefits**

Joint Waiver of Premiums Benefit Rider – This optional Rider provides waiver of premiums for policies issued to the insured’s spouse/partner for a period coinciding with the insured’s waiver of premiums. Premium waiver continues only while the disabled spouse’s/partner’s coverage is in force.

Survivor Waiver of Premiums Benefit Rider - If one spouse/partner dies at least 10 years after the joint purchase of both certificates and if no claims were made against either Certificate during the first 10 years the Certificate was in force, all future premiums will be waived for the surviving spouse/partner.

Shared Care Benefit Rider -- Two married insureds or two partners who purchase this Certificate can opt for this Rider. If one spouse/partner exhausts benefits under his/her own Certificate, he/she can access benefits under the other spouse’s or partner’s Certificate.

If one spouse or partner dies before exhausting his/her Lifetime Maximum, the remaining dollars (which do not continue to inflate, if applicable) are available to the surviving spouse or partner once he/she has exhausted his/her own Lifetime Maximum.

All internal Certificate maximums remain.

Upon exhaustion of an insured’s Certificate benefits by his/her spouse/partner, the insured has the option to purchase, on a guaranteed issue basis, a Certificate with a 2 year lifetime maximum benefit, rated at current age.

Non-forfeiture Benefit Riders (The policyholder will select the Non-forfeiture Benefit(s) available to a certificateholder. A certificateholder may elect only one Non-forfeiture Benefit)

Shortened Benefit Period Rider – This optional rider provides for a lower lifetime maximum benefit if the Certificate terminates after three years of continuous premium payments. The Shortened Benefit Period (SBP) benefit will be equal to the sum of premiums paid to date reduced by any benefits paid or 30 times the selected Facility Daily Benefit, whichever is greater.

Return of Premium Upon Voluntary Lapse Rider - When a participant voluntarily lapses coverage, a percentage of premium will be returned, less any benefits paid or payable, based on the length of time coverage was in effect.

Reimbursement Options (the policyholder can choose the Monthly Benefit Rider or one of the Cash Benefit Riders, but not both)

Cash Benefit Rider - If elected, this benefit allows the insured to receive a monthly cash benefit equal to 100% of selected Home Care Daily Benefit times the number of days in the month the insured is eligible for benefits after satisfying the elimination period, in lieu of reimbursement benefits.

Flexible Cash Benefit Rider - If elected, this benefit allows the insured to receive as a cash benefit 50% of the selected Home Care Daily Benefit, in lieu of reimbursement benefits. In addition, if Qualified Long Term Care services are received, the insured can receive the other 50% on a reimbursement basis. Charges for care in a foreign country will not be considered under this Rider.

Monthly Benefit Rider – This optional Rider provides that benefits for Home Care are subject to a monthly maximum. The Monthly Maximum equals the Home Care Daily Benefit times the number of days in the month. If the elimination period is satisfied on a day other than the first day of the month, benefits will be pro-rated based on the number of days remaining in that month.

Inflation Riders (The policyholder will select the Inflation Rider(s) available to a certificateholder. A certificateholder may elect only one Inflation Rider)

Guaranteed Purchase Option (GPO) - At least every three years, the insured will have the opportunity to purchase additional coverage without evidence of insurability. Each increase is for 5% of the then current Facility Daily Benefit compounded annually over a three year period. Increases can be effective even if the insured has met the benefit eligibility criteria or is in claim. No evidence of insurability is ever required. The premium for the additional benefit will be based on the insured's current attained age and the current premium schedule. Increases are presumed to have been accepted unless written notice is received declining the increase.

Automatic Inflation Offerings –5% Compound (No Maximum) - Plan benefits will automatically increase annually by 5%. Increases to the Daily Benefit will be independent of claims status. The premium for this rider is issue age based.

Automatic Inflation Offerings – 5% Compound (2x Maximum) - Plan benefits will automatically increase annually by 5% until the Facility Daily Benefit is equal to 2 times the Facility Daily Benefit at issue. Increases to the Daily Benefit will be independent of claims status. The premium for this rider is issue age based.

Automatic Inflation Offerings - 5% Simple - Plan benefits will automatically increase annually by an amount equal to 5% of the Facility Daily Benefit and Lifetime Maximum at issue. Increases will be independent of claims status. The premium for this rider is issue age based.

Alternate Payment Options (the insured can choose only one alternate payment option, the default is lifetime premium payment)

10-year Paid Up – Premiums are payable for 10 years only. This feature is available to insureds age 40 and over.

Paid Up at Age 65 – Premiums are payable until the insured is age 65. The minimum premium-paying period is 10 years.

Premium Reduction at Age 65 – Premiums reduce by 50% when the insured reaches age 65. The minimum premium-paying period for the “full” premium is 5 years.

V. Gross Premiums

Gross premiums for a base plan of benefits are included in Exhibit 1. Gross premium tables are provided that vary by Home Care Benefit, Inflation Option, and Payment Period. Prudential will interpolate between the base rates for other Home Care Benefit options. Rating factors are provided to adjust base rates for other benefits and adjustments.

- A. **Benefit Waiting/Elimination Period** – Premium adjustment factors for the Benefit Waiting/Elimination Period are shown below:

Benefit waiting/Elimination Period (days)	Premium Adjustment Factor
30	1.230
60	1.065
90	1.000
120	0.970
180	0.920
365	0.780

- B. **Lifetime Maximum Benefit** – Premium adjustment factors for the Lifetime Maximum Benefit (expressed in years) are shown below. Interpolation will be used for other Lifetime Maximum Benefits.

Benefit Period (years)	Premium Adjustment Factor
2	0.69
3	0.82
4	0.94
5	1.00
6	1.04
10	1.34
Lifetime	1.48

- C. **Assisted Living Facility Benefit** – The ALF benefit is standardly paid at the same percentage as the home care benefit. Prudential will interpolate between these factors for other percentage options.

Home Care Percentage	Premium Adjustment Factor		
	Assisted Living Facility Benefit Percentage		
	50%	75%	100%
50%	1.00	1.03	1.06
75%	N/A	1.00	1.03
100%	N/A	N/A	1.00

- D. **Return of Premium Upon Death** – Premium adjustment factors for the death benefit options are shown below.

Death Benefit Type	Premium Adjustment Factor*
None	1.000
Standard (100% to age 64)	1.035
Enhanced (100% to age 69)	1.050

* Factor applies to issue ages less than 75 or 80 only for the Standard and Enhanced benefits, respectively.

- E. **Restoration of Benefits** – Premiums adjustment factors for the Restoration of Benefits option, based on the Lifetime Maximum Benefit (expressed in years), are shown below. Interpolation will be used for other Lifetime Maximum Benefits.

Benefit Period (years)	Premium Adjustment Factor
2	1.03
3	1.02
4	1.01
5	1.01
6	1.01
10	1.01
Lifetime	1.00

- F. **Monthly Benefit Rider** – Premiums will be increased by 6.5% to reflect the monthly benefit option.

- G. Cash Benefit Rider** – Premiums adjustment factors for the Cash Benefit Rider are shown below. Interpolation will be used for other Home Care percentages.

Home Care Percentage	Premium Adjustment Factor	
	Non-Automatic Inflation	Automatic Inflation
50%	1.35	1.39
75%	1.46	1.49
100%	1.56	1.64

- H. Flexible Cash Benefit Rider** – Premiums adjustment factors for the Flexible Cash Benefit Rider are shown below. Interpolation will be used for other Home Care percentages.

Home Care Percentage	Premium Adjustment Factor	
	Non-Automatic Inflation	Automatic Inflation
50%	1.175	1.195
75%	1.230	1.245
100%	1.280	1.320

- I. Shortened Benefit Period Rider** – Premiums will be increased by 11.0% to reflect the shortened benefit period rider.
- J. Return of Premium Upon Voluntary Lapse Rider** – Premiums will be increased by 18.0% to reflect return of premium upon voluntary lapse rider.
- K. Joint Waiver of Premiums Benefit Rider** – Premiums will be increased by 3.0% to reflect the joint waiver of premium rider.
- L. Survivor Waiver of Premiums Benefit Rider** – Premiums will be increased by 13.0% to reflect the survivor waiver rider.

- M. Shared Care Rider** – Premiums adjustment factors for the Shared Care Benefit option, based on the Lifetime Maximum Benefit (expressed in years), are shown below. Interpolation will be used for other Lifetime Maximum Benefits.

Benefit Period (years)	Premium Adjustment Factor
2	1.23
3	1.15
4	1.10
5	1.08
6	1.08
10	1.07

- N. Frequency of Periodic Inflation Offer** – Premium adjustment factors for different periodic inflation options are shown in the following table.

Frequency of Offer	Premium Adjustment Factor
Every Year	1.03
Every Two Years	1.01
Every Three Years	1.00

- O. Discounts** – In some cases, groups may wish to offer spouse discounts. In those cases, the uni-married premium rates will be adjusted as follows.

Discount Applies to:	Premium Adjustment Factor		
	5% Discount	10% Discount	15% Discount
Any Married/Partnered Person	1.03	1.055	1.09
Married/Partnered Person if Both Spouses/Partners Apply	1.02	1.045	1.08

P. Type of Medical Underwriting – Premium adjustment factors for various levels of underwriting are shown in the following table.

Underwriting	Premium Adjustment Factor*
Simplified Underwriting for Actively-at-work Association Members and their Spouses (ages <65), Full Medical Underwriting for all others	1.03
Simplified Underwriting for Actively-at-work Association members and Full Medical Underwriting for all others	0.99
Full Medical Underwriting for all applicants	0.94**

* applies to issue ages < 65 only

** does not apply for plans with an Unlimited benefit period

Q. Commission Rate Variations – Premium rates in Exhibit 1 do not include commissions. Where commissions apply, premiums will be adjusted as shown in the table below. Interpolation will be used for other Commission Rates.

Level Commission Rate*	Premium Adjustment Factor
0%	1.00
5%	1.05
10%	1.11
15%	1.18
20%	1.25

*Or actuarially equivalent non-level commission schedules that comply with any applicable state requirements.

R. Adjustment Factor for Underwriting Judgment - This factor can vary in aggregate from 0.75 to 1.15 depending on the underwriter’s judgment as to the level of anticipated plan enrollment (based on demographics, (including salary), industry, the level of plan sponsor support, ease of marketing, etc.), expected economies of scale, or to reflect reduced profit in competitive situations. For cases with over 5,000 eligible active lives, varying factors may be applied by issue age.

- S. **Premium Payment Modes** – Base plan premiums have been provided for a monthly premium payment mode. The following factors will be used to adjust premiums for other payment modes.

Premium Payment Mode	Adjustment Factor
Annual	11.40
Semi-Annual	5.90
Quarterly	3.00
EFT/Payroll Deduction	1.00

- T. **Takeover business** – In the event of a takeover case where an inforce Group LTC case is being transferred from a different carrier or entity, Prudential may choose to continue the inforce premium rate tables (or some multiple of the inforce premium rate tables) on an original issue age basis for the closed block of current insureds. This can be accomplished if the actuarial present value of the continued rates for the closed block of current insureds plus the transfer of assets from the inforce carrier/entity is greater than or equal to the actuarial present value of the required premium (based on this filing) plus the required assets (based on valuation assumptions for this filing) for original issue age.

The ability to replicate the takeover business premium structure is important to encourage as many insureds to convert to the new carrier as possible. Differences in rate slope between carriers can create positive and negative differences in premium rates. If in aggregate the assets supporting the closed block are sufficient, the premium rate differences can be reduced, if not eliminated, such that an incentive exists for all current insureds to transfer.

- U. **Product Upgrades** - In order to keep an inforce policyholder's Group LTC benefits up to date with the employee benefits market's current offerings, Prudential may offer to inforce group policyholders an upgrade from an older product/policy form to this product/policy form. In doing so, Prudential may choose to continue the inforce premium rate tables (or some multiple of the inforce premium rate tables), including any modal discounts, on an original issue age basis for a substantially equivalent level of benefits. The (multiple of the) inforce premium rate table would be applicable for the current level of benefits only (i.e. does not apply to any additional benefits purchased). It is at the option of the group policyholder to accept the offer.

There may be practical reasons to encourage all certificates for a group policy to be written under the same policy form versus maintaining multiple product iterations and associated contracts for the same group contractholder. The ability to replicate the inforce premium structure is important to achieve this goal. From a solvency/profitability perspective, Prudential is at worst revenue and risk neutral if the same premiums, for a substantially equivalent level of benefits, are being charged compared to if the certificate holder had not upgraded.

Insureds with upgraded certificates are a separate class for rating purposes.

VI. Actuarial Assumptions

- A. Method of Calculation** – Prudential’s internal pricing model was used to calculate and test the profitability of gross premiums, claims, and expenses. The various assumptions are listed below.
- B. Morbidity Basis** -- Morbidity estimates are based on the Milliman USA 2002 Long Term Care Guidelines. These Guidelines, the cooperative effort of Milliman Health actuaries, reflect over \$1.8 billion of insured data and the experience and judgment of Milliman actuaries.

Sample claim costs can be found in Exhibit 2. Initial claim costs were adjusted by duration to recognize:

- the reduced exposure for insureds who are already in a nursing home,
- underwriting criteria
- the increase in benefits due to an automatic inflation benefit, and
- if actual charges are less than the Maximum Daily Benefits
- favorable early duration morbidity experience

C. Net Investment Earnings Rate – 6.00%

D. Expense Assumptions

Expense Assumptions as a Percentage of Premium or of Incurred Claim		
Policy Year	Other Percentage of Premium Expenses (including premium tax)	Claim Administration as a Percentage of Incurred Claims
1	43.5%	6%
2+	12.5%	6%

Per Policy Expense		
Issue Age	First Year Underwriting/ Issue Expense	Maintenance Expense All Years
Under 65	\$35	\$39
65+	182	39

E. Policy Reserve Basis -- Policy reserves are based on the claim costs developed for this plan assuming a one-year preliminary term method with 1994 GAM mortality and 4.0% interest. Lapse rates are included in the reserve calculations using the following formula for total termination rates (TTRs)

TTR = 1994 GAM plus lesser of:

- Duration 1: 80% of pricing lapse rate or 6%
- Durations 2-4: 80% of pricing lapse rate or 4%
- Durations 5+: 100% of pricing lapse rate or 3%

F. Mortality Rates -- 1994 GAM with the following select factors:

Policy Duration	Select Factor
1	0.40
2	0.50
3	0.60
4	0.75
5	0.80
6	0.85
7	0.90
8	0.95
9+	1.00

G. Lapse Rates

Voluntary LifetimePay Plans			
Duration	Issue Ages 18-49	Issue Ages 50-59	Issue Ages 60+
1	8%	8%	8%
2-5	5%	5%	5%
6+	3%	2%	1.5%

Voluntary 10-Pay Plans					
Duration	Issue Age				
	Age 30	Age 40	Age 50	Age 60	Age 65+
1	8.0%	8.0%	7.0%	6.0%	5.0%
2	5.0%	5.0%	5.0%	4.5%	4.5%
3	4.5%	4.5%	4.5%	4.0%	3.5%
4	3.0%	3.0%	3.0%	2.5%	2.5%
5	1.5%	1.5%	1.5%	1.0%	1.0%
6	1.0%	1.0%	1.0%	1.0%	0.5%
7	0.5%	0.5%	0.5%	0.5%	0.5%
8	0.5%	0.5%	0.5%	0.5%	0.5%
9	0.5%	0.5%	0.5%	0.5%	0.5%
10	0.5%	0.5%	0.5%	0.5%	0.5%
11+	0.0%	0.0%	0.0%	0.0%	0.0%

Voluntary Paid Up at Age 65			
Duration	Issue Age		
	Age 30	Age 40	Age 50
1	7.0%	7.0%	6.0%
2	6.0%	5.5%	5.0%
3	5.0%	4.5%	4.5%
4	4.0%	3.0%	3.0%
5	2.5%	1.5%	1.5%
6	1.5%	1.0%	1.0%
7+	1.0%*	0.5%*	0.5%**

* 0.5% at attained ages 55-64, 0% at attained age 65 and later.

** 0.5% at attained ages 56-64, 0% at attained age 65 and later.

Voluntary Premium Reduction at Age 65			
Duration	Issue Age		
	Age 30	Age 40	Age 50
1	7.0%	7.0%	6.0%
2	6.0%	5.5%	5.0%
3	5.0%	4.5%	4.5%
4	4.0%	3.0%	3.0%
5	2.5%	1.5%	1.5%
6	1.5%	1.0%	0.5%
7+	1.0%*	1.0%**	0.5%

* 0.5% at attained age 55 and later

** 0.5% at attained age 51 and later

H. Distribution of Business by Issue Age

Issue Age	Distribution
30	10.0%
40	21.5%
50	35.0%
60	27.5%
65	4.0%
70	1.5%
75	0.2%
80	0.3%

I. Distribution of Business by Gender – Premium rates assume the mix of individuals by gender will vary by issue age as follows:

Issue Age	Issues by Gender	
	% Female	% Male
Under 50	57%	43%
50	57%	43%
60	57%	43%
65	52%	48%
70	50%	50%
75	53%	47%
80	59%	42%

J. Distribution by Lifetime Maximum Benefit

Maximum Lifetime Benefit	Percentage Electing
\$730 x Daily Benefit (2 yrs)	< 1%
\$1,095 x Daily Benefit (3 yrs)	30%
\$1,460 x Daily Benefit (4 yrs)	< 1%
\$1,825 x Daily Benefit (5 yrs)	65%
\$2,190 x Daily Benefit (6 yrs)	< 1%
\$3,650 x Daily Benefit (10 yrs)	5%
Unlimited	< 1%

K. Distribution by Elimination Period

Elimination Period	Percentage Electing
30 Days	< 1%
60 Days	5%
90 Days	95%
120 Days	< 1%
180 Days	< 1%
365 Days	< 1%

L. Distribution by Home Care Benefit as a Percentage of Facility Daily Benefit

Home Care Benefit as a percentage of Facility Benefit	Distribution
50%	60%
75%	20%
100%	20%

M. Distribution of Business by Reimbursement Type

Reimbursement Type	Distribution
Daily Reimbursement Benefit	90%
Monthly Benefit	5%
Flexible Cash Benefit	< 1%
Cash Benefit	5%

N. Distribution of Business by Inflation Protection Option

Inflation Type	Distribution
No Inflation Benefit	0%
Guaranteed Purchase Option	70%
Automatic Simple Inflation Benefit	5%
Automatic Compound (2x Maximum) Inflation Benefit	< 1%
Automatic Compound (No Maximum) Inflation Benefit	25%

O. Distribution of Business by Payment Option

Payment Option	Distribution
Lifetime	99%
Premium Reduction at Age 65	< 1%
10-Year Paid Up	< 1%
Paid Up at age 65	< 1%

VII. Actuarial Certification – Initial Premium Schedule

I am a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion and am familiar with the requirements for filing long term care insurance premiums.

Attached are the premium rate schedules to be used for new sales of the policy forms and riders as specified therein.

In my opinion the initial premium rate schedules are sufficient to cover anticipated costs under moderately adverse experience and the premium rate schedules are reasonably expected to be sustainable over the life the forms with no future premium increases anticipated.

I have reviewed and taken into consideration the policy design and coverage provided.

I have reviewed and taken into consideration the planned underwriting and claims adjudication processes.

In forming my opinion, I have used actuarial assumptions and actuarial methods and such tests of the actuarial calculations as I considered necessary.

Details regarding the contract reserve calculation can be found in the Actuarial Memorandum.

- i. Contract reserves contain reasonable margins for adverse experience.
- ii. The net valuation premium for renewal years does not increase.

The premium rate schedules are consistently in excess of the sum of the net valuation premium for renewal years and the average renewal expenses assumed in the pricing, with the exception of some younger issue ages. This primarily occurs due to the difference between the statutory discount rate and the investment earnings rate assumed in pricing.

The premium schedules for this form are not less than the premium rate schedules for existing similar policy forms also available.



Dianne Jones, F.S.A., M.A.A.A.
Actuarial Director
May 18, 2010

Prudential Insurance Company of America
80 Livingston Ave.
Roseland, NJ 07068
(973) 548-6358

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 1 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit					
Home Care Daily Benefit: 50% of Facility Care Daily Benefit					
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)					
90-Day Elimination Period					
Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	8.14	8.62	18.17	13.92	44.04
31	8.53	9.04	19.24	14.76	45.94
32	8.94	9.48	20.38	15.65	47.92
33	9.37	9.95	21.59	16.60	49.98
34	9.82	10.44	22.87	17.60	52.13
35	10.29	10.95	24.22	18.66	54.37
36	10.78	11.49	25.65	19.79	56.71
37	11.29	12.05	27.17	20.99	59.15
38	11.83	12.64	28.78	22.26	61.70
39	12.39	13.26	30.48	23.61	64.36
40	12.96	13.93	32.28	25.03	67.13
41	13.83	14.80	34.38	26.92	70.59
42	14.76	15.73	36.62	28.95	74.23
43	15.75	16.71	39.00	31.13	78.06
44	16.80	17.76	41.54	33.48	82.09
45	17.92	18.87	44.24	36.00	86.33
46	19.12	20.05	47.12	38.71	90.79
47	20.40	21.30	50.18	41.63	95.48
48	21.77	22.63	53.44	44.77	100.41
49	23.23	24.05	56.92	48.14	105.59
50	24.78	25.56	60.61	51.75	111.04
51	26.63	27.49	64.28	55.40	115.25
52	28.61	29.56	68.17	59.31	119.62
53	30.74	31.79	72.30	63.50	124.16
54	33.03	34.19	76.68	67.98	128.87
55	35.49	36.77	81.32	72.78	133.76
56	38.14	39.54	86.24	77.92	138.84
57	40.98	42.52	91.46	83.42	144.11
58	44.03	45.73	97.00	89.31	149.58
59	47.31	49.18	102.87	95.61	155.26
60	50.85	52.88	109.10	102.34	161.15
61	55.53	57.97	117.51	111.01	170.88
62	60.64	63.55	126.57	120.41	181.20
63	66.22	69.67	136.33	130.61	192.14
64	72.31	76.38	146.84	141.67	203.74
65	78.95	83.75	158.15	153.67	216.03
66	85.43	90.87	170.85	167.54	230.50

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 2 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit Home Care Daily Benefit: 50% of Facility Care Daily Benefit \$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period) 90-Day Elimination Period Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
67	92.44	98.59	184.57	182.66	245.94
68	100.03	106.97	199.39	199.14	262.42
69	108.24	116.06	215.40	217.11	280.00
70	117.12	125.93	232.70	236.71	298.77
71	128.51	138.37	251.17	257.07	318.65
72	141.01	152.04	271.10	279.18	339.86
73	154.73	167.06	292.62	303.19	362.48
74	169.78	183.56	315.84	329.27	386.60
75	186.31	201.70	340.91	357.59	412.33
76	208.06	225.17	370.79	390.40	442.72
77	232.35	251.37	403.29	426.22	475.35
78	259.47	280.62	438.64	465.33	510.39
79	289.76	313.27	477.09	508.03	548.01
80	323.59	349.73	518.90	554.66	588.41
81	361.08	391.74	572.45	608.50	639.73
82	402.91	438.80	631.52	667.57	695.52
83	449.59	491.51	696.69	732.38	756.18
84	501.67	550.55	768.58	803.48	822.13

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 3 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit Home Care Daily Benefit: 75% of Facility Care Daily Benefit \$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period) 90-Day Elimination Period Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	8.98	9.59	20.20	15.41	48.80
31	9.42	10.06	21.40	16.35	50.88
32	9.88	10.56	22.67	17.34	53.05
33	10.36	11.08	24.01	18.39	55.31
34	10.86	11.63	25.43	19.51	57.67
35	11.39	12.20	26.94	20.70	60.13
36	11.94	12.80	28.53	21.96	62.69
37	12.52	13.43	30.22	23.29	65.36
38	13.13	14.09	32.01	24.70	68.15
39	13.77	14.78	33.90	26.20	71.06
40	14.44	15.51	35.90	27.79	74.10
41	15.14	16.29	38.21	29.47	77.27
42	15.86	17.13	40.67	31.25	80.56
43	16.61	18.03	43.29	33.14	84.07
44	17.39	19.00	46.08	35.15	87.80
45	18.20	19.99	49.05	37.29	91.75
46	19.04	21.01	52.21	39.57	95.93
47	19.91	22.07	55.57	41.99	100.34
48	20.81	23.17	59.15	44.56	104.99
49	21.74	24.31	62.96	47.28	109.88
50	22.70	25.49	67.00	50.15	114.99
51	23.69	26.71	70.95	53.18	120.34
52	24.71	27.98	75.14	56.37	125.93
53	25.76	29.29	79.57	59.72	131.76
54	26.84	30.64	84.26	63.24	137.84
55	27.95	32.03	89.23	66.93	144.16
56	29.09	33.47	94.49	70.80	150.73
57	30.26	34.95	100.06	74.85	157.55
58	31.46	36.48	105.96	79.09	164.63
59	32.69	38.05	112.21	83.52	171.97
60	33.94	39.67	118.85	88.14	179.57
61	35.22	41.33	127.76	92.96	187.43
62	36.53	43.04	137.33	98.00	195.56
63	37.87	44.80	147.62	103.26	203.96
64	39.24	46.61	158.68	108.75	212.73
65	40.64	48.47	170.57	114.48	221.87
66	42.07	50.38	183.89	120.46	231.38

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 4 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit					
Home Care Daily Benefit: 75% of Facility Care Daily Benefit					
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)					
90-Day Elimination Period					
Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
67	100.19	106.89	198.25	195.23	262.03
68	108.20	115.78	213.74	212.38	279.04
69	116.86	125.41	230.44	231.04	297.15
70	126.21	135.82	248.44	251.35	316.45
71	138.22	148.93	267.44	272.28	336.72
72	151.38	163.31	287.89	294.95	358.28
73	165.79	179.07	309.90	319.51	381.23
74	181.57	196.36	333.60	346.11	405.65
75	198.86	215.31	359.11	374.93	431.62
76	221.42	239.66	389.44	408.24	462.28
77	246.54	266.76	422.33	444.50	495.12
78	274.51	296.92	458.00	483.99	530.29
79	305.66	330.49	496.68	526.98	567.96
80	340.35	367.86	538.63	573.79	608.31
81	378.81	410.99	592.73	628.10	659.95
82	421.62	459.17	652.26	687.55	715.98
83	469.27	513.00	717.77	752.62	776.76
84	522.30	573.14	789.86	823.85	842.70

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 5 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit					
Home Care Daily Benefit: 100% of Facility Care Daily Benefit					
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)					
90-Day Elimination Period					
Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	9.90	10.67	22.45	17.06	54.05
31	10.39	11.20	23.78	18.10	56.34
32	10.91	11.75	25.19	19.20	58.72
33	11.45	12.33	26.68	20.37	61.20
34	12.02	12.94	28.26	21.61	63.79
35	12.62	13.58	29.94	22.93	66.49
36	13.25	14.25	31.71	24.33	69.30
37	13.91	14.95	33.59	25.81	72.23
38	14.60	15.69	35.58	27.38	75.29
39	15.33	16.46	37.69	29.05	78.48
40	16.09	17.28	39.93	30.84	81.80
41	17.18	18.38	42.47	33.13	85.89
42	18.34	19.55	45.18	35.58	90.18
43	19.58	20.79	48.06	38.22	94.69
44	20.90	22.11	51.12	41.05	99.42
45	22.31	23.51	54.38	44.09	104.39
46	23.82	25.00	57.84	47.36	109.61
47	25.43	26.59	61.52	50.87	115.09
48	27.15	28.28	65.44	54.64	120.85
49	28.98	30.08	69.61	58.69	126.89
50	30.92	31.98	74.05	63.03	133.25
51	33.14	34.31	78.30	67.25	137.92
52	35.52	36.80	82.80	71.76	142.76
53	38.07	39.48	87.56	76.57	147.77
54	40.81	42.35	92.59	81.70	152.95
55	43.74	45.43	97.91	87.17	158.31
56	46.89	48.73	103.54	93.01	163.86
57	50.26	52.27	109.49	99.24	169.61
58	53.87	56.07	115.78	105.89	175.56
59	57.74	60.15	122.43	112.98	181.72
60	61.92	64.52	129.47	120.55	188.09
61	67.23	70.30	138.89	130.19	198.64
62	73.00	76.60	149.00	140.60	209.79
63	79.27	83.46	159.84	151.84	221.56
64	86.07	90.94	171.47	163.98	233.99
65	93.46	99.08	183.95	177.09	247.12
66	100.74	107.14	197.92	192.23	262.65

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 6 of 15

NATIONWIDE BASE RATES					
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit Home Care Daily Benefit: 100% of Facility Care Daily Benefit \$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period) 90-Day Elimination Period Lifetime Pay					
Issue Age	No Inflation	Guaranteed Purchase Option	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
67	108.59	115.85	212.95	208.67	279.16
68	117.05	125.27	229.12	226.51	296.71
69	126.17	135.46	246.52	245.88	315.36
70	136.00	146.48	265.23	266.90	335.18
71	148.66	160.29	284.75	288.39	355.81
72	162.50	175.41	305.70	311.61	377.71
73	177.63	191.95	328.20	336.70	400.96
74	194.17	210.05	352.35	363.81	425.64
75	212.25	229.86	378.28	393.10	451.82
76	235.64	255.09	409.03	426.87	482.71
77	261.61	283.09	442.28	463.55	515.71
78	290.44	314.17	478.23	503.38	550.97
79	322.45	348.66	517.10	546.63	588.64
80	357.99	386.93	559.12	593.59	628.89
81	397.43	431.17	613.73	648.33	680.82
82	441.22	480.47	673.68	708.11	737.04
83	489.83	535.41	739.48	773.41	797.91
84	543.80	596.63	811.71	844.73	863.80

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 7 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 50% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
10-year Paid Up				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
40	66.00	194.29	134.44	360.53
41	67.94	197.36	138.28	367.84
42	69.94	200.48	142.23	375.29
43	72.00	203.66	146.29	382.90
44	74.12	206.88	150.47	390.66
45	76.30	210.15	154.76	398.58
46	78.54	213.47	159.18	406.66
47	80.85	216.85	163.73	414.90
48	83.23	220.28	168.40	423.31
49	85.68	223.76	173.21	431.90
50	88.20	227.30	178.16	440.65
51	91.07	231.87	185.19	451.29
52	94.04	236.53	192.49	462.18
53	97.10	241.29	200.08	473.34
54	100.26	246.14	207.97	484.77
55	103.52	251.09	216.17	496.47
56	106.89	256.14	224.70	508.45
57	110.37	261.30	233.56	520.73
58	113.96	266.55	242.77	533.30
59	117.67	271.91	252.35	546.17
60	121.50	277.38	262.30	559.36
61	127.32	289.55	275.30	577.74
62	133.41	302.25	288.95	596.72
63	139.80	315.51	303.27	616.32
64	146.50	329.35	318.30	636.57
65	153.51	343.80	334.08	657.48
66	166.11	370.13	362.97	677.89
67	179.74	398.48	394.37	698.94
68	194.49	429.00	428.48	720.64
69	210.45	461.86	465.54	743.01
70	227.72	497.23	505.80	766.08
71	248.23	536.23	548.83	794.85
72	270.59	578.30	595.53	824.71
73	294.96	623.66	646.20	855.68
74	321.53	672.58	701.18	887.82
75	350.49	725.34	760.84	921.17

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 8 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 75% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
10-year Paid Up				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
40	73.54	216.06	149.23	397.94
41	75.72	219.34	153.40	405.70
42	77.97	222.68	157.69	413.61
43	80.29	226.06	162.10	421.67
44	82.67	229.50	166.63	429.89
45	85.12	232.99	171.29	438.28
46	87.65	236.53	176.07	446.82
47	90.25	240.12	180.99	455.53
48	92.93	243.77	186.05	464.41
49	95.69	247.48	191.25	473.47
50	98.53	251.24	196.60	482.70
51	101.61	255.92	204.02	493.67
52	104.79	260.69	211.71	504.89
53	108.07	265.54	219.69	516.37
54	111.45	270.49	227.98	528.10
55	114.94	275.53	236.58	540.11
56	118.53	280.66	245.50	552.38
57	122.24	285.89	254.76	564.94
58	126.07	291.21	264.37	577.78
59	130.01	296.63	274.34	590.91
60	134.08	302.16	284.69	604.34
61	140.10	314.79	298.14	622.94
62	146.40	327.94	312.24	642.10
63	152.98	341.65	326.99	661.86
64	159.85	355.93	342.45	682.23
65	167.03	370.80	358.63	703.22
66	180.39	398.39	388.80	723.64
67	194.82	428.03	421.51	744.65
68	210.40	459.87	456.96	766.27
69	227.23	494.09	495.41	788.52
70	245.41	530.85	537.08	811.41
71	267.00	570.96	581.30	839.91
72	290.49	614.09	629.16	869.40
73	316.04	660.49	680.97	899.94
74	343.84	710.39	737.04	931.54
75	374.09	764.06	797.72	964.26

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 9 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 100% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
10-year Paid Up				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
40	81.95	240.31	165.65	439.29
41	84.40	243.81	170.18	447.51
42	86.93	247.36	174.84	455.88
43	89.53	250.96	179.62	464.41
44	92.20	254.62	184.53	473.10
45	94.96	258.33	189.58	481.95
46	97.80	262.09	194.77	490.97
47	100.73	265.91	200.10	500.15
48	103.74	269.78	205.57	509.51
49	106.84	273.71	211.19	519.04
50	110.04	277.70	216.97	528.75
51	113.35	282.46	224.78	540.02
52	116.75	287.30	232.86	551.53
53	120.26	292.23	241.24	563.28
54	123.88	297.24	249.92	575.29
55	127.60	302.34	258.92	587.55
56	131.43	307.52	268.23	600.07
57	135.38	312.79	277.88	612.86
58	139.45	318.16	287.88	625.92
59	143.64	323.61	298.24	639.27
60	147.96	329.16	308.97	652.89
61	154.17	342.23	322.86	671.63
62	160.64	355.82	337.38	690.91
63	167.38	369.94	352.56	710.74
64	174.41	384.63	368.41	731.14
65	181.73	399.90	384.98	752.12
66	195.89	428.78	416.46	772.45
67	211.15	459.75	450.51	793.34
68	227.60	492.95	487.35	814.79
69	245.34	528.56	527.19	836.82
70	264.45	566.73	570.30	859.44
71	287.17	607.92	615.69	887.53
72	311.83	652.10	664.70	916.54
73	338.62	699.49	717.60	946.50
74	367.70	750.33	774.72	977.44
75	399.29	804.86	836.38	1,009.39

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 10 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 50% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Paid Up at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	29.60	66.08	49.34	176.18
31	30.65	69.19	51.78	180.94
32	31.74	72.44	54.34	185.83
33	32.87	75.85	57.03	190.85
34	34.04	79.42	59.85	196.01
35	35.25	83.15	62.81	201.30
36	36.51	87.06	65.92	206.74
37	37.81	91.15	69.18	212.32
38	39.16	95.44	72.60	218.06
39	40.55	99.93	76.19	223.95
40	42.00	104.62	79.97	229.99
41	44.42	109.94	84.95	238.16
42	46.98	115.53	90.24	246.62
43	49.68	121.40	95.86	255.38
44	52.54	127.57	101.83	264.45
45	55.56	134.05	108.17	273.85
46	58.76	140.86	114.91	283.58
47	62.14	148.02	122.07	293.65
48	65.72	155.54	129.67	304.08
49	69.50	163.44	137.75	314.88
50	73.50	171.73	146.35	326.08
51	78.71	185.29	158.22	354.68
52	84.29	199.92	171.06	385.79
53	90.27	215.70	184.94	419.63
54	96.67	232.73	199.95	456.44
55	103.52	251.10	216.17	496.47

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 11 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 75% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Paid Up at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	32.64	73.44	54.64	195.18
31	33.84	76.90	57.36	200.38
32	35.08	80.52	60.21	205.72
33	36.37	84.31	63.20	211.20
34	37.70	88.28	66.34	216.83
35	39.08	92.44	69.64	222.61
36	40.51	96.79	73.10	228.54
37	42.00	101.35	76.73	234.63
38	43.54	106.12	80.55	240.88
39	45.14	111.12	84.56	247.30
40	46.80	116.34	88.77	253.86
41	49.51	122.18	94.24	262.68
42	52.37	128.31	100.05	271.81
43	55.40	134.75	106.22	281.25
44	58.60	141.51	112.77	291.02
45	61.99	148.61	119.72	301.13
46	65.57	156.07	127.10	311.59
47	69.36	163.90	134.94	322.41
48	73.37	172.12	143.26	333.61
49	77.61	180.76	152.09	345.20
50	82.11	189.82	161.49	357.20
51	87.82	204.51	174.31	387.99
52	93.93	220.33	188.14	421.44
53	100.47	237.38	203.07	457.77
54	107.46	255.75	219.19	497.23
55	114.94	275.54	236.58	540.10

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 12 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 100% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Paid Up at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	36.00	81.64	60.49	216.22
31	37.36	85.49	63.51	221.90
32	38.77	89.52	66.69	227.73
33	40.23	93.74	70.02	233.71
34	41.75	98.16	73.52	239.85
35	43.33	102.79	77.20	246.15
36	44.97	107.64	81.06	252.62
37	46.67	112.71	85.11	259.26
38	48.43	118.02	89.37	266.07
39	50.26	123.58	93.84	273.06
40	52.15	129.40	98.53	280.24
41	55.18	135.81	104.55	289.75
42	58.38	142.53	110.93	299.58
43	61.77	149.59	117.70	309.75
44	65.36	157.00	124.89	320.26
45	69.15	164.77	132.52	331.13
46	73.17	172.93	140.61	342.37
47	77.42	181.49	149.20	353.99
48	81.92	190.48	158.31	366.00
49	86.68	199.91	167.98	378.42
50	91.70	209.81	178.23	391.28
51	97.96	225.71	192.05	424.42
52	104.65	242.82	206.94	460.37
53	111.80	261.23	222.99	499.37
54	119.44	281.03	240.28	541.67
55	127.60	302.33	258.91	587.55

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 13 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 50% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Premium Reduction at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	13.02	34.53	23.66	105.71
31	13.64	36.47	25.09	109.05
32	14.29	38.53	26.61	112.50
33	14.97	40.70	28.22	116.06
34	15.69	42.99	29.92	119.74
35	16.43	45.41	31.73	123.52
36	17.22	47.97	33.65	127.43
37	18.04	50.67	35.69	131.46
38	18.90	53.52	37.84	135.62
39	19.80	56.54	40.13	139.91
40	20.74	59.72	42.56	144.34
41	22.15	62.63	45.10	149.66
42	23.65	65.69	47.80	155.17
43	25.25	68.90	50.65	160.89
44	26.97	72.26	53.68	166.82
45	28.80	75.78	56.88	172.97
46	30.75	79.48	60.28	179.34
47	32.83	83.36	63.88	185.95
48	35.06	87.43	67.69	192.81
49	37.44	91.70	71.74	199.91
50	39.98	96.17	76.02	207.28
51	43.14	102.67	82.49	217.34
52	46.54	109.60	89.51	227.89
53	50.22	117.01	97.12	238.95
54	54.19	124.92	105.38	250.55
55	58.47	133.36	114.35	262.70
56	63.08	142.37	124.08	275.45
57	68.07	151.98	134.63	288.82
58	73.44	162.25	146.09	302.84
59	79.24	173.22	158.51	317.54
60	85.50	184.92	172.00	332.95

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 14 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 75% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Premium Reduction at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	14.36	38.37	26.20	117.11
31	15.06	40.53	27.79	120.77
32	15.79	42.82	29.48	124.54
33	16.56	45.23	31.27	128.44
34	17.37	47.78	33.17	132.45
35	18.21	50.48	35.18	136.59
36	19.10	53.33	37.32	140.86
37	20.03	56.33	39.58	145.26
38	21.00	59.51	41.99	149.80
39	22.03	62.87	44.54	154.48
40	23.10	66.41	47.24	159.31
41	24.27	69.61	50.03	165.06
42	25.36	72.96	52.99	171.01
43	26.36	76.48	56.12	177.18
44	27.36	80.16	59.44	183.57
45	28.36	84.02	62.95	190.19
46	29.36	88.07	66.67	197.05
47	30.36	92.31	70.61	204.16
48	31.36	96.75	74.78	211.52
49	32.36	101.42	79.20	219.15
50	33.36	106.30	83.88	227.06
51	34.36	113.32	90.87	237.75
52	35.36	120.80	98.43	248.95
53	36.36	128.77	106.63	260.67
54	37.36	137.27	115.51	272.94
55	38.36	146.33	125.13	285.80
56	39.36	155.99	135.56	299.26
57	40.36	166.29	146.85	313.35
58	41.36	177.27	159.08	328.10
59	42.36	188.97	172.33	343.55
60	43.36	201.44	186.68	359.73

Exhibit 1
The Prudential Insurance Company of America
Group Long Term Care Insurance Plan

Base Rates

Page 15 of 15

NATIONWIDE BASE RATES				
Gross Monthly Premium Per \$100.00 of Facility Care Daily Benefit				
Home Care Daily Benefit: 100% of Facility Care Daily Benefit				
\$1,825 x Daily Benefit Lifetime Maximum Benefit (5 Year Benefit Period)				
90-Day Elimination Period				
Premium Reduction at Age 65				
Issue Age	No Inflation	5% Automatic Simple Inflation	5% Automatic Compound Inflation (2x Maximum)	5% Automatic Compound Inflation (No Maximum)
18-30	15.84	42.66	29.00	129.73
31	16.63	45.07	30.77	133.74
32	17.46	47.61	32.65	137.87
33	18.33	50.30	34.64	142.13
34	19.24	53.14	36.75	146.52
35	20.20	56.14	39.00	151.05
36	21.20	59.30	41.38	155.72
37	22.26	62.65	43.90	160.53
38	23.37	66.19	46.58	165.49
39	24.53	69.92	49.42	170.60
40	25.75	73.87	52.44	175.87
41	27.51	77.38	55.51	182.07
42	29.39	81.06	58.75	188.49
43	31.40	84.91	62.19	195.14
44	33.55	88.94	65.82	202.02
45	35.84	93.17	69.67	209.15
46	38.29	97.59	73.75	216.52
47	40.91	102.23	78.06	224.16
48	43.70	107.08	82.62	232.06
49	46.69	112.17	87.46	240.25
50	49.88	117.50	92.57	248.72
51	53.69	125.07	100.11	260.07
52	57.79	133.14	108.27	271.94
53	62.20	141.72	117.09	284.35
54	66.95	150.85	126.63	297.33
55	72.07	160.57	136.95	310.90
56	77.57	170.92	148.11	325.09
57	83.49	181.94	160.17	339.93
58	89.87	193.67	173.22	355.44
59	96.73	206.15	187.34	371.67
60	104.12	219.44	202.60	388.63

Exhibit 2
The Prudential Insurance Company of America
Group Long Term Care Plan
Sample Claim Costs Per \$1 of Facility Care Daily Benefit
Home Care Daily Benefit Equal to 50% of Facility Care Daily Benefit
Plans with No Inflation Protection or Guaranteed Purchase Option

Page 1 of 2

Sample claim costs by gender, benefit period & elimination period												
Attained Age	30-Day Elimination Period		60-Day Elimination Period		90-Day Elimination Period		120-Day Elimination Period		180-Day Elimination Period		365-Day Elimination Period	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
\$730 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.118	0.108	0.105	0.097	0.099	0.092	0.095	0.090	0.089	0.086	0.078	0.077
60	0.620	0.654	0.554	0.581	0.524	0.548	0.511	0.532	0.484	0.499	0.428	0.434
80	8.001	10.563	7.020	9.348	6.529	8.775	6.263	8.487	5.731	7.912	4.473	6.580
\$1,095 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.145	0.135	0.129	0.122	0.122	0.116	0.118	0.113	0.111	0.109	0.099	0.098
60	0.762	0.802	0.682	0.716	0.647	0.677	0.631	0.658	0.600	0.621	0.535	0.546
80	9.379	12.836	8.245	11.401	7.678	10.734	7.364	10.400	6.737	9.732	5.326	8.165
\$1,460 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.164	0.154	0.147	0.139	0.139	0.133	0.135	0.130	0.128	0.125	0.115	0.114
60	0.860	0.907	0.772	0.811	0.733	0.768	0.717	0.748	0.683	0.709	0.610	0.626
80	10.196	14.346	8.979	12.758	8.374	12.022	8.040	11.650	7.372	10.906	5.861	9.168
\$1,825 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.180	0.169	0.161	0.153	0.153	0.146	0.149	0.143	0.141	0.137	0.128	0.126
60	0.933	0.985	0.838	0.882	0.796	0.836	0.778	0.815	0.742	0.773	0.664	0.687
80	10.722	15.326	9.448	13.636	8.817	12.851	8.468	12.451	7.770	11.653	6.207	9.835
\$2,190 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.193	0.181	0.173	0.163	0.164	0.156	0.161	0.153	0.153	0.148	0.139	0.136
60	0.988	1.047	0.887	0.938	0.844	0.890	0.825	0.869	0.788	0.826	0.709	0.741
80	11.075	15.998	9.766	14.244	9.120	13.432	8.763	13.021	8.050	12.198	6.476	10.368
\$3,650 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.261	0.249	0.234	0.225	0.223	0.215	0.217	0.211	0.206	0.203	0.185	0.186
60	1.303	1.436	1.171	1.290	1.114	1.227	1.089	1.200	1.039	1.145	0.929	1.031
80	13.932	20.752	12.295	18.506	11.490	17.476	11.044	16.956	10.151	15.916	8.145	13.542
Unlimited Lifetime Maximum Benefit												
40	0.286	0.279	0.256	0.252	0.243	0.241	0.237	0.236	0.226	0.228	0.203	0.209
60	1.420	1.637	1.276	1.471	1.214	1.400	1.186	1.370	1.132	1.309	1.012	1.183
80	14.956	22.616	13.197	20.170	12.331	19.048	11.853	18.483	10.895	17.352	8.745	14.787

Exhibit 2
The Prudential Insurance Company of America
Group Long Term Care Plan
Sample Claim Costs Per \$1 of Facility Care Daily Benefit
Home Care Daily Benefit Equal to 50% of Facility Care Daily Benefit
Plans with Automatic Inflation Protection

Page 2 of 2

Sample claim costs by gender, benefit period & elimination period												
Attained Age	30-Day Elimination Period		60-Day Elimination Period		90-Day Elimination Period		120-Day Elimination Period		180-Day Elimination Period		365-Day Elimination Period	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
\$730 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.136	0.124	0.121	0.112	0.114	0.107	0.111	0.105	0.105	0.101	0.094	0.093
60	0.710	0.745	0.637	0.666	0.606	0.630	0.593	0.614	0.567	0.582	0.513	0.519
80	8.997	11.932	7.927	10.604	7.404	9.998	7.130	9.708	6.581	9.129	5.258	7.782
\$1,095 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.170	0.159	0.152	0.143	0.144	0.137	0.141	0.135	0.134	0.130	0.121	0.121
60	0.891	0.933	0.801	0.836	0.763	0.794	0.747	0.775	0.717	0.738	0.654	0.665
80	10.682	14.744	9.430	13.155	8.819	12.440	8.492	12.103	7.837	11.429	6.346	9.828
\$1,460 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.195	0.184	0.175	0.167	0.167	0.160	0.163	0.157	0.156	0.153	0.144	0.142
60	1.020	1.070	0.919	0.961	0.877	0.915	0.861	0.895	0.828	0.856	0.757	0.775
80	11.729	16.698	10.374	14.918	9.718	14.121	9.368	13.740	8.667	12.979	7.061	11.183
\$1,825 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.217	0.205	0.195	0.186	0.186	0.178	0.182	0.175	0.175	0.170	0.163	0.159
60	1.120	1.177	1.009	1.058	0.964	1.007	0.946	0.986	0.910	0.944	0.835	0.862
80	12.432	18.025	11.004	16.111	10.316	15.252	9.947	14.838	9.211	14.012	7.545	12.126
\$2,190 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.236	0.222	0.213	0.201	0.203	0.193	0.200	0.191	0.192	0.185	0.180	0.175
60	1.198	1.265	1.081	1.139	1.033	1.086	1.014	1.065	0.977	1.022	0.902	0.942
80	12.923	18.974	11.449	16.973	10.740	16.080	10.363	15.653	9.610	14.798	7.939	12.916
\$3,650 x Institutional Care Daily Benefit Lifetime Maximum Benefit												
40	0.330	0.318	0.298	0.288	0.284	0.277	0.279	0.273	0.267	0.266	0.246	0.249
60	1.624	1.808	1.466	1.633	1.402	1.561	1.376	1.534	1.324	1.480	1.211	1.370
80	16.480	25.218	14.615	22.606	13.724	21.455	13.246	20.909	12.292	19.818	10.120	17.313
Unlimited Lifetime Maximum Benefit												
40	0.344	0.345	0.310	0.313	0.296	0.301	0.290	0.297	0.278	0.288	0.256	0.271
60	1.677	2.039	1.513	1.843	1.446	1.764	1.419	1.735	1.366	1.677	1.250	1.561
80	16.562	26.080	14.685	23.383	13.786	22.194	13.307	21.633	12.349	20.512	10.171	17.966



**Karen L. Smyth, FLMI, ACS, AIAA, AIRC,
CLTC, LTCP**
Vice President
Group Insurance

The Prudential Insurance Company of America
Long Term Care Unit
2101 Welsh Road
Dresher, Pennsylvania 19025
Tel 215 658-6279 Fax 888 294-6332

July 14, 2010

The Honorable Julie Benafield Bowman
Commissioner of Insurance
Department of Insurance
1200 West Third Street
Little Rock, AR 72201-1904

Re: 83500 COV 5022, et al
Group Long Term Care Insurance Forms

Dear Commissioner Bowman:

In accordance with the state of Arkansas requirements, we request approval to solicit Arkansas residents who are eligible under a group long term care insurance contract issued to the American Foreign Services Protective Association.

Founded in 1929, this Association has been active for 81 years for the purpose of providing financial services, benefit orientations to new members and insurance products to individuals and their families that serve in both active and retired status in the Foreign Services, Department of Defense, Department of State and other Executive Branch offices of the US Government. This Association has a membership of 34,000.

We enclose at this time, for your files and information a copy of the current by-laws of the American Foreign Services Protective Association. We believe this document demonstrate the legitimacy of the group within the context of the State of Arkansas' Insurance Regulations and Laws. Certificates used to fulfill our contract obligations will utilize forms which were approved by the state of Arkansas Department of Insurance as referenced in the attached forms listing.

The Certificate of Insurance and Outline of Coverage that will be provided to the membership are attached.

The Honorable Julie Benafield Bowman
July 14, 2010
Page 2

Correspondence: Please correspond directly with my associate if there are any questions concerning this filing.

Laura Hughes
Regulatory Contract Specialist
The Prudential Insurance Company of America
(215) 658-6282
Laura.hughes@prudential.com

Very truly yours,

A handwritten signature in black ink that reads "Karen L. Smyth". The signature is written in a cursive style with a large, looped initial "K".

Karen L. Smyth
Vice President

Enclosures

FORMS LISTING

DOI FILING NUMBER: 31882
SERFF Tracking #: SERT-6LRF6491
Approval Date: February 9, 2007

CERTIFICATE DOCUMENTS

83500 BCOV 5026	Cover Page	
83500 BTC 5028	Table of Contents	
83500 BFW 5022	Foreword – State Notices	
83500 BEL 5019	Who is Eligible	
83500 PRM 5021	Premiums	
83500 LTC R 5034	Long-Term Care Benefit Descriptions	All pages combined:
83500 GBT T 5016	Additional Coverage Features	53.9
83500 BCL 5064	The Claims Process	
83500 COB 5007	Coordination of Benefits With Other Coverages	
83500 BGX 5026	Coverage Exclusions	
83500 BAS 5053	Definitions	
83500 BTE 5053	When Your Coverage Ends	
83500 LTC T 5066	Automatic Compound Inflation Benefit – No Maximum	40.1
83500 LTC T 5071	Guaranteed Purchase Option	40.7
GRP 113619	Schedule of Benefits	42.1
GRP 113620	Enrollment Form/Guaranteed Issue Form	
GRP 113700	Insurability Profile	40.1
GRP 113701	Medical History and Insurability Form	40.9
GRP 113664	Outline of Coverage	40.3

B Y - L A W S

of

AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION

As amended April 26, 2000

ARTICLE I

OFFICE AND PLACE OF BUSINESS

The principal office and the headquarters of the AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION (hereafter called simply "Association") shall be in the city of Washington, District of Columbia.

ARTICLE II

CORPORATE SEAL

The corporate seal of the Association shall have inscribed thereon the name of the Association, the year of its creation, and the words "District of Columbia." An impression thereof shall be affixed to these By-Laws.

ARTICLE III

PURPOSES AND OBJECTS

The general purposes and objects of the Association are set forth in the Certificate of Incorporation of this Association. The following, however, is hereby declared the primary purpose and object of the Association:

(a) to provide a plan for the payment of life, sick, and accident benefits to the members of this Association or their dependents or their designated beneficiaries.

In the carrying out of the general purposes and objects and the aforesaid primary purpose and object of this Association, the Association shall take over the property, assets and contracts, shall continue the purposes, objects and affairs under the name of this Association of the voluntary unincorporated Association heretofore in existence and known as the AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION.

ARTICLE IV

BOARD OF DIRECTORS

Appointment and Tenure in Office

The property and affairs of this Association shall be managed by a Board of Directors of not less than three and not more than nine members, who shall be appointed as vacancies occur by the remaining members of the Board of Directors of the American Foreign Service Protective Association.

No person shall be nominated or appointed as a Director unless he/she is eligible for membership in the Association as described in article VI, paragraph (a) through (g). Directors must also reside in the metropolitan area of Washington, D.C.

Nominations for appointment as a Director of the Association may be made by the Board members themselves, or by any member of the Association. Persons meeting the requirements of paragraph two of this article may propose themselves as candidates directly to the Board.

Each member of the Board of Directors shall hold office for a term of four (4) years from the date of his/her appointment and until his/her successor shall have been appointed and qualified. Each member of the Board of Directors may be appointed for a succeeding

term or terms of office. In the event that a Director is unable to continue to meet the requirements stipulated in this Article for membership as a Director at any time during his/her tenure, he/she shall submit his/her resignation to the Secretary of the Board in writing in a timely manner. In addition, any member of the Board of Directors may resign at any time by giving written notice to the Secretary of the Board of Directors. Unless otherwise specified in the written notice, a resignation shall take effect upon delivery thereof to the Secretary of the Board of Directors.

Meetings

Regular meetings of the Board of Directors shall be held in the City of Washington, District of Columbia at least once each year.

Quorum

The majority of the Directors or their proxies shall be necessary to constitute a quorum for the transaction of any business whatsoever.

Order of Business

The order of business at all meetings of the Directors shall be as follows:

- (a) Roll Call - a quorum being present.
- (b) Reading of minutes or preceding meeting and action thereon.
- (c) Reports of Officers.
- (d) Reports of Committees.
- (e) Unfinished business.
- (f) Miscellaneous business.
- (g) New business.

Powers

In addition to the general powers usually vested in the Board of Directors by virtue of their office, and the powers and authority, if any, expressly given to Directors by the laws of the District of Columbia, by

the terms of the Certificate of Incorporation, of this Association, and elsewhere in these By-Laws, the following specific powers are hereby expressly conferred upon the Board of Directors:

(a) From time to time to change these By-Laws, and to make and change rules and regulations for the management of the business and affairs of the Association; provided that such changes shall be subject to the limitations imposed by the provisions of the second paragraph of ARTICLE VIII of these By-Laws. The Office of Personnel Management shall be informed promptly regarding proposed amendments to these By-Laws and to the Certification of Incorporation of this Association and shall be provided with copies of any changes in them within 31 days after the date of such changes.

(b) Purchase or otherwise acquire for the Association any property, rights or privileges which it is authorized to acquire, at such price, if any, or for such consideration and on such terms and conditions as the Board of Directors may deem expedient.

(c) To authorize the disbursement of the funds of the Association in such manner and by granting such authorities to the officers of this Association as they may deem wise, necessary or expedient.

(d) To appoint, remove or suspend the Executive Vice President, permanently or temporarily; to determine his/her duties; to fix, and from time to time change, his/her compensation; to enter into contracts of employment for such length of time as they may deem wise, necessary or appropriate.

(e) To appoint any person or corporation to accept and hold in trust for the Association any property of the Association or any property in which the Association may be interested, and to execute all such deeds or other instruments, and to do such things, as may be requisite in relation to any such trust.

(f) To determine who shall be authorized on behalf of the Association to sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

(g) To delegate any of the foregoing powers in the course of business of the Association to any standing or special Committee of the Association, or to any officer, agent or employee of the Association, and to appoint any person or persons to be agents of the Association with such powers, including the power to sub-delegate, and upon such terms as the Board of Directors shall deem necessary, proper or expedient.

(h) To invest any reserve funds of the Association in securities, real property, building and loan associations, in the US State Department Federal Credit Union, or other appropriate reputable financial institutions and, in general, to take such steps with reference to the Association's reserve funds as they deem to be in the best interests of the Association and its members.

(i) To select such person or persons or firms from without the membership of this Association to audit and assume the accounts of the Association at such time or times as the Board of Directors may deem necessary, proper or expedient, and to pay and to authorize the payment of fees and expenses in connection therewith.

(j) To elect such officers of the Board as may be deemed advisable from among its members.

(k) To appoint such Committees to be composed of members of the Association, and to include, or not, members of the Board of Directors, as the Board of Directors may deem necessary, proper or expedient; and to give such Committees as are appointed such powers, within the limitations on the Board of Directors set forth in these By-Laws, as the Board of Directors may deem necessary, proper or expedient for the functioning of such Committees as may be appointed.

(l) Generally, to do and perform, and to authorize the doing or performing, of all such lawful acts and things as are not contrary to the charter or any other provisions of these By-Laws, which the Board of Directors deem necessary, proper or expedient in connection with furtherance of the objects and purposes of the Association.

(m) To lend money for the purposes set forth in the Certificate of Incorporation, invest and reinvest funds of the Association, and take and hold real and personal property in its own name or in the name of trustees on its behalf as security for the payment of funds so loaned or invested.

ARTICLE V

MEETINGS OF ASSOCIATION

There shall be no duty to hold any regular meetings of the members of the Association.

Meetings of the Association may be held at such times as may be fixed by the Board of Directors of the Association, or on written request to the President of the Association of at least ten (10%) percent of the members of the Association.

The members of the Association, not less than ten (10%) percent of the total membership, attending such meeting shall constitute a quorum, and all actions taken by a majority of the members in attendance shall be binding, except that any action to change or supersede the By-Laws or Articles of Incorporation (unless approved by the Board of Directors acting under provisions of Article IX) must be submitted for ratification to the whole membership and will require the approval of an absolute majority of the members.

ARTICLE VI

MEMBERSHIP OF ASSOCIATION

Those eligible for membership in this Association are:

(a) Members of the Senior Foreign Service, Foreign Service Officers and Foreign Service Personnel employed by:

- (1) the Department of State
- (2) the Agency for International Development
- (3) the Foreign Commercial Service
- (4) the Foreign Agricultural Service

(b) Foreign Service Personnel drawing annuities based on employment in the above categories.

(c) Members of the Senior Executive Service and Civil Service employed by:

- (1) the Department of State
- (2) the Agency for International Development
- (3) the Foreign Commercial Service
- (4) the Foreign Agricultural Service

(d) Executive Branch civilian employees assigned overseas, to U.S. Territories or Possessions and the direct hire domestic employees who support those activities.

(e) Direct Hire Personnel who become members of this Association based on employment in the above categories and who subsequently retire or otherwise leave US Government employment.

(f) Non-career personnel who have Presidential appointments as Ambassadors of the United States of America.

(g) Peace Corps administrative staff and Peace Corps volunteers.

(h) Employees of the Association.

(i) Spouses of (a) to (h) and dependents of (a) to (h) above who are 19 years of age or over.

Application for membership shall be made on such forms and in such manner as the Board of Directors may from time to time specify.

Members in all categories (employees, annuitants, spouses, and dependents) described in the paragraph above may retain active membership even after their affiliation with one of the Foreign Service agencies listed above is terminated.

ARTICLE VII

OFFICERS OF ASSOCIATION AND THEIR DUTIES

In General

The officers of the Association shall consist of a Chairman, one or more Vice Chairmen, a Secretary, a Treasurer and any Assistant Secretaries and Assistant Treasurers as may be deemed advisable by the Board of Directors, all of whom shall be appointed by the Board of Directors. With the exception of the Executive Vice President, all officers shall be members of the Board of Directors.

Chairman

The Chairman shall preside at all meetings of the members of the Association and the Board of Directors of the Association.

The Chairman shall also be an ex-officio member of all standing committees and shall be entitled at his/her pleasure to attend all of the meetings of the standing Committees; and he/she may at any time and from time to time call upon the Board of Directors of the Association and on any standing Committees of the Association for information and data relating to the affairs of the Association.

The Chairman shall have all such other powers, duties and discretion's as may be delegated to him/her, subject to his/her acceptance, by the Board of Directors of the Association.

Vice Chairman

The Board of Directors shall designate from time to time and at any time the duties of one or more Vice Chairmen. The senior Board member (in terms of length of service as a director) with title of Vice Chairman of the Association shall be vested with all the powers and shall perform all the duties of the Chairman during the absence of the Chairman. In the case of a vacancy arising in the office of the Chairman, the Board of Directors shall determine who shall succeed the Chairman until a new Chairman is elected.

Secretary

The Secretary shall be responsible for keeping records of the proceedings of all meetings of the Association and of the Board. He/she shall prepare an agenda for all meetings of the Association and the Board, record all votes at all such meetings, serve as custodian of all records and reports of the Association and the Board and perform such other duties as the Board may from time to time require. He/she shall have custody of and responsibility for the seal of the Association. The Secretary shall give notice of all meetings of the Association and the Board for which notice is required. He/she shall also have such other powers and duties as the Board may assign him/her from time to time.

Subject to such conditions as set forth in these By-Laws or otherwise imposed by the Board, responsibility and attendant authority for the day-to-day conduct of the Secretary's duties are hereby delegated to the Executive Vice President.

Treasurer

The Treasurer, subject to the direction of the Board, shall have the care and custody of the funds, securities and valuable financial papers of the Association and all other properties possessed by the Association and shall have power to endorse for deposit or collection all notes, checks, drafts and other instruments payable to the Association and shall also have powers of disbursement of funds and shall perform such other duties as are designated from time to time by the Board.

Subject to such conditions as set forth in these By-Laws or otherwise imposed by the Board, responsibility and attendant authority for the day-to-day conduct of the Treasurer's duties are hereby delegated to the Executive Vice President.

Executive Vice President

The Board shall select and employ a competent, qualified and experienced Chief Executive Officer, who shall have the title: Executive Vice President, directly responsible to the Board, who shall see that the policies and directives of the Board are properly carried out; who, in general, shall manage the business and affairs of the Association and who shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person to so act. Specific duties and responsibilities shall include:

(a) Execution of the authority and responsibilities of the Secretary and Treasurer of the Association pursuant to the delegation of authority contained in these By-Laws.

(b) Employment, supervision and termination of employment of staff members required to conduct the business of the Association.

(c) Supervision of all day to day activities of the Association.

(d) Maintenance of effective communications with the Board and the members of the Association.

The Executive Vice President shall disburse all monies to accomplish the objects of the Association including the investment of reserve funds but only as may be approved by the Board of Directors. Disbursements shall be made by checks signed by the Executive Vice President. Checks signed by the Chairman, Vice Chairman, or Treasurer must be countersigned by one of the three previously mentioned officers. The Executive Vice President shall render a statement of his/her accounts and a balance sheet of his/her books at any time and all times as may be demanded by the Board of Directors of the Association or by the Chairman of the Association.

The Executive Vice President shall render to the Board of Directors a financial statement by an outside independent auditing firm once every year.

The Executive Vice President shall give a surety bond approved by and in the amount fixed by the Board of Directors of the Association which bond shall be paid for by the Association.

The Executive Vice President shall have such other duties as may be delegated or assigned to him/her at any time and from time to time by the Board of Directors.

Although not an elected member of the Board, the Executive Vice President shall be an ex-officio member of such Board but he/she shall not have the right to vote at the meetings of the Board of Directors. The Executive Vice President may serve as a member of standing committees at the pleasure of the Board.

Officer May Hold More Than One Office

Any two or more offices may be held by the same person, except the offices of Chairman, Vice Chairman, and Secretary.

ARTICLE VIII

AMENDMENTS

of the

CERTIFICATE OF INCORPORATION OR BY-LAWS

The Certificate of Incorporation and the By-Laws of the Association, either or both, may be altered, amended or changed at any time and from time to time by the action of the Board of Directors of the Association.

CERTIFICATE of INCORPORATION

of

AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION

THIS IS TO CERTIFY that we do hereby associate ourselves to establish a corporation, not organized for profit and in which no capital stock is required or is to be issued, under and by virtue of Chapter 6 of Title 29 of the Code of Laws for the District of Columbia, and Acts amendatory thereof, for the purposes and under the corporate name hereinafter mentioned; and to that end we do by this, our Certificate, set forth as follows:

I.

The name of the Association shall be AMERICAN FOREIGN SERVICE PROTECTIVE ASSOCIATION.

II.

The principal office of the Association shall be located in the City of Washington, District of Columbia.

III.

The term of existence of the Association shall be perpetual.

IV.

The object and purposes for which the Association is organized as a corporation are as follows:

- (a) To promote in all lawful, legitimate and appropriate ways the advancement of the welfare of the members of the Foreign Service of the United States Government or, as otherwise designated, persons in the American Foreign Service who shall become

members of this Association, including the welfare of their dependents or their designated beneficiaries; to foster among them an esprit de corps; to advance in every possible way the intelligent, efficient and skillful discharge of the duties of their occupation; to advance and safeguard their economic interests; and generally to encourage and promote better and more satisfactory employment conditions for them;

(b) To take, receive, hold and convey title to, or other interest in, such real and personal property as may be necessary for the purposes of the Association, and also to take, receive, hold and convey title to, or other interest in, real and personal property, the income from which shall be applied to the purposes of the Association;

(c) To take, receive, hold and convey any property acquired by gift, grant, devise, bequest, or otherwise, in accordance with any of the purposes of the Association and as may be specified by the donor thereof subject, however, to the qualification and condition to be understood so far as may be legally possible in all such cases that, if in the judgment and discretion of the Board of Directors of the Association, the purposes or objects so specified become unattainable or are obsolete or are not reasonably susceptible of attainment, then the property involved in any such case shall be subject to other objects and purposes of the Association;

(d) To do all and everything necessary, suitable, convenient, usual or proper for the accomplishment of the purposes herein expressed or incidental thereto and, generally, to exercise and enjoy all rights, powers and privileges now or hereafter granted by

Chapter 6 of Title 29 of the Code of Laws for the District of Columbia, and Acts amendatory thereof, and any other rights, powers, and privileges now or hereafter granted by law; provided, however, that no part of the net earnings or of the principal or assets of this Association shall inure to the individual benefit of any donor, grantor, or testator, or his or her heirs, representatives, or assigns, or of any member of the Association or of any private shareholder or individual other than through payments of life, sick, ^{CC}accident, or other benefits which may be provided for the members of the Association, and no part of the net earnings or of the principal or assets of this Association shall be diverted to carrying on propaganda or in otherwise attempting to influence legislation.

v.

The control and management of the affairs and property of the Association for the first year of its existence shall be by a Board of Directors of three (3) persons. For the next ensuing years of its existence, the management and administration of the affairs of the Association shall be in a Board of Directors of not less than three (3) and no more than five (5) members, as the By-Laws of the Association may from time to time prescribe.

The Board of Directors as originally constituted shall have the power to make By-Laws; which said By-Laws may be altered and changed thereafter as provided in said By-Laws.

GIVEN under our hands and seals this 11th day of July, A.D. 1951.

Fletcher Warner (SEAL)
Kenneth J. Davis (SEAL)
Hubert S. Bunker (SEAL)

4.

DISTRICT of COLUMBIA, SS:

I, E. J. MADILL, a Notary Public in and for the District of Columbia, do hereby certify that FLETCHER WARREN, L. RANDOLPH HIGGS and HERBERT S. BURSLEY, parties to a Certificate of Incorporation to which this acknowledgment is annexed, personally appeared before me in said District, the said FLETCHER WARREN, L. RANDOLPH HIGGS and HERBERT S. BURSLEY being well known to me as the persons who executed the said Certificate of Incorporation, and acknowledged the same to be their act and deed.

GIVEN under my hand and seal this 11th day of July, A.D.. 1951.

/s/ E. J. MADILL
Notary Public

Com. Expires 2-28-55

(Seal)



American Foreign Service Protective Association, Inc.

Audited Financial Statements
and Other Financial Information

*Years ended December 31, 2009 and 2008
with Report of Independent Auditors*

American Foreign Service Protective Association, Inc.

Audited Financial Statements
and Other Financial Information

Years ended December 31, 2009 and 2008

Contents

Report of Independent Auditors.....	1
Audited Financial Statements	
Statements of Financial Position	2
Statements of Activities.....	3
Statements of Cash Flows.....	4
Notes to the Financial Statements.....	5 - 12
Other Financial Information	
Details of Activities.....	13

Report of Independent Auditors

Board of Directors
American Foreign Service Protective Association, Inc.

We have audited the accompanying statements of financial position of American Foreign Service Protective Association, Inc. (AFSPA) as of December 31, 2009 and 2008, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of AFSPA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AFSPA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Foreign Service Protective Association, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The accompanying details of activities schedule is presented for purpose of additional analysis and is not a required part of the consolidating financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Johnson Lambert & Co LLP

Falls Church, Virginia
June 25, 2010

American Foreign Service Protective Association, Inc.

Statements of Financial Position

	December 31,	
	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 83,165	\$ 143,308
Investments	1,092,915	724,550
Accounts receivable and prepaid expenses	488,120	476,481
Property, plant and equipment, less accumulated depreciation of \$1,740,299 and \$1,589,000, respectively	2,335,686	2,310,922
Land	1,079,035	1,079,035
FEHBP reimbursement receivable	289,915	210,166
Escrow deposit	<u>90,630</u>	<u>636,461</u>
Total assets	<u>\$ 5,459,466</u>	<u>\$ 5,580,923</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and other liabilities	\$ 267,401	\$ 294,634
Deferred revenue	779,952	740,521
Mortgage payable	1,058,056	1,111,617
Line of credit	<u>150,000</u>	<u>150,000</u>
Total liabilities	2,255,409	2,296,772
Net assets:		
Unrestricted	<u>3,204,057</u>	<u>3,284,151</u>
Total liabilities and net assets	<u>\$ 5,459,466</u>	<u>\$ 5,580,923</u>

See accompanying notes to the financial statements.

American Foreign Service Protective Association, Inc.

Statements of Activities

	Years ended December 31,	
	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets		
Revenue:		
Administrative expense reimbursement	\$ 4,292,223	\$ 3,993,362
Service and administrative charges	575,918	525,698
(Loss) Gain on premium stabilization fund	(210,269)	66,311
Investment income	22,534	26,045
Miscellaneous income	<u>20,004</u>	<u>20,011</u>
Total revenues	4,700,410	4,631,427
Expenses:		
Employee compensation and related expenses	2,982,442	2,836,482
Administrative and general	1,741,302	1,602,368
Depreciation and amortization	<u>151,299</u>	<u>163,421</u>
Total expenses	<u>4,875,043</u>	<u>4,602,271</u>
Change in unrestricted net assets before non-operating items	(174,633)	29,156
Net change in fair value of investments	<u>94,539</u>	<u>(236,373)</u>
Change in unrestricted net assets	(80,094)	(207,217)
Net assets, beginning of year	<u>3,284,151</u>	<u>3,491,368</u>
Net assets, end of year	<u>\$ 3,204,057</u>	<u>\$ 3,284,151</u>

See accompanying notes to the financial statements.

American Foreign Service Protective Association, Inc.

Statements of Cash Flows

	Years ended December 31,	
	2009	2008
Cash flows from operating activities		
Change in net assets	\$ (80,094)	\$ (207,217)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	151,299	163,421
Net change in fair value of investments	(94,539)	236,373
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(11,639)	14,106
Deposits	545,831	119,242
FEHBP reimbursement receivable	(79,749)	(13,672)
Accounts payable and accrued liabilities	(27,233)	4,435
Deferred revenue	39,431	(10,836)
Total cash flows provided by operating activities	443,307	305,852
Cash flows from investing activities		
Additions to fixed assets	(176,063)	(178,810)
Purchase of investments	(876,429)	(501,546)
Proceeds from maturity of investments	602,603	277,591
Total cash flows used in investing activities	(449,889)	(402,765)
Cash flows from financing activities		
Payments on revolving line of credit	(150,000)	-
Proceeds from revolving line of credit	150,000	50,000
Payments of mortgage loan	(53,561)	88,116
Total cash flows (used in) provided by financing activities	(53,561)	138,116
Net change in cash and cash equivalents	(60,143)	41,203
Cash and cash equivalents, beginning of year	143,308	102,105
Cash and cash equivalents, end of year	\$ 83,165	\$ 143,308
Supplemental disclosures of cash flow information:		
Interest paid	\$ 60,103	\$ 62,962

See accompanying notes to the financial statements.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements

Years ended December 31, 2009 and 2008

Note A - Summary of Significant Accounting Policies

Organization

The American Foreign Service Protective Association, Inc. (AFSPA) is a not-for-profit corporation organized to provide insurance benefits to its members. The life, accidental death and dismemberment, long-term care, and dental plans are financed solely by premiums from members. The health plan is operated under a contract with the United States Office of Personnel Management (OPM) pursuant to the Federal Employee Health Benefits Act (FEHBA) of 1959, as amended, and regulations issued thereunder whereby the Federal Government pays a portion of the members' premiums. Coventry Health Care (Coventry) has issued master group policies with respect to health. Through August 31, 2009, Mutual of Omaha Insurance Company (Mutual) issued the master group policies with respect to accidental death and dismemberment, and life plans. From September 1, 2009, Prudential Insurance Company of America (Prudential) issues the master group policies with respect to accidental death and dismemberment and life plans. Mutual issues the master group policies for long-term care. General Life Insurance Company (CIGNA) administers a global dental plan, DentaQuest underwrites a domestic dental plan under a master group policy and the Prudential administers an optional term life insurance plan.

Basis of Reporting

The financial statements of AFSPA have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). Preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments

AFSPA carries its investments at fair value. Realized investment gains or losses are determined using the specific identification method. Gains or losses, realized and unrealized, are reported in the statements of activities as the net change in fair value of investments.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note A - Summary of Significant Accounting Policies (Continued)

Furniture, Fixtures, Equipment, Office Building and Land

Furniture, fixtures, equipment and the office building are stated at cost. AFSPA capitalizes purchased assets with costs equal to or greater than \$1,000. Depreciation is calculated on furniture, fixtures, equipment, and the office building using the straight-line method over their estimated useful lives ranging from 3 to 7 years for furniture, fixtures and equipment and 30 years for the office building and building improvements. Land is recorded at cost based on the fair value at the time of purchase.

Functional Analysis

When total expenses of \$4,875,043 are analyzed by functional category, approximately 61%, or \$2,982,442, is attributable to program activities for the year ended December 31, 2009. The remaining 39%, or \$1,892,601, for 2009 is attributable to the administrative support function of all programs. For the year ended December 31, 2008, the total expenses of \$4,602,271 by functional category, includes approximately 62%, or \$2,836,482, attributable to program activities, and approximately 38%, or \$1,765,789, attributable to the administrative support function of all programs.

Concentration of Credit Risk

Management does not consider the cash balances above the (FDIC) insured limit to be a significant credit risk. Effective October 3, 2008 the FDIC increased the deposit insurance coverage limit to \$250,000. This increase is effective through December 31, 2013.

Federal Income Taxes

AFSPA is a not-for-profit organization exempt from federal income tax under Section 501(c)(9) of the Internal Revenue Code. Management has concluded that the Association has properly maintained its exempt status and that there are no uncertain tax positions as of December 31, 2009. In addition, all revenue within the statement of activities has been properly classified as exempt for the tax year ended December 31, 2009. Tax years 2005-2008 are subject to examination by tax authorities. There are currently no tax examinations being conducted.

Subsequent Events

The Association has performed an evaluation of subsequent events through June 25, 2010, which is the date the financial statements were available to be issued and has considered any relevant matters in the preparation of the financial statements and footnotes.

Reclassifications

Certain 2008 balances have been reclassified to conform with the 2009 presentation.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note B - Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	<u>2009</u>	<u>2008</u>
Office building	\$ 1,976,038	\$ 1,976,038
Land	1,079,035	1,079,035
Building improvements	1,234,086	1,083,458
Furniture, fixtures and equipment	<u>865,861</u>	<u>840,426</u>
	5,155,020	4,978,957
Accumulated depreciation and amortization	<u>(1,740,299)</u>	<u>(1,589,000)</u>
	<u>\$ 3,414,721</u>	<u>\$ 3,389,957</u>

Note C - Group Health Underwriting Contract

AFSPA has a group underwriting contract with Coventry to underwrite the health insurance program. OPM deposits federal premiums to a Letter of Credit account, from which Coventry draws to pay claims and administrative expenses. AFSPA is reimbursed for health insurance program administrative expenses by reporting funding requirements to Coventry, which executes a pass-through draw transaction.

The group health underwriting contract, as required by the contract with OPM, is experience rated. The excess or deficiency of health premiums received and accrued over administrative expenses and health claims incurred is reflected in a special reserve held by OPM and is not included in the financial statements of AFSPA. The special reserve balance at December 31, 2009 and 2008 is \$19.5 million and \$15.1 million, respectively. The special reserve may only be used to fund future health claims or administrative expenses and reverts to the federal government if the contract with OPM is terminated. The contract with OPM automatically renews each January 1, unless notice of cancellation is given 60 days prior to renewal.

Under its contract with OPM, AFSPA may allocate administrative expenses, including a cost of capital allowance, to the health plan subject to an annual maximum limitation. The maximum limitation for 2009 and 2008 was \$4,376,712 and \$4,214,049, respectively. AFSPA allocated direct and indirect expenses to the health plan of \$4,292,223 and \$3,993,362 in 2009 and 2008, respectively.

Note D - Group Life and Other Insurance Policies

AFSPA purchases group insurance policies to cover the benefits provided by the life insurance, the accidental death and dismemberment insurance, long-term care, and dental plans. The group life insurance plan, underwritten by Mutual until September 1, 2009, is experience rated. Effective September 1, 2009, Prudential underwrites the life insurance plan. An annual premium adjustment is determined based on the surplus or deficiency of premiums remitted to Mutual or Prudential compared to life claims incurred.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note D - Group Life and Other Insurance Policies (Continued)

As a normal course of business, AFSPA collects premiums from its members and remits the premiums to the various insurance carriers less an administrative fee. The total premiums collected from members and remitted to the insurance carriers was \$1,850,274 and \$1,806,675, in 2009 and 2008, respectively.

Through August 31, 2009 AFSPA was required to maintain an escrow deposit as security for its premium obligations under its life insurance agreement. To the extent that there was a surplus of premiums paid by members over claims paid by Mutual, AFSPA was entitled to withdraw from escrow the amount in excess of the required escrow deposit. As of September 1, 2009, whenever any premium payment, which is in excess of the premium due under the Group Contract as of any due date, for life insurance for Members retired prior to September 1, 2009 and reported to Prudential on a closed list is made by the Contract Holder such excess premium amount shall be credited to the Advance Premium Account as of the date of its receipt. The amount of excess premium will not exceed \$120,000.

In 2009 and 2008, AFSPA's liability was limited to \$295,000, of which \$175,000 represents the maximum liability for the New Life Plan and \$120,000 represents the maximum liability for the Old Life Plan. Any deficiency in excess of the respective plan's escrow account was accumulated and carried forward. AFSPA was required to replenish the escrow annually as necessary to maintain the required deposit. In 2009, due to an excess of claims paid by Mutual over premiums paid by members, Mutual withdrew all of the \$175,000 in the escrow deposit. As the life insurance plans are no longer underwritten by Mutual, AFSPA does not have any further liability to maintain the escrow. Further, AFSPA does not expect to incur similar liability under the existing Group Contract with Prudential.

Following is a comparative summary of the activity in the escrow account for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 636,462	\$ 755,704
(Loss) gain from life plan activity:		
Old life plan	(31,769)	(75,930)
New life plan withdrawal	<u>(178,500)</u>	<u>142,241</u>
	(210,269)	66,311
Withdrawal of excess premium stabilization fund	(341,463)	(200,000)
Interest credited	<u>5,900</u>	<u>14,447</u>
Balance, end of year	<u>\$ 90,630</u>	<u>\$ 636,462</u>

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note E - Investments

Investments at December 31 were comprised of the following:

	<u>2009</u>	<u>2008</u>
<i>Fixed-Maturity Securities:</i>		
Certificates of deposit	\$ 428,012	\$ 200,000
Structured products	<u>112,349</u>	<u>-</u>
Total fixed-maturity securities	540,361	200,000
<i>Equity Securities:</i>		
Mutual funds	502,404	218,843
Common stock	<u>50,150</u>	<u>305,707</u>
Total equity securities	<u>552,554</u>	<u>524,550</u>
Total investments	<u>\$ 1,092,915</u>	<u>\$ 724,550</u>

AFSPA invests in structured products, which are securities that are sold by institutions (usually banks) and have a fixed maturity date. These structured products are created by and backed by the corporate credit of the selling institution. The investment returns of the structured products held by AFSPA as of December 31, 2009 are derived from the performance of the following indices: S&P 500; the future performance of a the price of a selected commodities; and a basket of currencies relative to the U.S. dollar. Each structured product has a stated index barrier and in some instances, an index floor, based upon the respective index's closing price on the purchase date. As long as the index price never exceeds the stated barrier or floor, if applicable, the Company will earn the return of the respective index. If the closing price of the index exceeds the index barrier or falls below the index floor at any point while the Company is holding the security, the Company generally receives its return of principal only at maturity.

AFSPA invests in various investment instruments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note E - Investments (Continued)

GAAP establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy requires the use of observable market data when available and establishes the following three levels:

Level 1- Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2- Inputs to the valuation methodology included quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liability and market-corroborated inputs.

Level 3- inputs to valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement. AFSPA did not have any investments classified as level 3.

Investments at December 31, 2009 were comprised of the following:

	Quoted Prices in Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Equities	\$ 50,150	\$ -	\$ 50,150
Certificates of Deposit	428,012	-	428,012
Mutual funds	502,404	-	502,404
Structured Products	-	112,349	112,349
	<u>\$ 980,566</u>	<u>\$ 112,349</u>	<u>\$ 1,092,915</u>

At December 31, 2008, AFSPA invested primarily in mutual funds and the fair values were based on quoted market prices. All of AFSPA's investments were Level 1 securities at December 31, 2008.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note E - Investments (Continued)

The total return on investments consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Investment income	\$ 28,133	\$ 33,112
Investment fees	<u>(5,599)</u>	<u>(7,067)</u>
Net investment income	<u>22,534</u>	<u>26,045</u>
Net change in fair value of investments	<u>94,539</u>	<u>(236,373)</u>
Total return on investments	<u>\$ 117,073</u>	<u>\$ (210,328)</u>

Note F - Employee Benefits

AFSPA has an employee-directed 401(k) plan. Qualified employees are those who are at least twenty-one years of age with one year of service completed. Employees may elect to contribute a percentage of their salaries up to the maximum allowed by current retirement plan regulations.

Total AFSPA expense for contributions for 2009 and 2008 were \$92,900 and \$84,416, respectively, which includes matching and discretionary contributions.

Note G - Mortgage Payable

In 2003, AFSPA purchased an office building, adjacent to its current office location, to use as additional office space. The total purchase price of the building was \$2,002,595. AFSPA made a cash payment of \$667,595 and entered into a mortgage note with SunTrust Bank for \$1,335,000. On March 31st, 2008, AFSPA renewed the mortgage note. Interest on the note is at a fixed rate of 5.23%, which is due monthly along with principal. The note is secured by the land and building and all outstanding principal and interest payments are due by March 31, 2013. AFSPA made building improvements in the amount of \$148,000 in 2008, which were added to the loan. At December 31, 2009, there was \$1,058,056 outstanding on the mortgage and interest expense paid in 2009 was \$60,103.

Note H - Line of Credit Payable

AFSPA has a line of credit payable with SunTrust Bank plus interest determined by LIBOR plus 1.5% per annum payable monthly. The available line of credit to AFSPA is \$250,000. All business assets of AFSPA have been pledged as collateral for the line of credit. AFSPA has borrowed \$150,000 and \$150,000 against the line of credit as of December 31, 2009 and 2008, respectively.

American Foreign Service Protective Association, Inc.

Notes to Financial Statements (Continued)

Note I - Related Parties

AFSPA provides management and administrative services to the Senior Living Foundation of the American Foreign Service, Inc. (SLF). The policy has been for these services to be provided at no cost to SLF; however, AFSPA has requested and received payments of \$20,000 for each of the years ended December 31, 2009 and 2008, respectively. The actual costs borne by AFSPA for the years ended December 31, 2009 and 2008 were \$63,790 and \$66,855, respectively. Included in employee compensation and related expense in 2009 and 2008 is \$40,920 and \$41,403, respectively, which represents salary costs for AFSPA's employees based on their time worked on behalf of SLF, and \$22,870 and \$25,452, respectively, which represents other expenses paid by AFSPA on behalf of SLF.

American Foreign Service Protective Association, Inc.

Details of Activities

Year ended December 31, 2009

	<u>FEHBP Plan</u>	<u>Association</u>	<u>Eliminating Entries</u>	<u>Combined</u>
Revenues				
Service and administrative charges	\$ 328,872	\$ 247,046	\$ -	\$ 575,918
Administrative expense reimbursement	4,401,159	-	(108,936)	4,292,223
Miscellaneous income	-	20,004	-	20,004
Investment income	-	22,534	-	22,534
(Loss) Gain on premium stabilization fund	-	(210,269)	-	(210,269)
Total revenues	<u>4,730,031</u>	<u>79,315</u>	<u>(108,936)</u>	<u>4,700,410</u>
Expenses				
Employee compensation and related expenses	2,564,879	417,563	-	2,982,442
Depreciation and amortization	136,925	14,374	-	151,299
Administrative and general	1,455,454	285,848	-	1,741,302
Cost of capital expense	-	108,936	(108,936)	-
Total expenses	<u>4,157,258</u>	<u>826,721</u>	<u>(108,936)</u>	<u>4,875,043</u>
Change in unrestricted net assets before non- operating items	572,773	(747,406)	-	(174,633)
Net change in fair value of investments	-	94,539	-	94,539
Change in unrestricted net assets	572,773	(652,867)	-	(80,094)
Net assets, beginning of year				<u>3,284,151</u>
Net assets, end of year				<u>\$ 3,204,057</u>

Ms. Rosalind Minor
August 11, 2010
Page 2

August 11, 2010

Ms. Rosalind Minor
Department of Insurance
1200 West Third Street
Little Rock, AR 72201-1904

Re: 83500 COV 5022, et al
Group Long Term Care Insurance Forms
State Tracking Number: 46238

Dear Ms. Minor:

This letter is in response to the Department's request for additional information regarding the above-captioned submission.

As requested, the AFSPA Association's Articles of Incorporation are attached for review.

Following is our response to the Questionnaire provided by the Department.

1. American Foreign Services Protective Association (AFSPA)
1716 N. Street, NW
Washington, D.C. 20036-2902
2. Yes, Incorporated in the District of Columbia
3. No
4. Not applicable
5. No dues are charged for membership.
6. Established in 1929 and Incorporated in 1951, the Protective Association is devoted to providing insurance and services specifically tailored to the unique needs of the Foreign Service and other Executive Branch personnel.
7. Access to the Senior Living Foundation which provides information and assistance on available resources at the community, State and Federal levels which are available to those who have become physically, mentally or financially challenged with coping with the aging process. The Foundation also can provide financial support by way of small grants that can assist with medical transportation, hearing aids and home health care costs. Members also have access to a Legal Service.
8. Qualifying for membership requires the individual be an active duty civil service or Foreign Service employee of the Department of State, Department of Defense, Foreign Agricultural Services, Foreign Commercial Service or Peace Corps.

9. Members are recruited through new hire orientation training (at several eligible Government agencies) and annual health/information fairs and events.
10. By-laws are attached under the Supporting Documentation Tab.
11. Since no dues are collected for membership we do not believe we need to provide a list of members residing in the state of Arkansas.
12. A recent Financial Statement is attached under the Supporting Documentation Tab.
13. Yes, an administration fee from The Prudential Insurance Company of America goes back to the Association for the administration costs related to the Long Term Care Insurance program.

We believe with this response the Department's request for additional information has been fulfilled and the review process may proceed.

Correspondence: Please correspond directly with my associate if there are any additional questions concerning this filing.

Laura Hughes
Regulatory Contract Specialist
The Prudential Insurance Company of America
(215) 658-6282
Laura.hughes@prudential.com

Very truly yours,



Karen L. Smyth
Vice President

Enclosures

FORMS LISTING

DOI FILING NUMBER: 31882
SERFF Tracking #: SERT-6LRF6491
Approval Date: February 9, 2007

CERTIFICATE DOCUMENTS

83500 BCOV 5026	Cover Page	
83500 BTC 5028	Table of Contents	
83500 BFW 5022	Foreword – State Notices	
83500 BEL 5019	Who is Eligible	
83500 PRM 5021	Premiums	
83500 LTC R 5034	Long-Term Care Benefit Descriptions	All pages combined:
83500 GBT T 5016	Additional Coverage Features	53.9
83500 BCL 5064	The Claims Process	
83500 COB 5007	Coordination of Benefits With Other Coverages	
83500 BGX 5026	Coverage Exclusions	
83500 BAS 5053	Definitions	
83500 BTE 5053	When Your Coverage Ends	
83500 LTC T 5066	Automatic Compound Inflation Benefit – No Maximum	40.1
83500 LTC T 5071	Guaranteed Purchase Option	40.7
GRP 113619	Schedule of Benefits	42.1
GRP 113620	Enrollment Form/Guaranteed Issue Form	
GRP 113700	Insurability Profile	40.1
GRP 113701	Medical History and Insurability Form	40.9
GRP 113664	Outline of Coverage	40.3