

SERFF Tracking Number: UTAC-126631994 State: Arkansas
 Filing Company: Loyal American Life Insurance Company State Tracking Number: 45722
 Company Tracking Number: LOYAL MS-2010 POLICIES BC&D
 TOI: MS08I Individual Medicare Supplement - Sub-TOI: MS08I.002 Plan B 2010
 Standard Plans 2010
 Product Name: LOYAL MS-2010 POLICIES BC&D
 Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D

Filing at a Glance

Company: Loyal American Life Insurance Company

Product Name: LOYAL MS-2010 POLICIES BC&D SERFF Tr Num: UTAC-126631994 State: Arkansas

TOI: MS08I Individual Medicare Supplement - Standard Plans 2010 SERFF Status: Closed-Approved-Closed State Tr Num: 45722

Sub-TOI: MS08I.002 Plan B 2010 Co Tr Num: LOYAL MS-2010 POLICIES BC&D State Status: Approved-Closed

Filing Type: Form/Rate

Reviewer(s): Stephanie Fowler

Authors: Jackie Cunningham,
 Alycia Sumbera, Joyce Kostakis,
 Melissa Garza, Melissa MacLaurin

Disposition Date: 01/05/2011

Date Submitted: 05/19/2010

Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: LOYAL MS-2010 POLICIES BC&D
 Project Number: LOYAL MS-2010 POLICIES BC&D
 Requested Filing Mode: Review & Approval
 Explanation for Combination/Other:
 Submission Type: New Submission
 Overall Rate Impact:

Status of Filing in Domicile: Pending

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Individual

Individual Market Type:

Filing Status Changed: 01/05/2011

State Status Changed: 01/05/2011

Created By: Jackie Cunningham

Corresponding Filing Tracking Number:

Deemer Date:

Submitted By: Jackie Cunningham

Filing Description:

To be used with approved forms:

Replacement Notice GASBG-MS-RN Approved 11/17/2007

Medicare Supplement Application GASBG-MS-APP-2010-AR Approved 1/27/2010

Form: SERFF Tracking #: Form Number: Approval Date:

Medicare Supplement Outline of Coverage-2010 Version 2 LOYAL-OC.V2-CR-AR

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Product Name: LOYAL MS-2010 POLICIES BC&D
Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D
Medicare Supplement Plan A UTAC-126397388 Loyal-MS-CR-A-AR 1/27/2010
Medicare Supplement Plan B Loyal-MS-CR-B-AR
Medicare Supplement Plan C Loyal-MS-CR-C-AR
Medicare Supplement Plan D Loyal-MS-CR-D-AR
Medicare Supplement Plan F UTAC-126397388 Loyal-MS-CR-F-AR 1/27/2010
Medicare Supplement Plan G UTAC-126397388 Loyal-MS-CR-G-AR 1/27/2010
Medicare Supplement Plan N UTAC-126397388 Loyal-MS-CR-N-AR 1/27/2010

Dear Analyst:

Enclosed please find the actuarial memorandum for the policy forms described above as well as the policy forms for the Medicare Supplement plans B, C and D. Please note that the policy forms for Plans A, F, G & N were recently approved by your division and are not included with this filing.

Policy forms B, C and D will be used with the previously approved application and replacement notice described above. The actuarial memorandum references the new plans B, C, and D as well as the previously approved Plans A, F, G & N. We are requesting the approval of Plans B, C, and D and with this filing we would like to replace the currently approved 2010 Standardized Medicare Supplement rates with the proposed (revised) rates for plans A, F, G & N. For new issues we would like to use the revised rates upon approval. For existing insured's we will forward the required notices prior to implementing the rate change. The proposed rates are being filed to provide consistency across all of Company's affiliates. Any rate differences between current and proposed rates will be applied retroactively so that all policies issued after 6/1/2010 will be on the same rate schedule.

Company and Contact

Filing Contact Information

Jackie Cunningham, Compliance Analyst jccunningham@gafri.com
11200 Lakeline Boulevard, Suite 100 816-246-6202 [Phone]
P. O. Box 26580 512-451-0357 [FAX]
Austin, TX 78755-0580

Filing Company Information

Loyal American Life Insurance Company CoCode: 65722 State of Domicile: Ohio
11200 Lakeline Blvd., Suite 100 Group Code: 84 Company Type: Insurance
Company
P.O. Box 559004 Group Name: State ID Number:
Austin, TX 78755-9004 FEIN Number: 63-0343428

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Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D
(800) 633-6752 ext. [Phone]

Filing Fees

Fee Required? Yes
Fee Amount: \$300.00
Retaliatory? No
Fee Explanation: 3 policy forms x 50 = \$150
3 rates x 50 = \$150
Total Due \$300
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Loyal American Life Insurance Company	\$300.00	05/19/2010	36666947

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Stephanie Fowler	01/05/2011	01/05/2011
Approved-Closed	Stephanie Fowler	05/25/2010	05/25/2010

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Form	Medicare Supplement Policy Plan B	Alycia Sumbera	01/05/2011	01/05/2011
Form	Medicare Supplement Policy Plan C	Alycia Sumbera	01/05/2011	01/05/2011
Form	Medicare Supplement Policy Plan D	Alycia Sumbera	01/05/2011	01/05/2011

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Please reopen the filing	Note To Reviewer	Alycia Sumbera	12/29/2010	12/29/2010

SERFF Tracking Number: UTAC-126631994 State: Arkansas
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Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D

Disposition

Disposition Date: 01/05/2011

Implementation Date:

Status: Approved-Closed

Comment: This approval is subject to the following:

- Increases will not be given more frequently than once in a twelve-month period;
- The insured shall be notified by the insurer of its intention to increase the rate for renewal not less than thirty (30) days prior to the effective date of the renewal.

Rate data does NOT apply to filing.

SERFF Tracking Number: UTAC-126631994 State: Arkansas
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 Product Name: LOYAL MS-2010 POLICIES BC&D
 Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification	Accepted for Informational Purposes	Yes
Supporting Document	Application	Approved	Yes
Supporting Document	Health - Actuarial Justification	Approved	No
Supporting Document	Outline of Coverage	Approved	Yes
Form (revised)	Medicare Supplement Policy Plan B	Approved	Yes
Form	Medicare Supplement Policy Plan B	Disapproved	Yes
Form (revised)	Medicare Supplement Policy Plan C	Approved	Yes
Form	Medicare Supplement Policy Plan C	Disapproved	Yes
Form (revised)	Medicare Supplement Policy Plan D	Approved	Yes
Form	Medicare Supplement Policy Plan D	Disapproved	Yes
Form	Medicare Supplement Outline of Coverage	Approved	Yes

SERFF Tracking Number: UTAC-126631994 State: Arkansas
Filing Company: Loyal American Life Insurance Company State Tracking Number: 45722
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Standard Plans 2010
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Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D

Disposition

Disposition Date: 05/25/2010

Implementation Date: 06/01/2010

Status: Approved-Closed

Comment: This approval is subject to the following:

- Increases will not be given more frequently than once in a twelve-month period;
- Both the insured and agent shall be notified by the insurer of its intention to increase the rate for renewal not less than thirty (30) days prior to the effective date of the renewal.

Rate data does NOT apply to filing.

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Supporting Document	Application	Approved	Yes
Supporting Document	Health - Actuarial Justification	Approved	No
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Form (revised)	Medicare Supplement Policy Plan B	Approved	Yes
Form	Medicare Supplement Policy Plan B	Disapproved	Yes
Form (revised)	Medicare Supplement Policy Plan C	Approved	Yes
Form	Medicare Supplement Policy Plan C	Disapproved	Yes
Form (revised)	Medicare Supplement Policy Plan D	Approved	Yes
Form	Medicare Supplement Policy Plan D	Disapproved	Yes
Form	Medicare Supplement Outline of Coverage	Approved	Yes

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Amendment Letter

Submitted Date: 01/05/2011

Comments:

Pursuant to your request, the policy language has been correct to only allow premium increases on the policy anniversary. Please let me know if you have any additional questions or concerns.

Sincerely

Alycia Sumbera, ACS, AMLI

Compliance Filing Specialist

866-459-4272 ext 4822

Changed Items:

Form Schedule Item Changes:

Form Schedule Item Changes:

Form Number	Form Type	Form Name	Action	Form Action Other	Previous Filing #	Replaced Form #	Readability Score	Attachments
LOYAL-MS-CR-B-AR	Policy/Contract Certificate	Medicare Supplement Policy Plan B	Initial				43.800	LOYAL-MS-CR-B-AR_01.11.pdf
LOYAL-MS-CR-C-AR	Policy/Contract Certificate	Medicare Supplement Policy Plan C	Initial				43.800	LOYAL-MS-CR-C-AR_01.11.pdf
LOYAL-MS-CR-D-AR	Policy/Contract Certificate	Medicare Supplement Policy Plan D	Initial				43.800	LOYAL-MS-CR-D-AR_01.11.pdf

SERFF Tracking Number: UTAC-126631994 *State:* Arkansas
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Note To Reviewer

Created By:

Alycia Sumbera on 12/29/2010 08:45 AM

Last Edited By:

Alycia Sumbera

Submitted On:

12/29/2010 08:45 AM

Subject:

Please reopen the filing

Comments:

We need to revise the RENEWAL AND PREMIUM PAYMENT PROVISION paragraph on the cover page to only allow the insured's rates to be increased on the anniversary date.

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Form Schedule

Lead Form Number: LOYAL-MS-CR-B-AR

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved 01/05/2011	LOYAL-MS-CR-B-AR	Policy/Cont ract/Fratern al	Medicare Supplement Policy Plan B Certificate	Initial		43.800	LOYAL-MS-CR-B-AR_01.11.pdf
Approved 01/05/2011	LOYAL-MS-CR-C-AR	Policy/Cont ract/Fratern al	Medicare Supplement Policy Plan C Certificate	Initial		43.800	LOYAL-MS-CR-C-AR_01.11.pdf
Approved 01/05/2011	LOYAL-MS-CR-D-AR	Policy/Cont ract/Fratern al	Medicare Supplement Policy Plan D Certificate	Initial		43.800	LOYAL-MS-CR-D-AR_01.11.pdf
Approved 05/25/2010	LOYAL-OC.V2-CR-AR	Outline of Coverage	Medicare Supplement Outline of Coverage	Revised	Replaced Form #: LOYAL-OC-CR-AR Previous Filing #: UTAC-126397388	40.600	LOYAL-OC.V2-CR-AR.pdf



LOYAL AMERICAN LIFE INSURANCE COMPANY
[P.O. Box 559004 ♦ Austin, Texas 78755-9004 ♦ 800-633-6752]

MEDICARE SUPPLEMENT POLICY PLAN B

Here is Your new Medicare Supplement policy. The language used is easy to understand. In this policy the words "We", "Our" or "Us" mean Loyal American Life Insurance Company®. "You" or "Your" means the person to be insured by the policy, as cited on the Policy Schedule Page. This policy pays for Hospital care and medical and surgical treatment to the extent provided.

GUARANTEED RENEWABLE FOR LIFE

RENEWAL AND PREMIUM PAYMENT PROVISIONS

This policy may be kept in force during Your lifetime by paying the premiums on time. We cannot cancel or refuse to renew this policy for any reason other than nonpayment of premium or material misrepresentation in the application for insurance. On each policy anniversary, the premium may change if a new table of rates is applicable to the policy but only as specified in the Right to Adjust Future Premiums provision as stated in Part 5. If We change the premium rates for all policies of this form issued by Us and in force in Your state, We will inform You in writing before the change occurs at the address shown in Our records.

PREEXISTING CONDITION(S) LIMITATION PROVISION

This policy will not cover loss due to Preexisting Condition(s) unless the expense for that loss is incurred more than six (6) months after the effective date of coverage.

This provision does not apply if, as of the date of application, You had a Continuous Period of Creditable Coverage or had prior coverage under a Medicare Supplement policy for at least six (6) months. If, as of the date of application, You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied. This provision does not apply if You applied for and were issued this policy under guaranteed issue status.

IMPORTANT NOTICE! PLEASE READ

Please read the copy of the application attached to this policy. Omissions or misstatements in the application could cause an otherwise valid claim to be denied or coverage to be rescinded. Carefully check the application and write to Loyal American Life Insurance Company at [P.O. Box 559004, Austin, Texas 78755-9004] within ten (10) days if any information shown on it is not correct and complete or if any medical history has been left out. The application is a part of this policy, which was issued on the basis that the answers to all questions and the information shown on the application are correct and complete.

NOTICE TO BUYER: THIS POLICY MAY NOT COVER ALL OF YOUR MEDICAL EXPENSES.

YOU HAVE THE RIGHT TO EXAMINE THIS POLICY FOR THIRTY (30) DAYS

Please read Your policy carefully. If You are not satisfied with Your policy for any reason, You may return the policy to Us or to Your agent from whom it was purchased. It must be returned within thirty (30) days from receipt of this policy. If returned, the policy will be void from its beginning as though the policy was never issued. Any premium paid will be refunded.

[*Brenda Hardison*]
Secretary

[*Billy Hill Jr.*]
President

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**LOYAL AMERICAN LIFE INSURANCE COMPANY
MEDICARE SUPPLEMENT POLICY - PLAN B SCHEDULE PAGE**

POLICY NUMBER: [AE0000001M]
INSURED: [NAME OF PERSON]
AGE AT ISSUE: [75]

EFFECTIVE DATE: [JANUARY 1, 2010]
STATE OF ISSUE: [STATE]
SEX: [MALE]

INITIAL PREMIUM: [\$77.00]
PREMIUM PAYING MODE: [MONTHLY]

MODAL PREMIUM: [\$52.00]
PAYMENT METHOD: [BANK DRAFT]

BASIC BENEFITS:

Hospitalization (Medicare Part A)

- Medicare's Part A Daily Coinsurance - 61st to 90th Day
- Part A Medicare Eligible Expenses For Medicare Lifetime Inpatient Reserve Days
- 100% Of Medicare Eligible Hospital Expenses After Medicare Lifetime Reserve Days Have Been Exhausted For An Additional 365 Days In Your Lifetime

Blood Benefit (Medicare Part A or Part B)

- First 3 Pints Of Blood Each Year

Medical Expenses (Medicare Part B)

- Part B Coinsurance (Generally 20% Of Medicare-Approved Expenses) Or Co-payments For Hospital Outpatient Services

Hospice Care

- Cost Sharing For All Part A Medicare Eligible Hospice Care And Respite Care Expenses.

PLAN B ADDITIONAL BENEFITS:

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

- 100% Of Medicare Part A Deductible

PART 1: BASIC INFORMATION ABOUT THIS POLICY AND MEDICARE

Some words and phrases in this policy may be new to You. We want You to understand them. The words and phrases that follow are those used in administering Medicare Supplemental benefits. These words are capitalized wherever they appear in the policy. Where used in this policy, the following words and phrases mean:

DEFINITIONS

BENEFIT PERIOD: A benefit period begins the first day You are confined in a Hospital. The benefit period ends when You have not received any inpatient Hospital care for sixty (60) days in a row. If You go into a Hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient Hospital deductible or a portion thereof for each benefit period, unless such coverage is listed as an additional benefit in this policy.

COINSURANCE: The percent of the Medicare approved amount that You have to pay after You pay the deductible for Part A and or Part B. In the Medicare Plan, the coinsurance payment is a percentage of the cost of the service.

CO-PAYMENTS: The amount You pay for each medical service, like a Physician's visit. A co-payment is usually a set amount You pay. For example, this could be \$10.00 or \$20.00 for a Physician's visit. Co-payments are also used for some Hospital outpatient services in Medicare.

COST SHARING: This amount can include Co-payments, Coinsurance, and/or deductibles.

CREDITABLE COVERAGE: With respect to an individual, creditable coverage is coverage of the individual provided under any of the following:

- (1) A group health plan;
- (2) Health insurance coverage;
- (3) Part A or Part B of Title XVIII of the Social Security Act (Medicare);
- (4) Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928;
- (5) Chapter 55 of Title 10 United States Code (TRICARE);
- (6) A medical care program of the Indian Health Service or of a tribal organization;
- (7) A state health benefits risk pool;
- (8) A health plan offered under chapter 89 of Title 5 United States Code (Federal Employees Health Benefits Program);
- (9) A public health plan as defined in federal regulation; and
- (10) A health benefit plan under Section 5(e) of the Peace Corps Act (22 United States Code 2504(e)).

CONTINUOUS PERIOD OF CREDITABLE COVERAGE: The period during which You were covered by Creditable Coverage, if during the period of coverage You had no breaks in coverage greater than sixty-three (63) days.

GUARANTEED RENEWABLE: A right You have that requires Us to automatically renew or continue Your Medicare Supplement policy, unless You make untrue statements to Us, commit fraud or do not pay Your premiums.

HOSPICE: A coordinated, interdisciplinary program for meeting the special physical, emotional, social, and spiritual needs of dying individuals, by providing palliative and supportive services during the illness to individuals who have no reasonable prospect of cure and, as estimated by a Physician, have a life expectancy of six (6) months or less.

HOSPITAL: An institution operating under the laws of the state where it is located. It provides medical, diagnostic or surgical services, either on its premises or in facilities available to the hospital on a contractual, prearranged basis, for the care and treatment of sick or injured persons. Such treatment is rendered on the advice and under the supervision of a staff of one or more duly licensed Physicians. It provides 24-hour nursing service by or under the supervision of registered, graduate, professional Nurses (R.N.'s).

INJURY: Accidental bodily injury sustained by You which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and that occurs while this policy is in force.

MEDICARE: Title I, Part I of Public Law 89-97, as enacted by the Eighty-Ninth (89th) Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof.

- (1) Hospital coverage is known as Part A. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses.
- (2) Medical-Surgical coverage is known as Part B or Voluntary Coverage. You must indicate when You enroll for Social Security benefits if You want this coverage. There is a monthly charge for it. The amount is deducted from Your Social Security monthly check. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses. Of the Eligible Expenses, Medicare will then determine the amount that is approved for payment.

MEDICARE ELIGIBLE EXPENSES: Expenses of the kind covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.

NURSE: A registered, graduate, professional Nurse (R.N.), licensed practical Nurse (L.P.N.), or licensed vocational Nurse (L.V.N.).

PART A MEDICARE DEDUCTIBLE: The initial amount of Hospital expense You incur in each Benefit Period as a resident bed patient under Part A of Medicare. Medicare sets the amount of this deductible. This amount is not paid by Medicare.

PART B MEDICARE CALENDAR YEAR DEDUCTIBLE: The amount You must pay each calendar year before benefits can be paid under Part B of Medicare. Medicare sets the amount of the deductible. This amount is not paid by Medicare. A calendar year begins on January 1st and ends on December 31st.

PHYSICIAN: A legally qualified and licensed practitioner of the healing arts who is practicing within the scope of his authority.

PREEXISTING CONDITION: A condition for which medical advice was given or treatment was recommended by or received from a Physician within six (6) months prior to the policy effective date.

RESPIRE CARE: Care given to allow Your caregiver to rest. You can stay in a Medicare-approved Hospital or nursing home up to five days for each time the respite care is elected.

SICKNESS: An illness or disease incurred by You which first manifests itself after the effective date and while this policy is in force.

PART 2: BENEFITS PROVIDED BY THIS POLICY

EFFECTIVE DATE FOR BENEFITS: The effective date of Your policy is shown on the Policy Schedule Page located on Page 3. We will pay benefits provided by this policy for Injury or Sickness that happens to You after the effective date if Your policy is in force at that time.

BASIC CORE BENEFITS

When You Receive Services For Medicare Eligible Expenses, We Will Pay Basic Core Benefits As Follows:

Inpatient Hospital Confinement Benefits (Medicare Part A)

Coinsurance Benefit: Coverage of Part A Medicare Eligible Expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare Benefit Period.

Lifetime Reserve Days Benefit: Coverage of Part A Medicare Eligible Expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used.

Medicare Exhaustion Benefit: Upon exhaustion of the Medicare Hospital inpatient coverage including the lifetime reserve days, coverage of one-hundred percent (100%) of the Medicare Part A Eligible Expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days (the provider shall accept Our payment in full and may not bill You for any balance).

Blood Benefit (Medicare Part A or Part B)

Coverage under Medicare Parts A and B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations.

Medicare Part B Coinsurance Benefit

Coverage for the Coinsurance amount, (or in the case of Hospital outpatient department services paid under a prospective payment system, the Co-payment amount) of Medicare Eligible Expenses under Part B regardless of Hospital confinement, subject to the Medicare Part B Deductible.

Hospice Care

Coverage of Cost Sharing for all Part A Medicare eligible Hospice care and inpatient Respite Care expenses.

PLAN B ADDITIONAL BENEFITS

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

Coverage for one-hundred percent (100%) of the Medicare Part A inpatient Hospital deductible amount per benefit period.

PART 3: EXCLUSIONS AND LIMITATIONS

The benefits of this policy will not duplicate any benefits paid by Medicare. The combined benefits of this policy and the benefits paid by Medicare may not exceed one-hundred percent (100%) of the Medicare Eligible Expenses incurred. This policy will not pay benefits for the following:

- (1) The Medicare Part B Deductible;
- (2) Any expense which You are not legally obligated to pay; or services for which no charge is normally made in the absence of insurance;
- (3) Any services that are not medically necessary as determined by Medicare;
- (4) Any portion of any expense for which payment is made by Medicare or other government programs (except Medicaid);
- (5) Any type of expense not a Medicare Eligible Expense except as provided previously in this policy;
- (6) Any deductible, Coinsurance or Co-payment not covered by Medicare, unless such coverage is listed as a benefit in this policy;
- (7) Confinement that begins or expenses incurred while Your policy is not in force; or
- (8) Preexisting Conditions: No claim for loss incurred after six (6) months from the effective date of Your coverage will be reduced or denied on the ground that a disease or physical condition had existed within six (6) months prior to the policy effective date.

We will not pay for any expenses incurred for care or treatment of a Preexisting Condition for the first six (6) months from the effective date of coverage. This exclusion does not apply if You applied for and were issued this policy under guaranteed issue status; if on the date of application for this policy You had at least six (6) months of prior Creditable Coverage; or, if this policy is replacing another Medicare Supplement policy and a six (6) month waiting period has already been satisfied. Evidence of prior coverage or replacement must have been disclosed on the application for this policy.

If You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied.

PART 4: MEDICARE BENEFIT CHANGES

The benefits provided by this Medicare Supplement policy are designed to cover Cost Sharing amounts under Medicare and will be changed automatically to coincide with any changes in the applicable Medicare deductible, Co-payment, or Coinsurance amounts. Premiums may be modified to correspond with such changes as specified in the Right to Adjust Future Premiums provision as stated in Part 5.

PART 5: RENEWABILITY

You may renew this policy for life by paying the premium when it becomes due. We may not cancel this policy before the expiration of the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Right to Adjust Future Premiums: The premium shown on the Policy Schedule Page may change on each policy anniversary following the date:

- (1) We change the rates which apply to all policies of this form issued by Us and in force in Your state;
- (2) Coverage under Medicare changes; or
- (3) You move to a different ZIP Code location.

We will send You a written notice at least thirty (30) days in advance when We change the premium rates for all policies of this form issued by Us and in force in Your state.

PART 6: ELIGIBILITY

INSURED is the person named on the Policy Schedule Page, located on Page 3, until death or termination of coverage.

PART 7: PREMIUM PAYMENTS AND REINSTATEMENT

Initial: This policy is issued based on the application, Our underwriting requirements and payment of the initial premium. The policy begins on the effective date shown on the Policy Schedule Page. All periods of insurance will begin and end at 12:01 a.m., at the place where You live.

Renewal: All renewal premiums must be paid in consecutive terms. They shall be paid by modes currently offered by Us. Renewal premiums are payable to Us. Premiums must be paid on or before the date due or before the end of the grace period. If this policy should lapse, the payment of a premium will reinstate this policy only as provided in the reinstatement provision in this section.

Grace Period: A grace period of thirty-one (31) days will be granted for the payment of each premium, falling due after the first premium. This policy will continue in force during the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Lapse and Reinstatement: If the renewal premium is not paid within the grace period, this policy will lapse on the first premium due date for which premium was not paid. If the policy lapses, Our acceptance of a premium payment without requiring an application for reinstatement will reinstate this policy. Any premium accepted in connection with a reinstatement will be applied to a period for which premium has not been previously paid, but not to any period more than sixty (60) days prior to the date of reinstatement.

If We require an application for reinstatement and issue a conditional receipt, this policy will be reinstated upon Our approval of the reinstatement application. If We do not notify You in writing of Our prior approval or disapproval, this policy will automatically be reinstated on the forty-fifth (45th) day following the date of the conditional receipt.

The reinstated policy will cover loss resulting from Injury or Sickness sustained after the date of reinstatement. In all other respects, Your rights and Ours will remain the same, subject to any restrictions attached in connection with the reinstatement.

PART 8: SUSPENSION OF COVERAGE BY YOU

Suspension Available During Medicaid Entitlement

- (1) Benefits and premiums under this policy will be suspended at Your request for the period in which You apply for and are determined to be entitled to medical assistance under Medicaid, but only if You notify Us within ninety (90) days after the date You become entitled to the Medicaid assistance. This suspension of coverage can last for up to twenty-four (24) months while Your Medicaid entitlement continues.
- (2) If suspension occurs and You lose entitlement to Medicaid, this policy will be automatically reinstated (effective as of the date of termination of Medicaid entitlement) as long as You notify Us of the loss of entitlement within ninety (90) days after the date of loss and pay the premium applicable to the period, effective as of the date of termination of Medicaid entitlement.

Reinstitution of coverages as described in subparagraph (2).

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

Suspension Available While Covered Under a Group Health Plan

Benefits and premiums under this policy will be suspended (for any period that may be provided by federal regulation) at Your request if You are entitled to benefits under section 226(b) of the Social Security Act and are covered under a group health plan (as defined in section 1862(b)(1)(A)(v) of the Social Security Act). If suspension occurs and You lose coverage under the group health plan, this policy will be automatically reinstated (effective as of the date of loss of coverage) if You notify Us of the loss of coverage within ninety (90) days after the date of loss of the group health plan and pay the premium applicable to this policy period, effective as of the date of termination of enrollment in the group health plan.

Reinstitution of coverages:

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

PART 9: HOW TO FILE A CLAIM

Notice of Claim: Written notice of a claim must be given to Us within ninety (90) days after the occurrence or commencement of any loss covered by this policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of You to Us, with information sufficient to identify You, will be notice to Us.

Claim Forms: When We receive notice of claim, if additional information is required, We will send You forms for filing proof of loss. If We fail to provide these forms within fifteen (15) days after receipt of notice of claim, We agree You will have met the requirements for filing proof of loss, within the time allowed.

Proof of Loss: Written proof of loss must be furnished to Us within ninety (90) days after the date of loss. Failure to provide written proof will not invalidate nor reduce any claim if it was not reasonably possible to send such proof within the time allowed, provided such proof is furnished as soon as reasonably possible. In no event, except in the absence of legal capacity, will any claim be accepted later than one (1) year from the time proof is otherwise required.

Time of Payment of Claims: All benefits payable under this policy will be payable immediately upon Our receipt of due written proof of loss.

Extension of Benefits: Termination of this policy will be without prejudice to any continuous loss which commenced while the policy was in force, coverage for such loss will continue beyond the date insurance ends. This extension of coverage is subject to Your continuous total disability and limited to the duration of the Medicare Benefit Period or, if none is applicable, payment of the maximum benefits. Receipt of Medicare Part D benefits shall not be considered in determining a continuous loss.

Payment of Claims: All benefits payable under this policy will be payable to You during Your lifetime, unless a valid written assignment by You to pay the medical provider is included with the claim.

Unless We receive prior written instructions from You to the contrary, any health care benefits unpaid at Your death will be paid to Your estate. If benefits are payable to Your estate, We may pay benefits up to \$1,000 to someone related to You by blood or marriage whom We consider to be entitled to the benefits. We will be discharged to the extent of any such payment made in good faith.

PART 10: GENERAL INFORMATION

The provisions of the policy set out Your rights and obligations as a policyowner and Our rights and obligations as Your insurance company.

Entire Contract; Changes: This policy, including the application, the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid unless approved by an Executive Officer of the insurance company in writing. Such officer's approval must be endorsed hereon and attached hereto. No agent has authority to change this policy or to waive any of its provisions.

Time Limit on Certain Defenses: After two (2) years from the date of issue of this policy, no misstatements, except fraudulent misstatements, made by You in the application for the policy shall be used to void the policy or to deny a claim for loss incurred or disability commencing after the expiration of the two (2) year period.

No claim for loss incurred or disability that starts after six (6) months from the issue date will be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

Conformity with State Statutes and/or Insurance Regulations: Any provision of this policy, which, on its effective date, is in conflict with the statutes, and/or insurance regulations of the State where You reside is hereby amended to conform to the minimum requirements of such statutes and/or regulations.

Our Right to Examine Hospital and Medical Records: In the event of a claim, We may examine Your Hospital charts and medical records at Our expense if We find it necessary.

Legal Actions: No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought to recover on this policy more than three (3) years after the time written proof of loss is required to be furnished.

Physical Examinations: We, at Our own expense, have the right to have You, whose loss is the basis of a claim under this policy, examined when and as often as We may reasonably require while the claim is pending.

Cancellation: You may cancel this policy at any time by notifying Us. Your cancellation will be effective upon receipt of Your notice or on such later date as may be specified in such notice. In the event of cancellation, We will return the unearned portion of any premium paid. Cancellation will be without prejudice to any claim originating prior to the effective date of cancellation.

Upon your death, we will refund premiums paid for any period beyond the policy month in which death occurred. Such unearned premiums will be paid in a lump sum no later than 30 days after the proof of your death has been furnished to us. Payment will be made to your estate.



LOYAL AMERICAN LIFE INSURANCE COMPANY
[P.O. Box 559004 ♦ Austin, Texas 78755-9004 ♦ 800-633-6752]

MEDICARE SUPPLEMENT POLICY PLAN C

Here is Your new Medicare Supplement policy. The language used is easy to understand. In this policy the words "We", "Our" or "Us" mean Loyal American Life Insurance Company®. "You" or "Your" means the person to be insured by the policy, as cited on the Policy Schedule Page. This policy pays for Hospital care and medical and surgical treatment to the extent provided.

GUARANTEED RENEWABLE FOR LIFE

RENEWAL AND PREMIUM PAYMENT PROVISIONS

This policy may be kept in force during Your lifetime by paying the premiums on time. We cannot cancel or refuse to renew this policy for any reason other than nonpayment of premium or material misrepresentation in the application for insurance. On each policy anniversary, the premium may change if a new table of rates is applicable to the policy but only as specified in the Right to Adjust Future Premiums provision as stated in Part 5. If We change the premium rates for all policies of this form issued by Us and in force in Your state, We will inform You in writing before the change occurs at the address shown in Our records.

PREEXISTING CONDITION(S) LIMITATION PROVISION

This policy will not cover loss due to Preexisting Condition(s) unless the expense for that loss is incurred more than six (6) months after the effective date of coverage.

This provision does not apply if, as of the date of application, You had a Continuous Period of Creditable Coverage or had prior coverage under a Medicare Supplement policy for at least six (6) months. If, as of the date of application, You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied. This provision does not apply if You applied for and were issued this policy under guaranteed issue status.

IMPORTANT NOTICE! PLEASE READ

Please read the copy of the application attached to this policy. Omissions or misstatements in the application could cause an otherwise valid claim to be denied or coverage to be rescinded. Carefully check the application and write to Loyal American Life Insurance Company at [P.O. Box 559004, Austin, Texas 78755-9004] within ten (10) days if any information shown on it is not correct and complete or if any medical history has been left out. The application is a part of this policy, which was issued on the basis that the answers to all questions and the information shown on the application are correct and complete.

NOTICE TO BUYER: THIS POLICY MAY NOT COVER ALL OF YOUR MEDICAL EXPENSES.

YOU HAVE THE RIGHT TO EXAMINE THIS POLICY FOR THIRTY (30) DAYS

Please read Your policy carefully. If You are not satisfied with Your policy for any reason, You may return the policy to Us or to Your agent from whom it was purchased. It must be returned within thirty (30) days from receipt of this policy. If returned, the policy will be void from its beginning as though the policy was never issued. Any premium paid will be refunded.

[*Brenda Hardison*]
Secretary

[*Billy Hill Jr.*]
President

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**LOYAL AMERICAN LIFE INSURANCE COMPANY
MEDICARE SUPPLEMENT POLICY - PLAN C SCHEDULE PAGE**

POLICY NUMBER: [AE0000001M]
INSURED: [NAME OF PERSON]
AGE AT ISSUE: [75]

EFFECTIVE DATE: [JANUARY 1, 2010]
STATE OF ISSUE: [STATE]
SEX: [MALE]

INITIAL PREMIUM: [\$77.00]
PREMIUM PAYING MODE: [MONTHLY]

MODAL PREMIUM: [\$52.00]
PAYMENT METHOD: [BANK DRAFT]

BASIC BENEFITS:

Hospitalization (Medicare Part A)

- Medicare's Part A Daily Coinsurance - 61st to 90th Day
- Part A Medicare Eligible Expenses For Medicare Lifetime Inpatient Reserve Days
- 100% Of Medicare Eligible Hospital Expenses After Medicare Lifetime Reserve Days Have Been Exhausted For An Additional 365 Days In Your Lifetime

Blood Benefit (Medicare Part A or Part B)

- First 3 Pints Of Blood Each Year

Medical Expenses (Medicare Part B)

- Part B Coinsurance (Generally 20% Of Medicare-Approved Expenses) Or Co-payments For Hospital Outpatient Services

Hospice Care

- Cost Sharing For All Part A Medicare Eligible Hospice Care And Respite Care Expenses

PLAN C ADDITIONAL BENEFITS:

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

- 100% Of Medicare Part A Deductible

Skilled Nursing Facility Confinement Benefit (Medicare Part A)

- Medicare Part A Skilled Nursing Daily Facility Coinsurance – 21st to 100th Day

Medicare Part B Deductible Benefit

- 100% Of Medicare Part B Deductible

Medically Necessary Emergency Care in a Foreign Country Benefit

- 80% Of The Billed Charges For Medicare Eligible Expenses For Medically Necessary Emergency Hospital, Physician And Medical Care Received In A Foreign Country

PART 1: BASIC INFORMATION ABOUT THIS POLICY AND MEDICARE

Some words and phrases in this policy may be new to You. We want You to understand them. The words and phrases that follow are those used in administering Medicare Supplemental benefits. These words are capitalized wherever they appear in the policy. Where used in this policy, the following words and phrases mean:

DEFINITIONS

BENEFIT PERIOD: A benefit period begins the first day You are confined in a Hospital. The benefit period ends when You have not received any inpatient Hospital care for sixty (60) days in a row. If You go into a Hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient Hospital deductible or a portion thereof for each benefit period, unless such coverage is listed as an additional benefit in this policy.

CARE IN A SKILLED NURSING FACILITY: This refers to inpatient skilled nursing care and treatment You need after You are released from the Hospital and sent home. Part A of Medicare will provide such coverage. The Skilled Nursing Facility confinement must:

- (1) Be preceded by a Hospital stay of at least three (3) days;
- (2) Begin within thirty (30) days of discharge from the Hospital; and
- (3) The patient's care in the Skilled Nursing Facility must be for the same condition that was treated in the Hospital.

COINSURANCE: The percent of the Medicare approved amount that You have to pay after You pay the deductible for Part A and or Part B. In the Medicare Plan, the coinsurance payment is a percentage of the cost of the service.

CO-PAYMENTS: The amount You pay for each medical service, like a Physician's visit. A co-payment is usually a set amount You pay. For example, this could be \$10.00 or \$20.00 for a Physician's visit. Co-payments are also used for some Hospital outpatient services in Medicare.

COST SHARING: This amount can include Co-payments, Coinsurance, and/or deductibles.

CREDITABLE COVERAGE: With respect to an individual, creditable coverage is coverage of the individual provided under any of the following:

- (1) A group health plan;
- (2) Health insurance coverage;
- (3) Part A or Part B of Title XVIII of the Social Security Act (Medicare);
- (4) Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928;
- (5) Chapter 55 of Title 10 United States Code (TRICARE);
- (6) A medical care program of the Indian Health Service or of a tribal organization;
- (7) A state health benefits risk pool;
- (8) A health plan offered under chapter 89 of Title 5 United States Code (Federal Employees Health Benefits Program);

- (9) A public health plan as defined in federal regulation; and
- (10) A health benefit plan under Section 5(e) of the Peace Corps Act (22 United States Code 2504(e))

CONTINUOUS PERIOD OF CREDITABLE COVERAGE: The period during which You were covered by Creditable Coverage, if during the period of coverage You had no breaks in coverage greater than sixty-three (63) days.

EMERGENCY CARE: Care needed immediately because of an injury or an illness of sudden and unexpected onset.

GUARANTEED RENEWABLE: A right You have that requires Us to automatically renew or continue Your Medicare Supplement policy, unless You make untrue statements to Us, commit fraud or do not pay Your premiums.

HOSPICE: A coordinated, interdisciplinary program for meeting the special physical, emotional, social, and spiritual needs of dying individuals, by providing palliative and supportive services during the illness to individuals who have no reasonable prospect of cure and, as estimated by a Physician, have a life expectancy of six (6) months or less.

HOSPITAL: An institution operating under the laws of the state where it is located. It provides medical, diagnostic or surgical services, either on its premises or in facilities available to the hospital on a contractual, prearranged basis, for the care and treatment of sick or injured persons. Such treatment is rendered on the advice and under the supervision of a staff of one or more duly licensed Physicians. It provides 24-hour nursing service by or under the supervision of registered, graduate, professional Nurses (R.N.'s).

INJURY: Accidental bodily injury sustained by You which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and that occurs while this policy is in force.

MEDICARE: Title I, Part I of Public Law 89-97, as enacted by the Eighty-Ninth (89th) Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof.

- (1) Hospital coverage is known as Part A. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses.
- (2) Medical-Surgical coverage is known as Part B or Voluntary Coverage. You must indicate when You enroll for Social Security benefits if You want this coverage. There is a monthly charge for it. The amount is deducted from Your Social Security monthly check. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses. Of the Eligible Expenses, Medicare will then determine the amount that is approved for payment.

MEDICARE ELIGIBLE EXPENSES: Expenses of the kind covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.

NURSE: A registered, graduate, professional Nurse (R.N.), licensed practical Nurse (L.P.N.), or licensed vocational Nurse (L.V.N.).

PART A MEDICARE DEDUCTIBLE: The initial amount of Hospital expense You incur in each Benefit Period as a resident bed patient under Part A of Medicare. Medicare sets the amount of this deductible. This amount is not paid by Medicare.

PART B MEDICARE CALENDAR YEAR DEDUCTIBLE: The amount You must pay each calendar year before benefits can be paid under Part B of Medicare. Medicare sets the amount of the deductible. This amount is not paid by Medicare. A calendar year begins on January 1st and ends on December 31st.

PHYSICIAN: A legally qualified and licensed practitioner of the healing arts who is practicing within the scope of his authority.

PREEXISTING CONDITION: A condition for which medical advice was given or treatment was recommended by or received from a Physician within six (6) months prior to the policy effective date.

RESPITE CARE: Care given to allow Your caregiver to rest. You can stay in a Medicare-approved Hospital or nursing home up to five days for each time the respite care is elected.

SICKNESS: An illness or disease incurred by You which first manifests itself after the effective date and while this policy is in force.

SKILLED NURSING FACILITY: An institution licensed under the laws of the state where it is located. It is a facility that is certified by Medicare or is qualified to receive such approval, if requested. This definition shall include the various levels of skilled care facilities of the state where located. This definition shall NOT include intermediate or custodial care facilities.

PART 2: BENEFITS PROVIDED BY THIS POLICY

EFFECTIVE DATE FOR BENEFITS: The effective date of Your policy is shown on the Policy Schedule Page located on Page 3. We will pay benefits provided by this policy for Injury or Sickness that happens to You after the effective date if Your policy is in force at that time.

BASIC CORE BENEFITS

When You Receive Services For Medicare Eligible Expenses, We Will Pay Basic Core Benefits As Follows:

Inpatient Hospital Confinement Benefits (Medicare Part A)

Coinurance Benefit: Coverage of Part A Medicare Eligible Expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare Benefit Period.

Lifetime Reserve Days Benefit: Coverage of Part A Medicare Eligible Expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used.

Medicare Exhaustion Benefit: Upon exhaustion of the Medicare Hospital inpatient coverage including the lifetime reserve days, coverage of one-hundred percent (100%) of the Medicare Part A Eligible Expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days (the provider shall accept Our payment in full and may not bill You for any balance).

Blood Benefit (Medicare Part A or Part B)

Coverage under Medicare Parts A and B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations.

Medicare Part B Coinsurance Benefit

Coverage for the Coinsurance amount, (or in the case of Hospital outpatient department services paid under a prospective payment system, the Co-payment amount) of Medicare Eligible Expenses under Part B regardless of Hospital confinement, subject to the Medicare Part B Deductible.

Hospice Care

Coverage of Cost Sharing for all Part A Medicare eligible Hospice care and inpatient Respite Care expenses.

PLAN C ADDITIONAL BENEFITS

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

Coverage for one-hundred percent (100%) of the Medicare Part A inpatient Hospital deductible amount per benefit period.

Skilled Nursing Facility Confinement Benefit (Medicare Part A)

Coverage for one-hundred percent (100%) of the Medicare Part A Skilled Nursing Facility Coinsurance amount from the 21st day through the 100th day in a Medicare Benefit Period

Medicare Part B Deductible Benefit

Coverage for one-hundred percent (100%) of the Medicare Part B Deductible amount per calendar year regardless of Hospital confinement.

Medically Necessary Emergency Care in a Foreign Country Benefit

Coverage to the extent not covered by Medicare for eighty percent (80%) of the billed charges for Medicare Eligible Expenses for medically necessary emergency Hospital, Physician and medical care received in a foreign country. Benefits are payable only for Emergency Care which would have been covered by Medicare if provided in the United States and which began during the first sixty (60) consecutive days of each trip outside the United States. Benefits are subject to a calendar year deductible of \$250 and a lifetime maximum benefit of \$50,000.

PART 3: EXCLUSIONS AND LIMITATIONS

The benefits of this policy will not duplicate any benefits paid by Medicare. The combined benefits of this policy and the benefits paid by Medicare may not exceed one-hundred percent (100%) of the Medicare Eligible Expenses incurred. This policy will not pay benefits for the following:

- (1) Any expense which You are not legally obligated to pay; or services for which no charge is normally made in the absence of insurance;
- (2) Any services that are not medically necessary as determined by Medicare;
- (3) Any portion of any expense for which payment is made by Medicare or other government programs (except Medicaid);
- (4) Any type of expense not a Medicare Eligible Expense except as provided previously in this policy;
- (5) Any deductible, Coinsurance or Co-payment not covered by Medicare, unless such coverage is listed a benefit in this policy;
- (6) Confinement that begins or expenses incurred while Your policy is not in force; or

- (7) Preexisting Conditions: No claim for loss incurred after six (6) months from the effective date of Your coverage will be reduced or denied on the ground that a disease or physical condition had existed within six (6) months prior to the policy effective date.

We will not pay for any expenses incurred for care or treatment of a Preexisting Condition for the first six (6) months from the effective date of coverage. This exclusion does not apply if You applied for and were issued this policy under guaranteed issue status; if on the date of application for this policy You had at least six (6) months of prior Creditable Coverage; or, if this policy is replacing another Medicare Supplement policy and a six (6) month waiting period has already been satisfied. Evidence of prior coverage or replacement must have been disclosed on the application for this policy.

If You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied.

PART 4: MEDICARE BENEFIT CHANGES

The benefits provided by this Medicare Supplement policy are designed to cover Cost Sharing amounts under Medicare and will be changed automatically to coincide with any changes in the applicable Medicare deductible, Co-payment, or Coinsurance amounts. Premiums may be modified to correspond with such changes as specified in the Right to Adjust Future Premiums provision as stated in Part 5.

PART 5: RENEWABILITY

You may renew this policy for life by paying the premium when it becomes due. We may not cancel this policy before the expiration of the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Right to Adjust Future Premiums: The premium shown on the Policy Schedule Page may change on each policy anniversary following the date:

- (1) We change the rates which apply to all policies of this form issued by Us and in force in Your state;
- (2) Coverage under Medicare changes; or
- (3) You move to a different ZIP Code location.

We will send You a written notice at least thirty (30) days in advance when We change the premium rates for all policies of this form issued by Us and in force in Your state.

PART 6: ELIGIBILITY

INSURED is the person named on the Policy Schedule Page, located on Page 3, until death or termination of coverage.

PART 7: PREMIUM PAYMENTS AND REINSTATEMENT

Initial: This policy is issued based on the application, Our underwriting requirements and payment of the initial premium. The policy begins on the effective date shown on the Policy Schedule Page. All periods of insurance will begin and end at 12:01 a.m., at the place where You live.

Renewal: All renewal premiums must be paid in consecutive terms. They shall be paid by modes currently offered by Us. Renewal premiums are payable to Us. Premiums must be paid on or before the date due or before the end of the grace period. If this policy should lapse, the payment of a premium will reinstate this policy only as provided in the reinstatement provision in this section.

Grace Period: A grace period of thirty-one (31) days will be granted for the payment of each premium, falling due after the first premium. This policy will continue in force during the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Lapse and Reinstatement: If the renewal premium is not paid within the grace period, this policy will lapse on the first premium due date for which premium was not paid. If the policy lapses, Our acceptance of a premium payment without requiring an application for reinstatement will reinstate this policy. Any premium accepted in connection with a reinstatement will be applied to a period for which premium has not been previously paid, but not to any period more than sixty (60) days prior to the date of reinstatement.

If We require an application for reinstatement and issue a conditional receipt, this policy will be reinstated upon Our approval of the reinstatement application. If We do not notify You in writing of Our prior approval or disapproval, this policy will automatically be reinstated on the forty-fifth (45th) day following the date of the conditional receipt.

The reinstated policy will cover loss resulting from Injury or Sickness sustained after the date of reinstatement. In all other respects, Your rights and Ours will remain the same, subject to any restrictions attached in connection with the reinstatement.

PART 8: SUSPENSION OF COVERAGE BY YOU

Suspension Available During Medicaid Entitlement

- (1) Benefits and premiums under this policy will be suspended at Your request for the period in which You apply for and are determined to be entitled to medical assistance under Medicaid, but only if You notify Us within ninety (90) days after the date You become entitled to the Medicaid assistance. This suspension of coverage can last for up to twenty-four (24) months while Your Medicaid entitlement continues.
- (2) If suspension occurs and You lose entitlement to Medicaid, this policy will be automatically reinstated (effective as of the date of termination of Medicaid entitlement) as long as You notify Us of the loss of entitlement within ninety (90) days after the date of loss and pay the premium applicable to the period, effective as of the date of termination of Medicaid entitlement.

Reinstitution of coverages as described in subparagraph (2).

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;

- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

Suspension Available While Covered Under a Group Health Plan

Benefits and premiums under this policy will be suspended (for any period that may be provided by federal regulation) at Your request if You are entitled to benefits under section 226(b) of the Social Security Act and are covered under a group health plan (as defined in section 1862(b)(1)(A)(v) of the Social Security Act). If suspension occurs and You lose coverage under the group health plan, this policy will be automatically reinstated (effective as of the date of loss of coverage) if You notify Us of the loss of coverage within ninety (90) days after the date of loss of the group health plan and pay the premium applicable to this policy period, effective as of the date of termination of enrollment in the group health plan.

Reinstitution of coverages:

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

PART 9: HOW TO FILE A CLAIM

Notice of Claim: Written notice of a claim must be given to Us within ninety (90) days after the occurrence or commencement of any loss covered by this policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of You to Us, with information sufficient to identify You, will be notice to Us.

Claim Forms: When We receive notice of claim, if additional information is required, We will send You forms for filing proof of loss. If We fail to provide these forms within fifteen (15) days after receipt of notice of claim, We agree You will have met the requirements for filing proof of loss, within the time allowed.

Proof of Loss: Written proof of loss must be furnished to Us within ninety (90) days after the date of loss. Failure to provide written proof will not invalidate nor reduce any claim if it was not reasonably possible to send such proof within the time allowed, provided such proof is furnished as soon as reasonably possible. In no event, except in the absence of legal capacity, will any claim be accepted later than one (1) year from the time proof is otherwise required.

Time of Payment of Claims: All benefits payable under this policy will be payable immediately upon Our receipt of due written proof of loss.

Extension of Benefits: Termination of this policy will be without prejudice to any continuous loss which commenced while the policy was in force, coverage for such loss will continue beyond the date insurance ends. This extension of coverage is subject to Your continuous total disability and limited to the duration of the Medicare Benefit Period or, if none is applicable, payment of the maximum benefits. Receipt of Medicare Part D benefits shall not be considered in determining a continuous loss.

Payment of Claims: All benefits payable under this policy will be payable to You during Your lifetime, unless a valid written assignment by You to pay the medical provider is included with the claim.

Unless We receive prior written instructions from You to the contrary, any health care benefits unpaid at Your death will be paid to Your estate. If benefits are payable to Your estate, We may pay benefits up to \$1,000 to someone related to You by blood or marriage whom We consider to be entitled to the benefits. We will be discharged to the extent of any such payment made in good faith.

PART 10: GENERAL INFORMATION

The provisions of the policy set out Your rights and obligations as a policyowner and Our rights and obligations as Your insurance company.

Entire Contract; Changes: This policy, including the application, the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid unless approved by an Executive Officer of the insurance company in writing. Such officer's approval must be endorsed hereon and attached hereto. No agent has authority to change this policy or to waive any of its provisions.

Time Limit on Certain Defenses: After two (2) years from the date of issue of this policy, no misstatements, except fraudulent misstatements, made by You in the application for the policy shall be used to void the policy or to deny a claim for loss incurred or disability commencing after the expiration of the two (2) year period.

No claim for loss incurred or disability that starts after six (6) months from the issue date will be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

Conformity with State Statutes and/or Insurance Regulations: Any provision of this policy, which, on its effective date, is in conflict with the statutes, and/or insurance regulations of the State where You reside is hereby amended to conform to the minimum requirements of such statutes and/or regulations.

Our Right to Examine Hospital and Medical Records: In the event of a claim, We may examine Your Hospital charts and medical records at Our expense if We find it necessary.

Legal Actions: No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought to recover on this policy more than three (3) years after the time written proof of loss is required to be furnished.

Physical Examinations: We, at Our own expense, have the right to have You, whose loss is the basis of a claim under this policy, examined when and as often as We may reasonably require while the claim is pending.

Cancellation: You may cancel this policy at any time by notifying Us. Your cancellation will be effective upon receipt of Your notice or on such later date as may be specified in such notice. In the event of cancellation, We will return the unearned portion of any premium paid. Cancellation will be without prejudice to any claim originating prior to the effective date of cancellation.

Upon your death, we will refund premiums paid for any period beyond the policy month in which death occurred. Such unearned premiums will be paid in a lump sum no later than 30 days after the proof of your death has been furnished to us. Payment will be made to your estate.



LOYAL AMERICAN LIFE INSURANCE COMPANY
[P.O. Box 559004 ♦ Austin, Texas 78755-9004 ♦ 800-633-6752]

MEDICARE SUPPLEMENT POLICY PLAN D

Here is Your new Medicare Supplement policy. The language used is easy to understand. In this policy the words "We", "Our" or "Us" mean Loyal American Life Insurance Company. "You" or "Your" means the person to be insured by the policy, as cited on the Policy Schedule Page. This policy pays for Hospital care and medical and surgical treatment to the extent provided.

GUARANTEED RENEWABLE FOR LIFE

RENEWAL AND PREMIUM PAYMENT PROVISIONS

This policy may be kept in force during Your lifetime by paying the premiums on time. We cannot cancel or refuse to renew this policy for any reason other than nonpayment of premium or material misrepresentation in the application for insurance. On each policy anniversary, the premium may change if a new table of rates is applicable to the policy but only as specified in the Right to Adjust Future Premiums provision as stated in Part 5. If We change the premium rates for all policies of this form issued by Us and in force in Your state, We will inform You in writing before the change occurs at the address shown in Our records.

PREEXISTING CONDITION(S) LIMITATION PROVISION

This policy will not cover loss due to Preexisting Condition(s) unless the expense for that loss is incurred more than six (6) months after the effective date of coverage.

This provision does not apply if, as of the date of application, You had a Continuous Period of Creditable Coverage or had prior coverage under a Medicare Supplement policy for at least six (6) months. If, as of the date of application, You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied. This provision does not apply if You applied for and were issued this policy under guaranteed issue status.

IMPORTANT NOTICE! PLEASE READ

Please read the copy of the application attached to this policy. Omissions or misstatements in the application could cause an otherwise valid claim to be denied or coverage to be rescinded. Carefully check the application and write to Loyal American Life Insurance Company at [P.O. Box 559004, Austin, Texas 78755-9004] within ten (10) days if any information shown on it is not correct and complete or if any medical history has been left out. The application is a part of this policy, which was issued on the basis that the answers to all questions and the information shown on the application are correct and complete.

NOTICE TO BUYER: THIS POLICY MAY NOT COVER ALL OF YOUR MEDICAL EXPENSES

YOU HAVE THE RIGHT TO EXAMINE THIS POLICY FOR THIRTY (30) DAYS

Please read Your policy carefully. If You are not satisfied with Your policy for any reason, You may return the policy to Us or to Your agent from whom it was purchased. It must be returned within thirty (30) days from receipt of this policy. If returned, the policy will be void from its beginning as though the policy was never issued. Any premium paid will be refunded.

[*Brenda Hardison*]
Secretary

[*Billy Hill Jr.*]
President

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**LOYAL AMERICAN LIFE INSURANCE COMPANY
MEDICARE SUPPLEMENT POLICY - PLAN D SCHEDULE PAGE**

POLICY NUMBER: [AE0000001M]
INSURED: [NAME OF PERSON]
AGE AT ISSUE: [75]

EFFECTIVE DATE: [JANUARY 1, 2010]
STATE OF ISSUE: [STATE]
SEX: [MALE]

INITIAL PREMIUM: [\$77.00]
PREMIUM PAYING MODE: [MONTHLY]

MODAL PREMIUM: [\$52.00]
PAYMENT METHOD: [BANK DRAFT]

BASIC BENEFITS:

Hospitalization (Medicare Part A)

- Medicare's Part A Daily Coinsurance - 61st to 90th Day
- Part A Medicare Eligible Expenses For Medicare Lifetime Inpatient Reserve Days
- 100% of Medicare Eligible Hospital Expenses After Medicare Lifetime Reserve Days Have Been Exhausted For An Additional 365 Days In Your Lifetime

Blood Benefit (Medicare Part A or Part B)

- First 3 Pints Of Blood Each Year

Medical Expenses (Medicare Part B)

- Part B Coinsurance (Generally 20% Of Medicare-Approved Expenses) Or Co-payments For Hospital Outpatient Services

Hospice Care

- Cost Sharing For All Part A Medicare Eligible Hospice Care And Respite Care Expenses

PLAN D ADDITIONAL BENEFITS:

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

- 100% Of Medicare Part A Deductible

Skilled Nursing Facility Confinement Benefit (Medicare Part A)

- Medicare Part A Skilled Nursing Daily Facility Coinsurance – 21st to 100th Day

Medically Necessary Emergency Care in a Foreign Country Benefit

- 80% Of The Billed Charges For Medicare Eligible Expenses For Medically Necessary Emergency Hospital, Physician And Medical Care Received In A Foreign Country

PART 1: BASIC INFORMATION ABOUT THIS POLICY AND MEDICARE

Some words and phrases in this policy may be new to You. We want You to understand them. The words and phrases that follow are those used in administering Medicare Supplemental benefits. These words are capitalized wherever they appear in the policy. Where used in this policy, the following words and phrases mean:

DEFINITIONS

BENEFIT PERIOD: A benefit period begins the first day You are confined in a Hospital. The benefit period ends when You have not received any inpatient Hospital care for sixty (60) days in a row. If You go into a Hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient Hospital deductible or a portion thereof for each benefit period, unless such coverage is listed as an additional benefit in this policy.

CARE IN A SKILLED NURSING FACILITY: This refers to inpatient skilled nursing care and treatment You need after You are released from the Hospital and sent home. Part A of Medicare will provide such coverage. The Skilled Nursing Facility confinement must:

- (1) Be preceded by a Hospital stay of at least three (3) days;
- (2) Begin within thirty (30) days of discharge from the Hospital; and
- (3) The patient's care in the Skilled Nursing Facility must be for the same condition that was treated in the Hospital.

COINSURANCE: The percent of the Medicare approved amount that You have to pay after You pay the deductible for Part A and or Part B. In the Medicare Plan, the coinsurance payment is a percentage of the cost of the service.

CO-PAYMENTS: The amount You pay for each medical service, like a Physician's visit. A co-payment is usually a set amount You pay. For example, this could be \$10.00 or \$20.00 for a Physician's visit. Co-payments are also used for some Hospital outpatient services in Medicare.

COST SHARING: This amount can include Co-payments, Coinsurance, and/or deductibles.

CREDITABLE COVERAGE: With respect to an individual, creditable coverage is coverage of the individual provided under any of the following:

- (1) A group health plan;
- (2) Health insurance coverage;
- (3) Part A or Part B of Title XVIII of the Social Security Act (Medicare);
- (4) Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under section 1928;
- (5) Chapter 55 of Title 10 United States Code (TRICARE);
- (6) A medical care program of the Indian Health Service or of a tribal organization;
- (7) A state health benefits risk pool;
- (8) A health plan offered under chapter 89 of Title 5 United States Code (Federal Employees Health Benefits Program);
- (9) A public health plan as defined in federal regulation; and
- (10) A health benefit plan under Section 5(e) of the Peace Corps Act (22 United States Code 2504(e))

CONTINUOUS PERIOD OF CREDITABLE COVERAGE: The period during which You were covered by Creditable Coverage, if during the period of coverage You had no breaks in coverage greater than sixty-three (63) days.

EMERGENCY CARE: Care needed immediately because of an injury or an illness of sudden and unexpected onset.

GUARANTEED RENEWABLE: A right You have that requires Us to automatically renew or continue Your Medicare Supplement policy, unless You make untrue statements to Us, commit fraud or do not pay Your premiums.

HOSPICE: A coordinated, interdisciplinary program for meeting the special physical, emotional, social, and spiritual needs of dying individuals, by providing palliative and supportive services during the illness to individuals who have no reasonable prospect of cure and, as estimated by a Physician, have a life expectancy of six (6) months or less.

HOSPITAL: An institution operating under the laws of the state where it is located. It provides medical, diagnostic or surgical services, either on its premises or in facilities available to the hospital on a contractual, prearranged basis, for the care and treatment of sick or injured persons. Such treatment is rendered on the advice and under the supervision of a staff of one or more duly licensed Physicians. It provides 24-hour nursing service by or under the supervision of registered, graduate, professional Nurses (R.N.'s).

INJURY: Accidental bodily injury sustained by You which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and that occurs while this policy is in force.

MEDICARE: Title I, Part I of Public Law 89-97, as enacted by the Eighty-Ninth (89th) Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof.

- (1) Hospital coverage is known as Part A. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses.
- (2) Medical-Surgical coverage is known as Part B or Voluntary Coverage. You must indicate when You enroll for Social Security benefits if You want this coverage. There is a monthly charge for it. The amount is deducted from Your Social Security monthly check. Medicare will determine the expenses that qualify for Medicare benefits. These expenses are known as Medicare Eligible Expenses. Of the Eligible Expenses, Medicare will then determine the amount that is approved for payment.

MEDICARE ELIGIBLE EXPENSES: Expenses of the kind covered by Medicare Parts A and B, to the extent recognized as reasonable and medically necessary by Medicare.

NURSE: A registered, graduate, professional Nurse (R.N.), licensed practical Nurse (L.P.N.), or licensed vocational Nurse (L.V.N.).

PART A MEDICARE DEDUCTIBLE: The initial amount of Hospital expense You incur in each Benefit Period as a resident bed patient under Part A of Medicare. Medicare sets the amount of this deductible. This amount is not paid by Medicare.

PART B MEDICARE CALENDAR YEAR DEDUCTIBLE: The amount You must pay each calendar year before benefits can be paid under Part B of Medicare. Medicare sets the amount of the deductible. This amount is not paid by Medicare. A calendar year begins on January 1st and ends on December 31st.

PHYSICIAN: A legally qualified and licensed practitioner of the healing arts who is practicing within the scope of his authority.

PREEXISTING CONDITION: A condition for which medical advice was given or treatment was recommended by or received from a Physician within six (6) months prior to the policy effective date.

RESPITE CARE: Care given to allow Your caregiver to rest. You can stay in a Medicare-approved Hospital or nursing home up to five days for each time the respite care is elected.

SICKNESS: An illness or disease incurred by You which first manifests itself after the effective date and while this policy is in force.

SKILLED NURSING FACILITY: An institution licensed under the laws of the state where it is located. It is a facility that is certified by Medicare or is qualified to receive such approval, if requested. This definition shall include the various levels of skilled care facilities of the state where located. This definition shall NOT include intermediate or custodial care facilities.

PART 2: BENEFITS PROVIDED BY THIS POLICY

EFFECTIVE DATE FOR BENEFITS: The effective date of Your policy is shown on the Policy Schedule Page located on Page 3. We will pay benefits provided by this policy for Injury or Sickness that happens to You after the effective date if Your policy is in force at that time.

BASIC CORE BENEFITS

When You Receive Services For Medicare Eligible Expenses, We Will Pay Basic Core Benefits As Follows:

Inpatient Hospital Confinement Benefits (Medicare Part A)

Coinsurance Benefit: Coverage of Part A Medicare Eligible Expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare Benefit Period.

Lifetime Reserve Days Benefit: Coverage of Part A Medicare Eligible Expenses incurred for hospitalization to the extent not covered by Medicare for each Medicare lifetime inpatient reserve day used.

Medicare Exhaustion Benefit: Upon exhaustion of the Medicare Hospital inpatient coverage including the lifetime reserve days, coverage of one-hundred percent (100%) of the Medicare Part A Eligible Expenses for hospitalization paid at the applicable prospective payment system (PPS) rate, or other appropriate Medicare standard of payment, subject to a lifetime maximum benefit of an additional 365 days (the provider shall accept Our payment in full and may not bill You for any balance).

Blood Benefit (Medicare Part A or Part B)

Coverage under Medicare Parts A and B for the reasonable cost of the first three (3) pints of blood (or equivalent quantities of packed red blood cells, as defined under federal regulations) unless replaced in accordance with federal regulations.

Medicare Part B Coinsurance Benefit

Coverage for the Coinsurance amount, (or in the case of Hospital outpatient department services paid under a prospective payment system, the Co-payment amount) of Medicare Eligible Expenses under Part B regardless of Hospital confinement, subject to the Medicare Part B Deductible.

Hospice Care

Coverage of Cost Sharing for all Part A Medicare eligible Hospice care and inpatient Respite Care expenses.

PLAN D ADDITIONAL BENEFITS

Inpatient Hospital Confinement Deductible Benefit (Medicare Part A)

Coverage for one-hundred percent (100%) of the Medicare Part A inpatient Hospital deductible amount per benefit period.

Skilled Nursing Facility Confinement Benefit (Medicare Part A)

Coverage for one-hundred percent (100%) of the Medicare Part A Skilled Nursing Facility Coinsurance amount from the 21st day through the 100th day in a Medicare Benefit Period.

Medically Necessary Emergency Care in a Foreign Country Benefit

Coverage to the extent not covered by Medicare for eighty percent (80%) of the billed charges for Medicare Eligible Expenses for medically necessary emergency Hospital, Physician and medical care received in a foreign country. Benefits are payable only for Emergency Care which would have been covered by Medicare if provided in the United States and which began during the first sixty (60) consecutive days of each trip outside the United States. Benefits are subject to a calendar year deductible of \$250 and a lifetime maximum benefit of \$50,000.

PART 3: EXCLUSIONS AND LIMITATIONS

The benefits of this policy will not duplicate any benefits paid by Medicare. The combined benefits of this policy and the benefits paid by Medicare may not exceed one-hundred percent (100%) of the Medicare Eligible Expenses incurred. This policy will not pay benefits for the following:

- (1) The Medicare Part B Deductible;
- (2) Any expense which You are not legally obligated to pay; or services for which no charge is normally made in the absence of insurance;
- (3) Any services that are not medically necessary as determined by Medicare;
- (4) Any portion of any expense for which payment is made by Medicare or other government programs (except Medicaid);
- (5) Any type of expense not a Medicare Eligible Expense except as provided previously in this policy;
- (6) Any deductible, Coinsurance or Co-payment not covered by Medicare, unless such coverage is listed as a benefit in this policy;
- (7) Confinement that begins or expenses incurred while Your policy is not in force; or
- (8) Preexisting Conditions: No claim for loss incurred after six (6) months from the effective date of Your coverage will be reduced or denied on the ground that a disease or physical condition had existed within six (6) months prior to the policy effective date.

We will not pay for any expenses incurred for care or treatment of a Preexisting Condition for the first six (6) months from the effective date of coverage. This exclusion does not apply if You applied for and were issued this policy under guaranteed issue status; if on the date of application for this policy You had at least six (6) months of prior Creditable Coverage; or, if this policy is replacing another Medicare Supplement policy and a six (6) month waiting period has already been satisfied. Evidence of prior coverage or replacement must have been disclosed on the application for this policy.

If You had less than six (6) months prior Creditable Coverage, the Preexisting Conditions limitation will be reduced by the aggregate amount of Creditable Coverage. If this policy is replacing another Medicare Supplement policy, credit will be given for any portion of the waiting period that has been satisfied.

PART 4: MEDICARE BENEFIT CHANGES

The benefits provided by this Medicare Supplement policy are designed to cover Cost Sharing amounts under Medicare and will be changed automatically to coincide with any changes in the applicable Medicare deductible, Co-payment, or Coinsurance amounts. Premiums may be modified to correspond with such changes as specified in the Right to Adjust Future Premiums provision as stated in Part 5.

PART 5: RENEWABILITY

You may renew this policy for life by paying the premium when it becomes due. We may not cancel this policy before the expiration of the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Right to Adjust Future Premiums: The premium shown on the Policy Schedule Page may change on each policy anniversary following the date:

- (1) We change the rates which apply to all policies of this form issued by Us and in force in Your state;
- (2) Coverage under Medicare changes; or
- (3) You move to a different ZIP Code location.

We will send You a written notice at least thirty (30) days in advance when We change the premium rates for all policies of this form issued by Us and in force in Your state.

PART 6: ELIGIBILITY

INSURED is the person named on the Policy Schedule Page, located on Page 3, until death or termination of coverage.

PART 7: PREMIUM PAYMENTS AND REINSTATEMENT

Initial: This policy is issued based on the application, Our underwriting requirements and payment of the initial premium. The policy begins on the effective date shown on the Policy Schedule Page. All periods of insurance will begin and end at 12:01 a.m., at the place where You live.

Renewal: All renewal premiums must be paid in consecutive terms. They shall be paid by modes currently offered by Us. Renewal premiums are payable to Us. Premiums must be paid on or before the date due or before the end of the grace period. If this policy should lapse, the payment of a premium will reinstate this policy only as provided in the reinstatement provision in this section.

Grace Period: A grace period of thirty-one (31) days will be granted for the payment of each premium, falling due after the first premium. This policy will continue in force during the grace period. If the premium due is not paid during the grace period, the policy will terminate coverage at the end of the period for which premiums were paid.

Lapse and Reinstatement: If the renewal premium is not paid within the grace period, this policy will lapse on the first premium due date for which premium was not paid. If the policy lapses, Our acceptance of a premium payment without requiring an application for reinstatement will reinstate this policy. Any premium accepted in connection with a reinstatement will be applied to a period for which premium has not been previously paid, but not to any period more than sixty (60) days prior to the date of reinstatement.

If We require an application for reinstatement and issue a conditional receipt, this policy will be reinstated upon Our approval of the reinstatement application. If We do not notify You in writing of Our prior approval or disapproval, this policy will automatically be reinstated on the forty-fifth (45th) day following the date of the conditional receipt.

The reinstated policy will cover loss resulting from Injury or Sickness sustained after the date of reinstatement. In all other respects, Your rights and Ours will remain the same, subject to any restrictions attached in connection with the reinstatement.

PART 8: SUSPENSION OF COVERAGE BY YOU

Suspension Available During Medicaid Entitlement

- (1) Benefits and premiums under this policy will be suspended at Your request for the period in which You apply for and are determined to be entitled to medical assistance under Medicaid, but only if You notify Us within ninety (90) days after the date You become entitled to the Medicaid assistance. This suspension of coverage can last for up to twenty-four (24) months while Your Medicaid entitlement continues.
- (2) If suspension occurs and You lose entitlement to Medicaid, this policy will be automatically reinstated (effective as of the date of termination of Medicaid entitlement) as long as You notify Us of the loss of entitlement within ninety (90) days after the date of loss and pay the premium applicable to the period, effective as of the date of termination of Medicaid entitlement.

Reinstitution of coverages as described in subparagraph (2).

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

Suspension Available While Covered Under a Group Health Plan

Benefits and premiums under this policy will be suspended (for any period that may be provided by federal regulation) at Your request if You are entitled to benefits under section 226(b) of the Social Security Act and are covered under a group health plan (as defined in section 1862(b)(1)(A)(v) of the Social Security Act). If suspension occurs and You lose coverage under the group health plan, this policy will be automatically reinstated (effective as of the date of loss of coverage) if You notify Us of the loss of coverage within ninety (90) days after the date of loss of the group health plan and pay the premium applicable to this policy period, effective as of the date of termination of enrollment in the group health plan.

Reinstitution of coverages:

- (a) Shall not provide for any waiting period with respect to treatment of preexisting conditions;
- (b) Shall provide for resumption of coverage which is substantially equivalent to coverage in effect before the date of such suspension; and,
- (c) Shall charge a premium at least as favorable as the premium that would have applied to You had the coverage not been suspended.

PART 9: HOW TO FILE A CLAIM

Notice of Claim: Written notice of a claim must be given to Us within ninety (90) days after the occurrence or commencement of any loss covered by this policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of You to Us, with information sufficient to identify You, will be notice to Us.

Claim Forms: When We receive notice of claim, if additional information is required, We will send You forms for filing proof of loss. If We fail to provide these forms within fifteen (15) days after receipt of notice of claim, We agree You will have met the requirements for filing proof of loss, within the time allowed.

Proof of Loss: Written proof of loss must be furnished to Us within ninety (90) days after the date of loss. Failure to provide written proof will not invalidate nor reduce any claim if it was not reasonably possible to send such proof within the time allowed, provided such proof is furnished as soon as reasonably possible. In no event, except in the absence of legal capacity, will any claim be accepted later than one (1) year from the time proof is otherwise required.

Time of Payment of Claims: All benefits payable under this policy will be payable immediately upon Our receipt of due written proof of loss.

Extension of Benefits: Termination of this policy will be without prejudice to any continuous loss which commenced while the policy was in force, coverage for such loss will continue beyond the date insurance ends. This extension of coverage is subject to Your continuous total disability and limited to the duration of the Medicare Benefit Period or, if none is applicable, payment of the maximum benefits. Receipt of Medicare Part D benefits shall not be considered in determining a continuous loss.

Payment of Claims: All benefits payable under this policy will be payable to You during Your lifetime, unless a valid written assignment by You to pay the medical provider is included with the claim.

Unless We receive prior written instructions from You to the contrary, any health care benefits unpaid at Your death will be paid to Your estate. If benefits are payable to Your estate, We may pay benefits up to \$1,000 to someone related to You by blood or marriage whom We consider to be entitled to the benefits. We will be discharged to the extent of any such payment made in good faith.

PART 10: GENERAL INFORMATION

The provisions of the policy set out Your rights and obligations as a policyowner and Our rights and obligations as Your insurance company.

Entire Contract; Changes: This policy, including the application, the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid unless approved by an Executive Officer of the insurance company in writing. Such officer's approval must be endorsed hereon and attached hereto. No agent has authority to change this policy or to waive any of its provisions.

Time Limit on Certain Defenses: After two (2) years from the date of issue of this policy, no misstatements, except fraudulent misstatements, made by You in the application for the policy shall be used to void the policy or to deny a claim for loss incurred or disability commencing after the expiration of the two (2) year period.

No claim for loss incurred or disability that starts after six (6) months from the issue date will be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

Conformity with State Statutes and/or Insurance Regulations: Any provision of this policy, which, on its effective date, is in conflict with the statutes, and/or insurance regulations of the State where You reside is hereby amended to conform to the minimum requirements of such statutes and/or regulations.

Our Right to Examine Hospital and Medical Records: In the event of a claim, We may examine Your Hospital charts and medical records at Our expense if We find it necessary.

Legal Actions: No action at law or in equity shall be brought to recover on this policy prior to the expiration of sixty (60) days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought to recover on this policy more than three (3) years after the time written proof of loss is required to be furnished.

Physical Examinations: We, at Our own expense, have the right to have You, whose loss is the basis of a claim under this policy, examined when and as often as We may reasonably require while the claim is pending.

Cancellation: You may cancel this policy at any time by notifying Us. Your cancellation will be effective upon receipt of Your notice or on such later date as may be specified in such notice. In the event of cancellation, We will return the unearned portion of any premium paid. Cancellation will be without prejudice to any claim originating prior to the effective date of cancellation.

Upon your death, we will refund premiums paid for any period beyond the policy month in which death occurred. Such unearned premiums will be paid in a lump sum no later than 30 days after the proof of your death has been furnished to us. Payment will be made to your estate.

LOYAL AMERICAN LIFE INSURANCE COMPANY®

[P. O. BOX 559004 ♦ AUSTIN, TX 78755-9004 ♦ 800-633-6752]

Outline of Medicare Supplement Coverage - Benefit Plans A, B, C, D F, G and N

This chart shows the benefits included in each of the standard Medicare supplement plans. Every company must make Plan "A" available. Some plans may not be available in your state. See Outline of Coverage sections for details about ALL Plans. Plans E, H, I and J are no longer available for sale.

BASIC BENEFITS:

- **Hospitalization:** Part A coinsurance plus coverage for 365 additional days after Medicare benefits end.
- **Medical Expenses:** Part B coinsurance (generally 20% of Medicare-approved expenses) or co-payments for hospital outpatient services. Plans K, L and N require insureds to pay a portion of Part B coinsurance or co-payments.
- **Blood:** First three pints of blood each year.
- **Hospice:** Part A coinsurance.

A	B	C	D	F	F*	G	K	L	M	N
Basic, Including 100% Part B Coinsurance	Basic, Including 100% Part B Coinsurance*	Basic, Including 100% Part B Coinsurance	Basic, Including 100% Part B Coinsurance	Hospitalization and Preventive Care Paid at 100%; Other Basic Benefits paid at 50%	Hospitalization and Preventive Care Paid at 100%; Other Basic Benefits Paid at 75%	Basic, Including 100% Part B Coinsurance	Basic, Including 100% Part B Coinsurance, Except Up to \$20 Copayment for Office Visit, and up to \$50 Copayment for ER Visit			
		Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	50% Skilled Nursing Facility Coinsurance	75% Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance
	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	Part A Deductible	50% Part A Deductible	75% Part A Deductible	50% Part A Deductible	Part A Deductible
		Part B Deductible		Part B Deductible						
				Part B Excess (100%)	Part B Excess (100%)					
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency				Foreign Travel Emergency	Foreign Travel Emergency
							Out-of-Pocket Limit [\$4,620]; Paid at 100% After Reached	Out-of-Pocket Limit [\$2,310]; Paid At 100% After Reached		

* Plan F also has an option called a high deductible Plan F. This high deductible plan pays the same benefits as Plan F after one has paid a calendar year [\$2,000] deductible. Benefits from high deductible Plan F will not begin until out-of-pocket expenses exceed [\$2,000]. Out-of-pocket expenses for this deductible are expenses that would ordinarily be paid by the policy. These expenses include the Medicare deductibles for Part A and Part B, but do not include the plan's separate foreign travel emergency deductible.

Loyal American Life Insurance Company

MEDICARE SUPPLEMENT

Arkansas

Community Rates -- Effective [6/1/2010] -- Area I ([720-722])

NON-SMOKER					SMOKER			
Annual Direct Bill	Semi-Annual Direct Bill	Quarterly Direct Bill	Monthly Bank Draft		Annual Direct Bill	Semi-Annual Direct Bill	Quarterly Direct Bill	Monthly Bank Draft
[1333.50	[693.42	[353.38	[113.35	Plan A	[1481.55	[770.41	[392.61	[125.93
1556.10	809.17	412.37	132.27	Plan B	1729.35	899.26	458.28	146.99
1883.70	979.52	499.18	160.11	Plan C	2092.65	1088.18	554.55	177.88
1631.70	848.48	432.40	138.69	Plan D	1813.35	942.94	480.54	154.13
1923.60	1000.27	509.75	163.51	Plan F	2136.75	1111.11	566.24	181.62
1640.10	852.85	434.63	139.41	Plan G	1822.80	947.86	483.04	154.94
1346.10]	699.97]	356.72]	114.42]	Plan N	1496.25]	778.05]	396.51]	127.18]

Loyal American Life Insurance Company

MEDICARE SUPPLEMENT

Arkansas

Community Rates -- Effective [6/1/2010] -- Area II ([716-719, 723-729])

NON-SMOKER					SMOKER			
Annual Direct Bill	Semi-Annual Direct Bill	Quarterly Direct Bill	Monthly Bank Draft		Annual Direct Bill	Semi-Annual Direct Bill	Quarterly Direct Bill	Monthly Bank Draft
[1143.00	[594.36	[302.90	[97.16	Plan A	[1269.90	[660.35	[336.52	[107.94
1333.80	693.58	353.46	113.37	Plan B	1482.30	770.80	392.81	126.00
1614.60	839.59	427.87	137.24	Plan C	1793.70	932.72	475.33	152.46
1398.60	727.27	370.63	118.88	Plan D	1554.30	808.24	411.89	132.12
1648.80	857.38	436.93	140.15	Plan F	1831.50	952.38	485.35	155.68
1405.80	731.02	372.54	119.49	Plan G	1562.40	812.45	414.04	132.80
1153.80]	599.98]	305.76]	98.07]	Plan N	1282.50]	666.90]	339.86]	109.01]

Locate appropriate Area according to the applicant's ZIP Code in the ZIP Code chart below.

ARKANSAS ZIP CODES:

<u>Area</u>	<u>3 Digit ZIP Codes</u>
Area I	[720-722]
Area II	[716-719, 723-729]

PREMIUM INFORMATION

We, Loyal American Life Insurance Company, can raise your premium if (a) we change the rates which apply to all policies of this form issued by us and in-force in your state; (b) coverage under Medicare changes; or (c) you move to a different ZIP Code location. We will send you a written notice at least thirty (30) days in advance when we change the premium rates for all policies of this form issued by us and in-force in your state.

DISCLOSURES

Use this Outline to compare benefits and premiums among policies.

[This outline shows benefits and premiums of policies sold for effective dates on or after June 1, 2010. Policies sold for effective dates prior to June 1, 2010 have different benefits and premiums. Plans E, H, I and J are no longer available for sale].

READ YOUR POLICY VERY CAREFULLY

This is only an Outline describing your policy's most important features. The policy is your insurance contract. You must read the policy itself to understand all of the rights and duties of both you and Loyal American Life Insurance Company.

30-DAY RIGHT TO RETURN POLICY

If you find that you are not satisfied with your policy, you may return it to Loyal American Life Insurance Company, [P. O. Box 559004, Austin, TX 78755-9004]. If you send the policy back to us within thirty (30) days after you receive it, we will treat the policy as if it had never been issued and return all of your premiums.

POLICY REPLACEMENT

If you are replacing another health insurance policy, do NOT cancel it until you have actually received your new policy and are sure you want to keep it.

NOTICE

This policy may not fully cover all of your medical costs. Neither Loyal American Life Insurance Company nor its agents are connected with Medicare. This Outline of Coverage does not give all the details of Medicare coverage. Contact your local Social Security Office or consult the *Medicare and You* for more details.

COMPLETE ANSWERS ARE VERY IMPORTANT

When you fill out the application for the new policy, be sure to answer truthfully and completely all questions about your medical and health history. We may cancel your policy and refuse to pay any claims if you leave out or falsify important medical information.

Review the application carefully before you sign it. Be certain that all information has been properly recorded.

RENEWABILITY

This policy is guaranteed renewable for life.

PLAN A
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN A PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	\$0 [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	[\$1,100] (Part A Deductible) \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare’s requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 \$0 \$0	\$0 Up to [\$137.50] a day All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare’s requirements, including a doctor’s certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/ coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy’s “Core Benefits.” During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN A
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN A PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	\$0 Generally 20%	[\$155] (Part B Deductible) \$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs \$0 20%	\$0 [\$155] (Part B Deductible) \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN A PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 \$0 20%	\$0 [\$155] (Part B Deductible) \$0

PLAN B
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN B PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 \$0 \$0	\$0 Up to [\$137.50] a day All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN B
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN B PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	\$0 Generally 20%	[\$155](Part B Deductible) \$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs \$0 20%	\$0 [\$155](Part B Deductible) \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN B PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 \$0 20%	\$0 [\$155] (Part B Deductible) \$0

PLAN C
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN C PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare’s requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 Up to [\$137.50] a day \$0	\$0 \$0 All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare’s requirements, including a doctor’s certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy’s “Core Benefits.” During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN C

MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN C PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	[\$155] (Part B Deductible) Generally 20%	\$0 \$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs [\$155] (Part B Deductible) 20%	\$0 \$0 \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN C PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 [\$155] (Part B Deductible) 20%	\$0 \$0 \$0

**PLAN C
 MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR (CONTINUED)**

OTHER BENEFITS – NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN C PAYS	YOU PAY
FOREIGN TRAVEL – NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year Remainder of Charges	 \$0 \$0	 \$0 80% to a lifetime maximum benefit of \$50,000	 \$250 20% and amounts over the \$50,000 lifetime maximum

PLAN D
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN D PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 Up to [\$137.50] a day \$0	\$0 \$0 All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN D

MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN D PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	\$0 Generally 20%	[\$155] (Part B Deductible) \$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs \$0 20%	\$0 [\$155] (Part B Deductible) \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN D PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 \$0 20%	\$0 [\$155] (Part B Deductible) \$0

**PLAN D
 MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR (CONTINUED)**

OTHER BENEFITS – NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN D PAYS	YOU PAY
FOREIGN TRAVEL – NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year Remainder of Charges	 \$0 \$0	 \$0 80% to a lifetime maximum benefit of \$50,000	 \$250 20% and amounts over the \$50,000 lifetime maximum

PLAN F
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN F PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 Up to [\$137.50] a day \$0	\$0 \$0 All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for out-patient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN F
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN F PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment			
First [\$155] of Medicare-approved amounts*	\$0	[\$155] (Part B Deductible)	\$0
Remainder of Medicare-approved amounts	Generally 80%	Generally 20%	\$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	100%	\$0
BLOOD			
First 3 pints	\$0	All costs	\$0
Next [\$155] of Medicare-approved amounts*	\$0	[\$155] (Part B Deductible)	\$0
Remainder of Medicare-approved amounts	80%	20%	\$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN F PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES			
Medically necessary skilled care services and medical supplies – Durable medical equipment	100%	\$0	\$0
First [\$155] of Medicare-approved amounts*	\$0	[\$155] (Part B Deductible)	\$0
Remainder of Medicare-approved amounts	80%	20%	\$0

PLAN F
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR (CONTINUED)

OTHER BENEFITS – NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN F PAYS	YOU PAY
FOREIGN TRAVEL – NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year Remainder of charges	 \$0 \$0	 \$0 80% to a lifetime maximum benefit of \$50,000	 \$250 20% and amounts over the \$50,000 lifetime maximum

PLAN G
MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN G PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare's requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 Up to [\$137.50] a day \$0	\$0 \$0 All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare's requirements, including a doctor's certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy's "Core Benefits." During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN G

MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN G PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	\$0 Generally 20%	[\$155] (Part B Deductible) \$0
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	100%	\$0
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs \$0 20%	\$0 [\$155] (Part B Deductible) \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN G PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 \$0 20%	\$0 [\$155] (Part B Deductible) \$0

PLAN G
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR (CONTINUED)
OTHER BENEFITS – NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN G PAYS	YOU PAY
FOREIGN TRAVEL – NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 each calendar year Remainder of charges	 \$0 \$0	 \$0 80% to a lifetime maximum benefit of \$50,000	 \$250 20% and amounts over the \$50,000 lifetime maximum

PLAN N

MEDICARE (PART A) – HOSPITAL SERVICES – PER BENEFIT PERIOD

* A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

SERVICES	MEDICARE PAYS	PLAN N PAYS	YOU PAY
HOSPITALIZATION* Semiprivate room and board, general nursing and miscellaneous services and supplies First 60 days 61 st thru 90 th day 91 st day and after: – While using 60 lifetime reserve days – Once lifetime reserve days are used: – Additional 365 days – Beyond the additional 365 days	All but [\$1,100] All but [\$275] a day All but [\$550] a day \$0 \$0	[\$1,100] (Part A Deductible) [\$275] a day [\$550] a day 100% of Medicare Eligible Expenses \$0	\$0 \$0 \$0 \$0** All costs
SKILLED NURSING FACILITY CARE * You must meet Medicare’s requirements, including having been in a hospital for at least 3 days and entered a Medicare-approved facility within 30 days after leaving the hospital First 20 days 21 st thru 100 th day 101 st day and after	All approved amounts All but [\$137.50] a day \$0	\$0 Up to [\$137.50] a day \$0	\$0 \$0 All costs
BLOOD First 3 pints Additional amounts	\$0 100%	3 pints \$0	\$0 \$0
HOSPICE CARE You must meet Medicare’s requirements, including a doctor’s certification of terminal illness	All but very limited co-payment/coinsurance for outpatient drugs and inpatient respite care	Medicare co-payment/coinsurance	\$0

** **NOTICE:** When your Medicare Part A hospital benefits are exhausted, the insurer stands in the place of Medicare and will pay whatever amount Medicare would have paid for up to an additional 365 days as provided in the policy’s “Core Benefits.” During this time the hospital is prohibited from billing you for the balance based on any difference between its billed charges and the amount Medicare would have paid.

PLAN N
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR

* Once you have been billed [\$155] of Medicare-approved amounts for covered services (which are noted with an asterisk), your Part B Deductible will have been met for the calendar year.

SERVICES	MEDICARE PAYS	PLAN N PAYS	YOU PAY
MEDICAL EXPENSES – IN OR OUT OF THE HOSPITAL AND OUTPATIENT HOSPITAL TREATMENT , such as physician’s services, inpatient and outpatient medical and surgical services and supplies, physical and speech therapy, diagnostic tests, durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 Generally 80%	\$0 Balance, other than up to [\$20] per office visit and up to [\$50] per emergency room visit. The co-payment of up to [\$50] is waived if the insured is admitted to any hospital and the emergency visit is covered as a Medicare Part A expense	[\$155] (Part B Deductible) Up to [\$20] per office visit and up to [\$50] per emergency room visit. The co-payment of up to [\$50] is waived if the insured is admitted to any hospital and the emergency visit is covered as a Medicare Part A expense
PART B EXCESS CHARGES (Above Medicare-approved amounts)	\$0	\$0	All costs
BLOOD First 3 pints Next [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	\$0 \$0 80%	All costs \$0 20%	\$0 [\$155] (Part B Deductible) \$0
CLINICAL LABORATORY SERVICES – TESTS FOR DIAGNOSTIC SERVICES	100%	\$0	\$0

**PLAN N
MEDICARE (PART B) – MEDICAL SERVICES – PER CALENDAR YEAR (CONTINUED)**

PARTS A & B

SERVICES	MEDICARE PAYS	PLAN N PAYS	YOU PAY
HOME HEALTH CARE MEDICARE-APPROVED SERVICES Medically necessary skilled care services and medical supplies – Durable medical equipment First [\$155] of Medicare-approved amounts* Remainder of Medicare-approved amounts	100% \$0 80%	\$0 \$0 20%	\$0 [\$155] (Part B Deductible) \$0

OTHER BENEFITS – NOT COVERED BY MEDICARE

SERVICES	MEDICARE PAYS	PLAN N PAYS	YOU PAY
FOREIGN TRAVEL – NOT COVERED BY MEDICARE Medically necessary emergency care services beginning during the first 60 days of each trip outside the USA First \$250 Each Calendar Year Remainder of Charges	\$0 \$0	\$0 80% to a lifetime maximum benefit of \$50,000	\$250 20% and amounts over the \$50,000 lifetime maximum

SERFF Tracking Number: UTAC-126631994 State: Arkansas
 Filing Company: Loyal American Life Insurance Company State Tracking Number: 45722
 Company Tracking Number: LOYAL MS-2010 POLICIES BC&D
 TOI: MS08I Individual Medicare Supplement - Sub-TOI: MS08I.002 Plan B 2010
 Standard Plans 2010
 Product Name: LOYAL MS-2010 POLICIES BC&D
 Project Name/Number: LOYAL MS-2010 POLICIES BC&D/ LOYAL MS-2010 POLICIES BC&D

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Flesch Certification Comments: Attachments: AR Certification.pdf FLESCH-Loyal AR.pdf	Accepted for Informational Purposes	05/25/2010
Bypassed - Item: Application Bypass Reason: Previously approved form: GASBG-MS-APP-2010-AR, approved 1/27/2010 Comments:	Approved	05/25/2010
Satisfied - Item: Outline of Coverage Comments: Attached for Form Schedule tab.	Approved	05/25/2010

Arkansas Certification

This submission meets the provisions of Rule and Regulation 19, "Unfair sex discrimination in the sale of insurance" as well as all applicable requirements of this Department.



Jackie Cunningham, Compliance Analyst

May 7, 2010

Date

LOYAL AMERICAN LIFE INSURANCE COMPANY

CERTIFICATION OF FLESCH READING EASE TEST

This is to certify that the forms listed below are in compliance with the readability requirements of the Flesch Reading ease test.

The Flesch test was applied to each form in its entirety, except that of titles, major headings and sub-headings and tables were excluded.

The Flesch reading ease test scores are:

MEDICARE SUPPLEMENT FORMS

Form Number	Description	Form Type	Flesch Score
LOYAL-MS-CR-B-AR	Medicare Supplement Policy - Plan B	POL	43.8
LOYAL-MS-CR-C-AR	Medicare Supplement Policy - Plan C	POL	43.8
LOYAL-MS-CR-D-AR	Medicare Supplement Policy - Plan D	POL	43.8

LOYAL AMERICAN LIFE INSURANCE COMPANY



Printed Name: Billy Hill, Jr.

Title: President

Date: May 7, 2010