

SERFF Tracking Number: STFH-126929553 State: Arkansas  
Filing Company: State Farm Mutual Automobile Insurance Company State Tracking Number: 48189  
Company Tracking Number:  
TOI: H14I Individual Health - Hospital Indemnity Sub-TOI: H14I.000 Health - Hospital Indemnity  
Product Name: Hospital Income  
Project Name/Number: 97024 ZAR et. al./

## Filing at a Glance

Company: State Farm Mutual Automobile Insurance Company

Product Name: Hospital Income SERFF Tr Num: STFH-126929553 State: Arkansas

TOI: H14I Individual Health - Hospital Indemnity SERFF Status: Closed-Approved- Closed State Tr Num: 48189

Sub-TOI: H14I.000 Health - Hospital Indemnity Co Tr Num: State Status: Approved-Closed

Filing Type: Form/Rate Reviewer(s): Rosalind Minor

Authors: Barb Metz, Sandy Barnes, Jennifer Soucek Disposition Date: 03/11/2011

Date Submitted: 03/08/2011 Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

## General Information

Project Name: 97024 ZAR et. al.

Status of Filing in Domicile: Not Filed

Project Number:

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Individual Market Type:

Overall Rate Impact:

Filing Status Changed: 03/11/2011

State Status Changed: 03/11/2011

Deemer Date:

Created By: Sandy Barnes

Submitted By: Sandy Barnes

Corresponding Filing Tracking Number:

Filing Description:

Re: Individual Accident & Health

Hospital Confinement Indemnity Policy 97024 ZAR

Hospital Confinement Indemnity Outline of Coverage 94327 ZAR

Rates

Enclosed for filing on the behalf of the State Farm Mutual Automobile Insurance Company of Bloomington, Illinois are the referenced forms.





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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	03/11/2011	03/11/2011

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	03/09/2011	03/09/2011	Barb Metz	03/09/2011	03/09/2011
Pending Industry Response	Rosalind Minor	03/08/2011	03/08/2011	Barb Metz	03/09/2011	03/09/2011



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<b>Schedule</b>	<b>Schedule Item</b>	<b>Schedule Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Flesch Certification	Approved-Closed	Yes
<b>Supporting Document</b>	Application	Approved-Closed	Yes
<b>Supporting Document</b>	Health - Actuarial Justification	Approved-Closed	No
<b>Supporting Document</b>	Outline of Coverage	Approved-Closed	Yes
<b>Supporting Document</b>	Exhibit I - Loss Ration Calculation - Arkansas	Approved-Closed	Yes
<b>Form (revised)</b>	Hospital Confinement Indemnity Policy	Approved-Closed	Yes
<b>Form</b>	Hospital Confinement Indemnity Policy	Replaced	Yes
<b>Form</b>	Hospital Confinement Indemnity Policy	Replaced	Yes
<b>Form</b>	Hospital Confinement Indemnity Policy	Approved-Closed	Yes
	Outline of Coverage		
<b>Rate</b>	Rates	Approved-Closed	Yes



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## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 03/09/2011  
 Submitted Date 03/09/2011

Dear Rosalind Minor,

### Comments:

I apologize for grabbing the wrong PDF. I've got it right this time.

### Response 1

Comments: I have attached the correct document.

### Related Objection 1

Applies To:

- Hospital Confinement Indemnity Policy, 97024 ZAR (Form)

Comment:

When you attached the policy with the changes, all that is attached are the first two pages of the policy.

### Changed Items:

No Supporting Documents changed.

### Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Hospital Confinement Indemnity Policy	97024 ZAR		Policy/Contract/Fraternal Certificate	Initial		51.100	97024 ZAR.pdf
<b>Previous Version</b>							
Hospital Confinement Indemnity Policy	97024 ZAR		Policy/Contract/Fraternal Certificate	Initial		51.100	C97024 ZAR.pdf
Hospital Confinement Indemnity Policy	97024 ZAR		Policy/Contract/Fraternal Certificate	Initial		51.100	97024 ZAR.pdf





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## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 03/09/2011  
 Submitted Date 03/09/2011

Dear Rosalind Minor,

### Comments:

We have rec'd your objection to our filing.

### Response 1

Comments: Pg 8....modified 2c under the Termination of Coverage Provision.

### Related Objection 1

Applies To:

- Hospital Confinement Indemnity Policy, 97024 ZAR (Form)

Comment:

With respect to handicapped dependents, there can be no time limit set for furnishing proof of incapacity. Refer to ACA 23-85-131(b) and Bulletin 14-81.

### Changed Items:

No Supporting Documents changed.

### Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Hospital Confinement Indemnity Policy	97024 ZAR		Policy/Contract/Fraternal Certificate	Initial		51.100	C97024 ZAR.pdf
<b>Previous Version</b>							
Hospital Confinement Indemnity Policy	97024 ZAR		Policy/Contract/Fraternal Certificate	Initial		51.100	97024 ZAR.pdf



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Comments: We have reviewed Arkansas 23-79-129 (C)....which refers to 23-99-404. We are of the opinion that provision of the Newborn infant coverage applies to Health Benefit Plans as defined in 23-99-403.

(4)(A) "Health benefit plan" means any individual, blanket, or group plan, policy, or contract for health care services issued or delivered by a health care insurer in this state, including indemnity and managed care plans and including self-insured governmental and church plans, but excluding plans providing health care services pursuant to Arkansas Constitution, Article 5, Section 32, the Workers' Compensation Law, Section 11-9-101 et seq., and the Public Employee Workers' Compensation Act, Section 21-5-601 et seq.

(B) "Health benefit plan" does not include an accident-only, specified disease, hospital indemnity, long-term care, disability income, or other limited-benefit health insurance policy;

Since a Hospital Indemnity Policy is not a Health Benefit Plan as defined, we do not feel a hospital indemnity policy is required to provide coverage for a healthy newborn. We would pay if the baby was ill.

**Related Objection 1**

Applies To:

- Hospital Confinement Indemnity Policy, 97024 ZAR (Form)

Comment:

Coverage for newborn infants must be paid for 5 days in the hospital or until the mother is discharge, whichever is the lessor period of time. Refer to ACA 23-79-129. For example, on a hospital indemnity policy, if there is a \$100 a day benefit, then benefits are paid for newborn at \$100 a day for 5 days or until the mother is discharged.

**Changed Items:**

No Supporting Documents changed.

**Form Schedule Item Changes**

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
<i>Hospital Confinement Indemnity Policy</i>	97024 ZAR		<i>Policy/Contract/Fraternal Certificate</i>	<i>Initial</i>		51.100	C97024 ZAR.pdf
<b>Previous Version</b>							
<i>Hospital Confinement</i>	97024		<i>Policy/Contract/Fraternal</i>	<i>Initial</i>		51.100	97024



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 Product Name: Hospital Income  
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## Form Schedule

Lead Form Number: 97024 Z

Schedule Item	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed 03/11/2011	97024 ZAR	Policy/Contract/Fraternal Certificate	Hospital Confinement Indemnity Policy	Initial		51.100	97024 ZAR.pdf
Approved-Closed 03/11/2011	94327 ZAR	Outline of Coverage	Hospital Confinement Indemnity Policy Outline of Coverage	Initial		0.000	Outline of Coverage 94327 ZAR.pdf



# STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

One State Farm Plaza, Bloomington, Illinois 61710-0001  
866-855-1212

**INSURED**

**INITIAL PREMIUM**

**POLICY NUMBER**

**POLICY DATE**

**PREMIUM MODE**

We, the **STATE FARM MUTUAL** Automobile Insurance Company, will pay You, the Insured, the benefits stated in this policy. These benefits are subject to the provisions, limitations, and exceptions of the policy.

This policy is issued in consideration of the statements in the application for this policy; and the payment of the Initial Premium; which will keep this policy in force from the Policy Date at 12:01 A.M., Standard Time until 12:01 A.M., Standard time of the First Renewal Date. Acceptance of a check as payment of any premium, or portion thereof, is conditioned upon the check being honored upon first presentation for payment.

**RENEWABILITY.** This policy may be renewed with Our consent by paying the renewal premium when due, or within the Grace Period. Subject to the right to terminate Your policy upon nonpayment of premiums when due, or within the Grace Period, We may refuse to renew Your policy only on a renewal date on, or after and nearest, an anniversary of the Policy Date; or in the case of lapse and reinstatement, on the renewal date on, or after and nearest, an anniversary of the last reinstatement date. Such action shall not affect any claim for a loss beginning while Your policy is in force. We will not refuse to renew Your policy because of any change in the physical or mental condition or health of the Covered Person.

**YOUR PREMIUMS MAY BE CHANGED.** We may change the table of premium rates for this policy at any time. Any such change shall apply only to premiums due on or after the effective date of change. The amount due on each renewal date will be the renewal premium in Our table of premium rates for Your policy in effect at the time of such renewal. The amount will depend on the attained age and the original classification of each Covered Person.

**TEN DAY RIGHT TO EXAMINE POLICY.** Please read this policy and the attached copy of the application carefully. If You do not want the policy for any reason, You may return it to Us or one of Our agents within 10 days after receipt. Upon return, the policy will be deemed void, and any money paid will be refunded.

Countersigned \_\_\_\_\_  
Licensed Resident Agent

## HOSPITAL CONFINEMENT INDEMNITY POLICY



**GUIDE TO YOUR HOSPITAL CONFINEMENT INDEMNITY POLICY  
TABLE OF CONTENTS**

The following is a Guide to Your Hospital Confinement Indemnity Policy. It tells You what is included in Your policy and on what page(s) You can find it.

TEN DAY RIGHT TO EXAMINE POLICY .....	1
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INSURED [SMITH, JOHN D.] [ \$XXX.XX] INITIAL PREMIUM  
 POLICY NUMBER [ H10000 0707]  
 POLICY DATE [DECEMBER 1, 2010] [ANNUAL] PREMIUM MODE  
 FIRST RENEWAL DATE [DECEMBER 1, 2011]

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THE BENEFITS AND PREMIUMS SHOWN ON THIS SCHEDULE ARE EFFECTIVE  
 [DECEMBER 1, 2010]

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COVERAGE SUMMARY

<u>FORM</u>	<u>COVERAGE INFORMATION</u>	<u>MAXIMUM</u>	<u>ANNUAL PREMIUM</u>
97024 ZAR	HOSPITAL CONFINEMENT INDEMNITY POLICY		[\$XXX.XX]
	HOSPITAL CONFINEMENT INDEMNITY BENEFIT	\$250 Per Day	
	Maximum Benefit Period	365 Days Per Confinement	
	INTENSIVE CARE BENEFIT	\$250 Per Day	
	Maximum Benefit Period	14 Days Per Confinement	
	EMERGENCY ACCIDENT BENEFIT	\$250 Per Injury	
	Maximum Calendar Year Benefit	\$750 Per Covered Person	
	EXTENDED CARE BENEFIT	\$125 Per Day	
	Maximum Benefit Period	60 Days Per Calendar Year	
	OUTPATIENT SURGERY & INTRAVASCULAR CATHETERIZATION BENEFIT	\$250 Per Occurrence	

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OTHER COVERED PERSONS

<u>NAME</u>	<u>NAME</u>

---

ANNUAL RENEWAL PREMIUMS SUBJECT TO RENEWABILITY PROVISION ON  
 PAGE 1 AND BASED ON ATTAINED AGE OF INSURED ON EACH RENEWAL DATE

---

<u>AGE</u>	<u>16-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40-44</u>	<u>45-49</u>	<u>50-54</u>	<u>55-59</u>	<u>60-64</u>	<u>+65</u>
INSURED	--	XX	XX						
SPOUSE	--	XX	XX						
CHILDREN	--	XX	XX						

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## SECTION 1: IMPORTANT DEFINITIONS

Wherever used in this policy:

**Agent** means a licensed insurance producer

**Confined or Confinement** means assigned to a bed in a Hospital at the direction of a Physician who is not a Covered Person, for which a charge for room and board is made.

**Covered Person** means You and any other person shown on the Policy Schedule, if the coverage of such person has not terminated according to the Termination of Coverage provision.

**Emergency Treatment** means medical care of an Injury which involves acute symptoms of high severity and requires urgent evaluation by a Physician.

**Extended Care Facility** means a legally operated institution or part thereof that:

1. Maintains adequate medical records;
2. Furnishes, for a fee, room, board, and skilled nursing care 24 hours a day under full-time supervision of a Physician or a graduate nurse (R.N.);
3. Has available the services of a Physician under an established agreement; and
4. Is not, except incidentally, a place for the aged or a hotel.

**Hospital** means a legally operated institution having accommodations for the care and treatment of sick or injured resident inpatients which is:

1. Licensed as a Hospital under the Hospital Licensing Laws of any state; or
2. Accredited as a Hospital by the Joint Commission.

This definition shall not include any institution including a hospital or any part of a hospital;

1. Operated as a rest home, convalescent home, or home of the aged; or
2. Used primarily for the care of convalescent or ambulatory patients.

**Injury** means an accidental bodily injury sustained by a Covered Person which is the direct result of trauma, independent of disease or bodily infirmity or any other cause and occurs while this policy is in force.

**Intensive Care Unit** means a specialized section of a Hospital designated as such that is permanently equipped and staffed to provide extensive and continuous care for critically ill or injured patients.

**Intravascular Catheterization** means only a medical procedure that involves introduction of a catheter into an artery or vein for the purpose of diagnosing and/or treating vascular disease.

**One Confinement** means any and all successive periods of Confinement due to the same or related cause or causes, suffered by the same Covered Person, and beginning while this policy is in force, unless separated by a period of not less than six (6) months. Any Confinement occurring more than six (6) months after the termination of an immediately preceding Confinement for the same or related cause or causes shall be treated as an entirely new Confinement.

**Physician** means a licensed medical practitioner of the healing arts performing services within the scope of his/her license as provided by the laws of the state which he/she resides.

**Policy Schedule** means the page of Your policy which lists important facts, such as the effective date of Your policy, the policy number, benefits and premium information.

**Pre-existing Sickness or Physical Condition means:**

1. An Injury or Sickness for which medical advice or treatment was recommended by or received from a Physician within a twelve (12) month period preceding the effective date of coverage of the Covered Person; or
2. The existence of symptoms which would cause a person to seek diagnosis, care or treatment within a twelve (12) month period preceding the effective date of coverage of the Covered Person.

**Sickness** means an illness, condition, or disease or complication of illness or disease of a Covered Person resulting in poor health and can be either continuous in nature or occurs because of a specific event or cause.

**Surgical Operation** means only a procedure performed by a Physician that involves cutting; wound closure requiring sutures, staples or tissue adhesives; reduction of a fracture or dislocation; manipulation of a joint under anesthesia; destruction of a lesion by electrosurgery, cryosurgery, or laser treatment; debridement; biopsy; dilatation; and use of an endoscope for:

1. Correction of a deformity or defect caused by an Injury or Sickness or
2. Diagnosis and cure of a Sickness.

**We, Our, Us** means the State Farm Mutual Automobile Insurance Company, One State Farm Plaza, Bloomington, Illinois 61710-0001. Telephone number 866-855-1212

**You, Your, Yourself** means the insured named on the Policy Schedule.

## **SECTION 2: BENEFIT PROVISIONS**

**Hospital Confinement Indemnity Benefit.** We will pay You the Hospital Confinement Indemnity Benefit amount shown on the Policy Schedule for each day that a Covered Person is necessarily Confined as a resident inpatient in a Hospital. We will pay this benefit when Confinement:

1. Is caused by or results from Injury or Sickness; and
2. Begins while this policy is in force for such Covered Person.

This benefit will be paid for as long as the Covered Person is Confined but not to exceed the Maximum Benefit Period shown on the Policy Schedule for any One Confinement.

**Intensive Care Benefit.** We will pay You the Intensive Care Benefit amount shown on the Policy Schedule for each day that a Covered Person is Confined in an Intensive Care Unit. We will pay this benefit:

1. During a Confinement for which a Hospital Confinement Indemnity Benefit is payable; and
2. For a period not to exceed 14 days for any One Confinement.

**Emergency Accident Benefit.** When a Covered Person requires Emergency Treatment of an Injury and that treatment is provided by a Physician in a medical facility and is received within 72 hours of the Injury, We will pay the Emergency Accident Benefit amount shown on the Policy Schedule while this policy is in force. This benefit is payable up to a maximum of three (3) times per calendar year per Covered Person, however, only one (1) benefit will be payable for Injuries sustained in any one (1) accident.

**Extended Care Benefit.** We will pay You the Extended Care Benefit amount shown on the Policy Schedule for each day that a Covered Person is a resident inpatient in an Extended Care Facility. We will pay this benefit up to, but not to exceed, the Maximum Benefit Period per calendar year shown on the Policy Schedule for the same or related cause or causes. Inpatient residence in an Extended Care Facility must:

1. Follow a Hospital Confinement of at least three (3) days for which a Hospital Confinement Indemnity Benefit was payable for the person Confined in the Extended Care Facility;
2. Begin within 30 days after such Hospital Confinement; and
3. Be required for the sole purpose of receiving medical care for and during convalescence from the same Injury or Sickness which caused the Hospital Confinement.

**Outpatient Surgery and Intravascular Catheterization Benefit.** We will pay You the Outpatient Surgery and Intravascular Catheterization Benefit amount shown on the Policy Schedule for a Covered Person's outpatient Surgical Operation or Intravascular Catheterization, if such operation or catheterization:

1. Is related to, and necessary for, the treatment or diagnosis of an Injury or Sickness;
2. Occurs while this policy is in force for such Covered Person;
3. Is performed while the Covered Person is not Confined as a resident inpatient in a Hospital; and
4. Is performed by a Physician who is not a Covered Person under this policy.

Limitations:

Only one (1) Outpatient Surgery and Intravascular Catheterization Benefit shall be payable when multiple, bilateral or incidental Surgical Operations and/or Intravascular Catheterizations are performed at the same operative session.

### **SECTION 3: EXCLUSIONS, EXCEPTIONS AND LIMITATIONS**

This policy does not cover Confinement or any loss incurred which is caused by or results from:

1. Injury or Sickness as the result of war, declared or undeclared, or any act or hazard of war;
2. Normal pregnancy and childbirth; however, complications of pregnancy shall be considered as a Sickness;
3. Any attempt at suicide, whether sane or insane, or any intentionally self-inflicted Injury;
4. Routine well-baby care for newborn children;
5. Any type of hernia or hemorrhoids or any ailment or disease of the tonsils, adenoids, or reproductive organs if the Confinement begins within 90 days after this policy becomes effective for the Covered Person. This exception shall not be applicable when the attending Physician certifies that such diseases or conditions are treated on an emergency basis; or
6. Cosmetic and/or elective surgery unless caused by Injury or done for reconstructive purposes due to Sickness or Injury.

**Pre-existing Condition Limitations.** This policy does not cover any loss incurred which is caused by or results from a Pre-existing Sickness or Physical Condition as defined herein, subject to the Time Limit on Certain Defenses provision.

#### **SECTION 4: ELIGIBILITY**

You, Your spouse, and any unmarried children dependent on You who meet Our eligibility requirements are eligible for coverage under this policy. Each person must be insurable according to Our underwriting rules and standards.

Persons who are eligible or who become eligible for coverage will be included as Covered Persons under this policy upon:

1. Application by You;
2. The furnishing of proof of eligibility; and
3. The payment of the premium, if any.

A child born to a Covered Person while this policy is in force is a Covered Person for 90 days from the moment of birth. Such child may be continued as a Covered Person under this policy if, within 90 days of such child's birth or as soon thereafter as is reasonably possible, You notify Us of the child's birth and pay the applicable premium, if any.

A child who has been placed for adoption with a Covered Person while this policy is in force is a Covered Person if coverage is applied for within sixty (60) days after the filing of the petition for adoption. Coverage for such child begins from the moment of birth if the petition for adoption and application for coverage is filed within sixty (60) days after the child's birth.

If You or Your spouse are insured by Us under separate policies that cover similar expenses, and both policies provide for the coverage of newborn children for 90 days from the moment of birth or adopted children within 60 days of the filing of the petition for adoption, Your child will be covered by either one, but not both of these policies. Your child may be added to either policy, but not both.

#### **SECTION 5: TERMINATION OF COVERAGE**

1. Except as provided in paragraph 2 below, the coverage of any child covered under Your policy will cease on the first premium due date after such child becomes 23 years old, marries or ceases to be Your dependent, whichever occurs first.
2. You may keep an unmarried mentally retarded or physically handicapped child on Your policy if:
  - a. The child is not capable of self-sustaining employment;
  - b. The child is chiefly dependent on You for support and maintenance; and
  - c. You send Us written proof of such child's incapacity.

3. If You die while this policy is in force, Your spouse, if a Covered Person, will then become the Insured under this policy. If Your spouse is not a Covered Person, but there are other Covered Persons, Your policy will terminate on the renewal date following Your death. Otherwise, Your policy will be cancelled on the day after Your death. Under each such condition any unearned premium will be returned. This premium refund will be made payable to Your estate.
4. If We accept any premium for a period for which a Covered Person would not be covered because of this provision, We will continue coverage until the end of that period for which premium has been accepted.
5. The termination of coverage for any Covered Person or the termination of this policy will not prejudice any pending claim.

## **SECTION 6: CONVERSION PRIVILEGE**

When coverage for a child ceases under the Termination of Coverage provision, or when Your spouse, if covered, is no longer eligible under the Eligibility provision, We will issue an individual policy to such Covered Person, without evidence of insurability, if:

1. Application is made within 31 days of the termination of coverage for such Covered Person under this policy; and
2. The required premium is submitted with the application.

The new policy will be on the form then issued by Us most comparable to this policy for an amount of coverage most like that provided by this policy. The premium will be the premium applicable at the attained age of such Covered Person. The effective date of the new policy will be the date coverage ceased for such Covered Person under this policy.

## **SECTION 7: GENERAL PROVISIONS**

**Entire Contract: Changes.** This policy, (with the application and attached papers) is the entire contract between You and Us. No change in this policy will be effective until approved by one of Our officers. This approval must be noted on or attached to this policy. No agent may change this policy or waive any of its provisions.

### **Time Limit on Certain Defenses:**

1. **Misstatements in the Application.** After two years from the Policy Date only fraudulent misstatements in the application may be used to void the policy or deny any claim for loss incurred after such two year period by any Covered Person included under this policy on the Policy Date.  
  
When a Covered Person is added after the Policy Date, the two year period for that Covered Person begins on the date coverage for such Covered Person became effective.
2. **Pre-existing Conditions.** No claim for loss incurred by any Covered Person after twelve (12) months from the effective date of coverage of such person will be reduced or denied because a Sickness or physical condition not excluded by name or specific description effective on the date of loss had existed before the effective date of coverage of such Covered Person.
3. **Converted Policy.** If this policy is issued as the result of Your exercising a conversion privilege provided under any other health insurance policy issued by Us, the time periods specified in this Time Limit on Certain Defenses provision shall be deemed to have commenced on the effective date of coverage for the Covered Person under the policy from which the conversion occurred.

**Your Right To Request Cancellation.** You have the right to cancel this policy at any time by written notice delivered or mailed to Us. Such cancellation will be effective upon receipt or on such later date as You state in such notice. In this event, We will return promptly the pro rata unearned portion of any premium paid. Cancellation shall not prejudice any claim starting prior to the effective date of cancellation.

**Installment Privileges.** You may elect to pay any premium due in installments agreed upon by You and Us. Failure to pay any installments when due or within the grace period shall be construed to be a request to cancel this policy effective on the last day of such grace period.

**Grace Period.** This policy has a 31 day grace period. During the grace period, the policy will stay in force. This means that if any premium or installment thereof is not paid on or before the date it is due, it may be paid during the following 31 days. The grace period will not apply if, at least 30 days before the premium due date, We have delivered or mailed to Your last address shown in Our records written notice of Our intent not to renew this policy.

**Reinstatement.** If the renewal premium is not paid before the grace period ends, the policy will lapse. Later acceptance of the premium by Us or by an agent expressly authorized to accept payment without requiring an application for reinstatement will reinstate this policy.

If We or Our agent requires an application, and the application is approved, the policy will be reinstated as of the approval date. Unless We have previously written You of Our disapproval, the policy will be reinstated on the 45th day after the date of the receipt of such application.

The reinstated policy will cover only loss that results from an Injury sustained after the date of reinstatement or Sickness that starts more than 10 days after such date. In all other respects Your and Our rights remain the same, subject to any provisions noted on or attached to the reinstated policy.

Any premiums We accept for a reinstatement will be applied to a period for which premiums have not been paid. No premium will be applied to any period more than 60 days before the reinstatement date.

**Notice of Claim.** Written notice of claim must be given within 30 days after a covered loss starts or as soon as reasonably possible. Notice may be given to Us, at Bloomington, Illinois or to any State Farm agent. Notice should include Your name and the policy number.

**Claim Forms.** When We receive the notice of claim, We will send the forms for filing proof of loss. If these forms are not given to You within 15 days, You will meet the proof of loss requirements by giving Us a written statement of the nature and extent of the loss within the time limit stated in the Proofs of Loss section.

**Proofs of Loss.** Written proof of loss must be given to Us within 90 days after the end of the period for which We are liable. If it is not reasonably possible to give written proof in the time required, We will not reduce or deny the claim for this reason if the proof is filed as soon as reasonably possible. In any event, the proof required must be given no later than one year from the time specified unless You were legally incapacitated.

**Time of Payment of Claims.** Indemnities payable under this policy will be paid immediately upon receipt of proper written proof of such loss.

**Payment of Claims.** Benefits will be paid to You unless subject to a valid assignment. Accrued benefits unpaid at Your death will be paid to Your estate.

If benefits are payable to Your estate or to an insured who cannot give a valid release, We may pay benefits up to \$1,000 to a person related to You by blood or marriage whom We consider to be entitled to the benefits. We shall be discharged to the extent of any such payment made in good faith.

**Physical Examination and Autopsy.** We have the right to have any Covered Person examined at Our expense as often as reasonably necessary while a claim is pending. We may also have an autopsy done unless prohibited by law.

**Legal Actions.** No legal action may be brought to recover on this policy within 60 days after written proof of loss has been given as required by this policy. No such action may be brought after 3 years from the time written proof of loss is required to be given.

**Misstatement of Age.** If any Covered Person's age has been misstated, the benefits will be those the premium paid would have purchased at the correct age.

**Unpaid Premium.** When a claim is paid, any premium due and unpaid may be deducted from the claim payment.

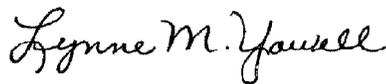
**Assignment.** No assignment of interest under this policy shall be binding upon Us until it is received at Our Home Office in Bloomington, Illinois. We do not assume any responsibility for the validity of an assignment.

**Conformity With State Statutes.** Any provision of this policy which, on the Policy Date, is in conflict with the laws of the state in which You reside on that date is amended to conform to the minimum requirements of such laws.

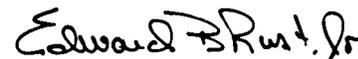
#### SECTION 8: MUTUAL CONDITIONS

1. **Membership.** While this policy is in force, You are entitled to vote at all meetings of members and to receive dividends the Board of Directors in its discretion may declare in accordance with reasonable classifications and groupings of policyholders established by such Board.
2. **No Contingent Liability.** This policy is non-assessable.
3. **Annual Meeting.** The annual meeting of the members of the company shall be held at its home office at Bloomington, Illinois, on the second Monday of June at the hour of 10:00 A.M., unless the board of Directors shall elect to change the time and place of such meeting, in which case, but not otherwise, due notice shall be mailed to each member at the address disclosed in this policy at least 10 days prior thereto.

IN WITNESS WHEREOF, THE STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY has caused this policy to be signed by its President and Secretary at Bloomington, Illinois, and countersigned on page one by a duly licensed resident agent of the Company.



Secretary



President



# STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

One State Farm Plaza, Bloomington, Illinois 61710-0001  
866-855-1212

## HOSPITAL CONFINEMENT INDEMNITY POLICY

### OUTLINE OF COVERAGE

#### 97024 Z SERIES

1. **READ YOUR POLICY CAREFULLY.** This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract, and only the actual policy provisions will control. The policy itself sets forth in detail the rights and obligations of both you and your insurance company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY**.

2. **HOSPITAL CONFINEMENT INDEMNITY COVERAGE.** Policies of this category are designed to provide, to persons insured, coverage in the form of a fixed daily benefit during periods of hospitalization resulting from a covered injury or sickness, subject to any limitations set forth in the policy. Such policies do not provide any benefits other than the fixed daily indemnity for hospital confinement and any additional benefit described below.

### 3. BENEFITS

**Hospital Confinement Indemnity Benefit.** Pays the Hospital Confinement Indemnity Benefit amount (\$250) for each day a covered person is hospitalized, up to a maximum of 365 days for any one confinement.

**Intensive Care Benefit.** Pays the Intensive Care Benefit amount (\$250) for each day a covered person is confined in the intensive care unit of a hospital, subject to a maximum of 14 days for any one confinement. This benefit is in addition to the Hospital Confinement Indemnity Benefit.

**Emergency Accident Expense Benefit.** Pays the Emergency Accident Expense Benefit amount (\$250) for emergency treatment of an injury if such treatment is provided by a physician in a medical facility and is received within 72 hours of the injury.

This benefit is payable up to a maximum of three (3) times per calendar year per covered person.

**Extended Care Benefit.** Pays the Extended Care Benefit amount (\$125) while a covered person is confined in a qualified extended care facility for up to 60 days per calendar year. An extended care facility stay must follow a hospital confinement of at least three (3) days for which a Hospital Confinement Indemnity Benefit is payable, begin within 30 days of such hospital confinement and be required for the sole purpose of receiving medical care for and during convalescence from the same injury or sickness which caused the hospital confinement.

**Outpatient Surgery and Intravascular Catheterization Benefit --** Pays the Outpatient Surgical and Intravascular Catheterization Benefit amount (\$250) for a covered person's outpatient surgical operation or intravascular catheterization. The surgical operation or intravascular catheterization must be necessary for the treatment or diagnosis of an injury or sickness and be performed while the covered person is not hospital confined.

**4. EXCLUSIONS AND LIMITATIONS:** This policy does not cover confinement or expenses incurred as a result of:

- a. Injury or sickness as the result of war, declared or undeclared, or any act or hazard of war;
- b. Normal pregnancy and childbirth; however, complications of pregnancy shall be considered as a sickness;
- c. Any attempt at suicide, whether sane or insane, or any intentionally self-inflicted injury;
- d. Routine well-baby care for newborn children;
- e. Any type of hernia or hemorrhoids or any ailment or disease of the tonsils, adenoids or reproductive organs if the confinement begins within 90 days after this policy becomes effective for the covered person. This exception shall not be applicable when the attending physician certifies that such diseases or conditions are treated on an emergency basis.
- f. Cosmetic and/or elective surgery unless caused by injury or done for reconstructive purposes due to sickness or injury.

In the absence of fraud, no claim for loss incurred by any covered person after one year from the effective date of coverage of such person will be reduced or denied because a sickness or physical condition had existed prior to the effective date of coverage of such covered person.

**5. RENEWABILITY.** This policy is renewable at the option of the Company. Any refusal to renew this policy shall be without prejudice to any valid claim incurred while the policy is in force, but not to exceed the maximum benefit shown in the policy schedule.



State Farm Mutual Automobile Insurance Company  
Bloomington, Illinois

Hospital Income Policy Form 97024 ZAR

Annual Step Rate Premiums

<u>Age</u>	<u>\$200 Hospital Income Benefit</u>		<u>Addition to Gross Premium</u> <u>Per \$10 of Hospital Income Benefit</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
16-29	187.20	238.10	7.50	10.00
30-34	202.90	263.70	8.20	11.30
35-39	208.70	291.10	8.50	12.70
40-44	214.60	318.40	8.90	14.00
45-49	229.90	333.70	9.50	14.70
50-54	299.80	348.50	13.00	15.50
55-59	416.40	358.60	18.90	16.00
60-64	533.00	474.40	24.70	21.90
65+*	879.60	822.80	42.10	39.20
Children				
<u>Number of Children</u>				
1	174.30	174.30	6.80	6.80
2	348.70	348.70	13.60	13.60
3 or More	523.00	523.00	20.40	20.40

\* Renewals Only

Modes other than annual:

Semiannual Mode: 51% of Annual  
Quarterly Mode: 26% of Annual



FLESCH CERTIFICATION

The Flesch reading ease test score for policy 97024 ZAR is 51.1.

This meets the minimum reading east test score required in this state.



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Mary F. Keim  
Assistant Secretary/Treasurer



**HEALTH  
INSURANCE**

**Application for Hospital  
Income Policy**

BAR CODE ONLY

Doc  
Type: **01**

**State Farm Mutual Automobile Insurance Company  
Home Office, Bloomington, Illinois 61710**

NEW	REIN. APP.	BENEFIT CHANGE (EXPLAIN)	POLICY NUMBER
-----	------------	--------------------------	---------------

**1. Person to be Covered**

**a.**

LAST NAME		
FIRST NAME	MIDDLE INITIAL	
RESIDENCE ADDRESS		
RESIDENCE ADDRESS		
CITY	STATE	
ZIP CODE	COUNTY	
SEX	BIRTH DATE MONTH-DAY-YEAR	AGE

**2. Coverage**

DAILY BENEFIT (Check one)			
<input type="checkbox"/> \$100	<input type="checkbox"/> \$150	<input type="checkbox"/> \$200	<input type="checkbox"/> \$250

**3. Method of Payment**

<b>MODE</b>	SFPP (Monthly)	A	SA	Q	PREMIUM \$
	SFPP NUMBER				AMOUNT SUBMITTED \$

<b>b.</b> SPOUSE'S NAME	SEX	BIRTH DATE MONTH-DAY-YEAR	AGE
<b>c.</b> CHILDREN - SHOW LAST NAME IF DIFFERENT	SEX	BIRTH DATE MONTH-DAY-YEAR	AGE

- YES NO
- 4.** Is any person to be covered disabled and unable to work, eligible for Medicare, confined to a hospital, nursing home or has a physician recommended or discussed surgery or confinement?
- 5.** Within the past 24 months has any person to be covered had any advice or treatment for heart disease, cancer, diabetes, stroke, cerebral vascular disease/accident, kidney disease, chronic obstructive pulmonary disease, liver disease, multiple sclerosis or acquired immune deficiency syndrome (AIDS)?
- 6.** Within the past 24 months has any person to be covered been treated, counseled or joined a group because of the use of alcohol or drugs?
- (If any answer to question 4, 5, or 6 is "Yes" such person is ineligible and should not be included on this application.)*
- 7.** To the best of your knowledge and belief, are you or any family member (whether applying for coverage on this application or not) currently pregnant? *(If "Yes", you are not eligible and an application should not be submitted.)*

YES NO

8. a. Does any person to be covered have or have you applied for any group or individual hospital income or hospital indemnity insurance, plan or program?

b. If yes, will this policy applied for replace any existing insurance or other plan or program?

(If other coverage is in force or applied for and is not being replaced, then the applicant is not eligible and the application should not be submitted.)

**PRE-EXISTING CONDITIONS.** I understand and agree there is no coverage for a Pre-Existing Sickness or Physical Condition for the first twelve (12) months following the effective date of coverage.

I represent that my answers and statements in this application are true and complete and agree that: (a) no agent has authority to waive the answer to any question in the application, to pass on insurability, to waive any of the Company's rights or requirements or to make or alter any contract; and (b) no insurance will be effective unless a policy is issued as applied for and delivered.

Any person who knowingly and with intent to injure, defraud, or deceive any insurer presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**I HAVE BEEN PROVIDED WITH THE CONDITIONAL RECEIPT. I UNDERSTAND THAT I WILL NOT RECEIVE ANY INSURANCE COVERAGE FOR MY MONEY UNLESS A POLICY IS ISSUED AS APPLIED FOR AND DELIVERED.**

	Dated on _____ MONTH DAY YEAR  at _____ CITY STATE
X <b>Agent's Name</b>	
<b>Agent's Code Stamp</b>	X <b>Signature of Person to be Covered (Question 1a)</b>  <b>FUTURE EFFECTIVE DATE (if applicable)</b>  _____ MONTH DAY YEAR



# STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

One State Farm Plaza, Bloomington, Illinois 61710-0001  
866-855-1212

## HOSPITAL CONFINEMENT INDEMNITY POLICY

### OUTLINE OF COVERAGE

#### 97024 Z SERIES

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- 2. HOSPITAL CONFINEMENT INDEMNITY COVERAGE.** Policies of this category are designed to provide, to persons insured, coverage in the form of a fixed daily benefit during periods of hospitalization resulting from a covered injury or sickness, subject to any limitations set forth in the policy. Such policies do not provide any benefits other than the fixed daily indemnity for hospital confinement and any additional benefit described below.

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- a. Injury or sickness as the result of war, declared or undeclared, or any act or hazard of war;
- b. Normal pregnancy and childbirth; however, complications of pregnancy shall be considered as a sickness;
- c. Any attempt at suicide, whether sane or insane, or any intentionally self-inflicted injury;
- d. Routine well-baby care for newborn children;
- e. Any type of hernia or hemorrhoids or any ailment or disease of the tonsils, adenoids or reproductive organs if the confinement begins within 90 days after this policy becomes effective for the covered person. This exception shall not be applicable when the attending physician certifies that such diseases or conditions are treated on an emergency basis.
- f. Cosmetic and/or elective surgery unless caused by injury or done for reconstructive purposes due to sickness or injury.

In the absence of fraud, no claim for loss incurred by any covered person after one year from the effective date of coverage of such person will be reduced or denied because a sickness or physical condition had existed prior to the effective date of coverage of such covered person.

**5. RENEWABILITY.** This policy is renewable at the option of the Company. Any refusal to renew this policy shall be without prejudice to any valid claim incurred while the policy is in force, but not to exceed the maximum benefit shown in the policy schedule.

Exhibit I

Loss Ratio Calculation Exhibit

Assumes 1,000 Policies Issued According to the Distribution Shown in the Memorandum

<u>Policy Year</u>	<u>Earned Premium</u>	<u>Incurred Claims</u>	<u>Loss Ratio</u>
1	271,739	152,357	56%
2	163,206	91,506	56%
3	116,790	65,482	56%
4	98,697	56,683	57%
5	80,428	46,191	57%
6	67,527	38,782	57%
7	57,614	33,089	57%
8	51,421	29,967	58%
9	50,130	29,793	59%
10	44,766	26,606	59%
11	40,039	23,796	59%
12	35,810	21,283	59%
13	32,660	19,625	60%
14	32,606	19,908	61%
15	29,163	17,806	61%
16	26,084	15,926	61%
17	24,020	13,876	58%
18	21,844	12,748	58%
19	22,075	13,127	59%
20	19,743	11,741	59%
21	17,659	10,501	59%
22	15,794	9,392	59%
23	14,342	8,599	60%
24	14,348	8,710	61%
25	12,833	7,790	61%
26	11,478	6,967	61%
27	10,266	6,232	61%
28	9,582	5,873	61%
29	9,425	5,825	62%
30	8,429	5,210	62%
31	7,616	4,723	62%
32	6,812	4,224	62%
33	6,448	4,016	62%
34	6,187	3,873	63%
35	5,533	3,464	63%
36	4,985	3,129	63%
37	4,459	2,799	63%
38	4,303	2,714	63%
39	3,848	2,428	63%
40	3,442	2,171	63%
41	3,099	1,960	63%
42	2,772	1,753	63%
43	3,016	1,927	64%
44	2,698	1,724	64%
45	2,413	1,542	64%
46	2,169	1,388	64%
47	1,940	1,242	64%
48	1,735	1,111	64%
49	1,552	993	64%
50	1,388	888	64%
Lifetime @ 4.5%	1,105,241	621,104	56%

SERFF Tracking Number: *STFH-126929553* State: *Arkansas*  
 Filing Company: *State Farm Mutual Automobile Insurance Company* State Tracking Number: *48189*  
 Company Tracking Number:  
 TOI: *H141 Individual Health - Hospital Indemnity* Sub-TOI: *H141.000 Health - Hospital Indemnity*  
 Product Name: *Hospital Income*  
 Project Name/Number: *97024 ZAR et. al./*

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

<b>Creation Date:</b>	<b>Schedule</b>	<b>Schedule Item Name</b>	<b>Replacement Creation Date</b>	<b>Attached Document(s)</b>
03/09/2011	Form	Hospital Confinement Indemnity Policy	03/09/2011	C97024 ZAR.pdf (Superseded)
12/02/2010	Form	Hospital Confinement Indemnity Policy	03/09/2011	97024 ZAR.pdf (Superseded)



# STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

One State Farm Plaza, Bloomington, Illinois 61710-0001  
866-855-1212

**INSURED**

**INITIAL PREMIUM**

**POLICY NUMBER**

**POLICY DATE**

**PREMIUM MODE**

We, the **STATE FARM MUTUAL** Automobile Insurance Company, will pay You, the Insured, the benefits stated in this policy. These benefits are subject to the provisions, limitations, and exceptions of the policy.

This policy is issued in consideration of the statements in the application for this policy; and the payment of the Initial Premium; which will keep this policy in force from the Policy Date at 12:01 A.M., Standard Time until 12:01 A.M., Standard time of the First Renewal Date. Acceptance of a check as payment of any premium, or portion thereof, is conditioned upon the check being honored upon first presentation for payment.

**RENEWABILITY.** This policy may be renewed with Our consent by paying the renewal premium when due, or within the Grace Period. Subject to the right to terminate Your policy upon nonpayment of premiums when due, or within the Grace Period, We may refuse to renew Your policy only on a renewal date on, or after and nearest, an anniversary of the Policy Date; or in the case of lapse and reinstatement, on the renewal date on, or after and nearest, an anniversary of the last reinstatement date. Such action shall not affect any claim for a loss beginning while Your policy is in force. We will not refuse to renew Your policy because of any change in the physical or mental condition or health of the Covered Person.

**YOUR PREMIUMS MAY BE CHANGED.** We may change the table of premium rates for this policy at any time. Any such change shall apply only to premiums due on or after the effective date of change. The amount due on each renewal date will be the renewal premium in Our table of premium rates for Your policy in effect at the time of such renewal. The amount will depend on the attained age and the original classification of each Covered Person.

**TEN DAY RIGHT TO EXAMINE POLICY.** Please read this policy and the attached copy of the application carefully. If You do not want the policy for any reason, You may return it to Us or one of Our agents within 10 days after receipt. Upon return, the policy will be deemed void, and any money paid will be refunded.

Countersigned \_\_\_\_\_  
Licensed Resident Agent

## HOSPITAL CONFINEMENT INDEMNITY POLICY



**GUIDE TO YOUR HOSPITAL CONFINEMENT INDEMNITY POLICY  
TABLE OF CONTENTS**

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TEN DAY RIGHT TO EXAMINE POLICY .....	1
RENEWABILITY .....	1
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SECTION 2: BENEFIT PROVISIONS .....	6
SECTION 3: EXCLUSIONS, EXCEPTIONS AND LIMITATIONS .....	7
SECTION 4: ELIGIBILITY .....	8
SECTION 5: TERMINATION OF COVERAGE .....	8
SECTION 6: CONVERSION PRIVILEGE .....	9
SECTION 7: GENERAL PROVISIONS .....	9
SECTION 8: MUTUAL CONDITIONS .....	11



# STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

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INSURED [SMITH, JOHN D.] [ \$XXX.XX] INITIAL PREMIUM  
 POLICY NUMBER [ H10000 0707]  
 POLICY DATE [DECEMBER 1, 2010] [ANNUAL] PREMIUM MODE  
 FIRST RENEWAL DATE [DECEMBER 1, 2011]

---

THE BENEFITS AND PREMIUMS SHOWN ON THIS SCHEDULE ARE EFFECTIVE  
 [DECEMBER 1, 2010]

---

COVERAGE SUMMARY

<u>FORM</u>	<u>COVERAGE INFORMATION</u>	<u>MAXIMUM</u>	<u>ANNUAL PREMIUM</u>
97024 ZAR	HOSPITAL CONFINEMENT INDEMNITY POLICY		[\$XXX.XX]
	HOSPITAL CONFINEMENT INDEMNITY BENEFIT	\$250 Per Day	
	Maximum Benefit Period	365 Days Per Confinement	
	INTENSIVE CARE BENEFIT	\$250 Per Day	
	Maximum Benefit Period	14 Days Per Confinement	
	EMERGENCY ACCIDENT BENEFIT	\$250 Per Injury	
	Maximum Calendar Year Benefit	\$750 Per Covered Person	
	EXTENDED CARE BENEFIT	\$125 Per Day	
	Maximum Benefit Period	60 Days Per Calendar Year	
	OUTPATIENT SURGERY & INTRAVASCULAR CATHETERIZATION BENEFIT	\$250 Per Occurrence	

---

OTHER COVERED PERSONS

<u>NAME</u>	<u>NAME</u>

---

ANNUAL RENEWAL PREMIUMS SUBJECT TO RENEWABILITY PROVISION ON  
 PAGE 1 AND BASED ON ATTAINED AGE OF INSURED ON EACH RENEWAL DATE

---

<u>AGE</u>	<u>16-29</u>	<u>30-34</u>	<u>35-39</u>	<u>40-44</u>	<u>45-49</u>	<u>50-54</u>	<u>55-59</u>	<u>60-64</u>	<u>+65</u>
INSURED	--	XX	XX						
SPOUSE	--	XX	XX						
CHILDREN	--	XX	XX						

(This page intentionally left blank)

## SECTION 1: IMPORTANT DEFINITIONS

Wherever used in this policy:

**Agent** means a licensed insurance producer

**Confined or Confinement** means assigned to a bed in a Hospital at the direction of a Physician who is not a Covered Person, for which a charge for room and board is made.

**Covered Person** means You and any other person shown on the Policy Schedule, if the coverage of such person has not terminated according to the Termination of Coverage provision.

**Emergency Treatment** means medical care of an Injury which involves acute symptoms of high severity and requires urgent evaluation by a Physician.

**Extended Care Facility** means a legally operated institution or part thereof that:

1. Maintains adequate medical records;
2. Furnishes, for a fee, room, board, and skilled nursing care 24 hours a day under full-time supervision of a Physician or a graduate nurse (R.N.);
3. Has available the services of a Physician under an established agreement; and
4. Is not, except incidentally, a place for the aged or a hotel.

**Hospital** means a legally operated institution having accommodations for the care and treatment of sick or injured resident inpatients which is:

1. Licensed as a Hospital under the Hospital Licensing Laws of any state; or
2. Accredited as a Hospital by the Joint Commission.

This definition shall not include any institution including a hospital or any part of a hospital;

1. Operated as a rest home, convalescent home, or home of the aged; or
2. Used primarily for the care of convalescent or ambulatory patients.

**Injury** means an accidental bodily injury sustained by a Covered Person which is the direct result of trauma, independent of disease or bodily infirmity or any other cause and occurs while this policy is in force.

**Intensive Care Unit** means a specialized section of a Hospital designated as such that is permanently equipped and staffed to provide extensive and continuous care for critically ill or injured patients.

**Intravascular Catheterization** means only a medical procedure that involves introduction of a catheter into an artery or vein for the purpose of diagnosing and/or treating vascular disease.

**One Confinement** means any and all successive periods of Confinement due to the same or related cause or causes, suffered by the same Covered Person, and beginning while this policy is in force, unless separated by a period of not less than six (6) months. Any Confinement occurring more than six (6) months after the termination of an immediately preceding Confinement for the same or related cause or causes shall be treated as an entirely new Confinement.

**Physician** means a licensed medical practitioner of the healing arts performing services within the scope of his/her license as provided by the laws of the state which he/she resides.

**Policy Schedule** means the page of Your policy which lists important facts, such as the effective date of Your policy, the policy number, benefits and premium information.

**Pre-existing Sickness or Physical Condition means:**

1. An Injury or Sickness for which medical advice or treatment was recommended by or received from a Physician within a twelve (12) month period preceding the effective date of coverage of the Covered Person; or
2. The existence of symptoms which would cause a person to seek diagnosis, care or treatment within a twelve (12) month period preceding the effective date of coverage of the Covered Person.

**Sickness** means an illness, condition, or disease or complication of illness or disease of a Covered Person resulting in poor health and can be either continuous in nature or occurs because of a specific event or cause.

**Surgical Operation** means only a procedure performed by a Physician that involves cutting; wound closure requiring sutures, staples or tissue adhesives; reduction of a fracture or dislocation; manipulation of a joint under anesthesia; destruction of a lesion by electrosurgery, cryosurgery, or laser treatment; debridement; biopsy; dilatation; and use of an endoscope for:

1. Correction of a deformity or defect caused by an Injury or Sickness or
2. Diagnosis and cure of a Sickness.

**We, Our, Us** means the State Farm Mutual Automobile Insurance Company, One State Farm Plaza, Bloomington, Illinois 61710-0001. Telephone number 866-855-1212

**You, Your, Yourself** means the insured named on the Policy Schedule.

## **SECTION 2: BENEFIT PROVISIONS**

**Hospital Confinement Indemnity Benefit.** We will pay You the Hospital Confinement Indemnity Benefit amount shown on the Policy Schedule for each day that a Covered Person is necessarily Confined as a resident inpatient in a Hospital. We will pay this benefit when Confinement:

1. Is caused by or results from Injury or Sickness; and
2. Begins while this policy is in force for such Covered Person.

This benefit will be paid for as long as the Covered Person is Confined but not to exceed the Maximum Benefit Period shown on the Policy Schedule for any One Confinement.

**Intensive Care Benefit.** We will pay You the Intensive Care Benefit amount shown on the Policy Schedule for each day that a Covered Person is Confined in an Intensive Care Unit. We will pay this benefit:

1. During a Confinement for which a Hospital Confinement Indemnity Benefit is payable; and
2. For a period not to exceed 14 days for any One Confinement.

**Emergency Accident Benefit.** When a Covered Person requires Emergency Treatment of an Injury and that treatment is provided by a Physician in a medical facility and is received within 72 hours of the Injury, We will pay the Emergency Accident Benefit amount shown on the Policy Schedule while this policy is in force. This benefit is payable up to a maximum of three (3) times per calendar year per Covered Person, however, only one (1) benefit will be payable for Injuries sustained in any one (1) accident.

**Extended Care Benefit.** We will pay You the Extended Care Benefit amount shown on the Policy Schedule for each day that a Covered Person is a resident inpatient in an Extended Care Facility. We will pay this benefit up to, but not to exceed, the Maximum Benefit Period per calendar year shown on the Policy Schedule for the same or related cause or causes. Inpatient residence in an Extended Care Facility must:

1. Follow a Hospital Confinement of at least three (3) days for which a Hospital Confinement Indemnity Benefit was payable for the person Confined in the Extended Care Facility;
2. Begin within 30 days after such Hospital Confinement; and
3. Be required for the sole purpose of receiving medical care for and during convalescence from the same Injury or Sickness which caused the Hospital Confinement.

**Outpatient Surgery and Intravascular Catheterization Benefit.** We will pay You the Outpatient Surgery and Intravascular Catheterization Benefit amount shown on the Policy Schedule for a Covered Person's outpatient Surgical Operation or Intravascular Catheterization, if such operation or catheterization:

1. Is related to, and necessary for, the treatment or diagnosis of an Injury or Sickness;
2. Occurs while this policy is in force for such Covered Person;
3. Is performed while the Covered Person is not Confined as a resident inpatient in a Hospital; and
4. Is performed by a Physician who is not a Covered Person under this policy.

Limitations:

Only one (1) Outpatient Surgery and Intravascular Catheterization Benefit shall be payable when multiple, bilateral or incidental Surgical Operations and/or Intravascular Catheterizations are performed at the same operative session.

### **SECTION 3: EXCLUSIONS, EXCEPTIONS AND LIMITATIONS**

This policy does not cover Confinement or any loss incurred which is caused by or results from:

1. Injury or Sickness as the result of war, declared or undeclared, or any act or hazard of war;
2. Normal pregnancy and childbirth; however, complications of pregnancy shall be considered as a Sickness;
3. Any attempt at suicide, whether sane or insane, or any intentionally self-inflicted Injury;
4. Routine well-baby care for newborn children;
5. Any type of hernia or hemorrhoids or any ailment or disease of the tonsils, adenoids, or reproductive organs if the Confinement begins within 90 days after this policy becomes effective for the Covered Person. This exception shall not be applicable when the attending Physician certifies that such diseases or conditions are treated on an emergency basis; or
6. Cosmetic and/or elective surgery unless caused by Injury or done for reconstructive purposes due to Sickness or Injury.

**Pre-existing Condition Limitations.** This policy does not cover any loss incurred which is caused by or results from a Pre-existing Sickness or Physical Condition as defined herein, subject to the Time Limit on Certain Defenses provision.

#### **SECTION 4: ELIGIBILITY**

You, Your spouse, and any unmarried children dependent on You who meet Our eligibility requirements are eligible for coverage under this policy. Each person must be insurable according to Our underwriting rules and standards.

Persons who are eligible or who become eligible for coverage will be included as Covered Persons under this policy upon:

1. Application by You;
2. The furnishing of proof of eligibility; and
3. The payment of the premium, if any.

A child born to a Covered Person while this policy is in force is a Covered Person for 90 days from the moment of birth. Such child may be continued as a Covered Person under this policy if, within 90 days of such child's birth or as soon thereafter as is reasonably possible, You notify Us of the child's birth and pay the applicable premium, if any.

A child who has been placed for adoption with a Covered Person while this policy is in force is a Covered Person if coverage is applied for within sixty (60) days after the filing of the petition for adoption. Coverage for such child begins from the moment of birth if the petition for adoption and application for coverage is filed within sixty (60) days after the child's birth.

If You or Your spouse are insured by Us under separate policies that cover similar expenses, and both policies provide for the coverage of newborn children for 90 days from the moment of birth or adopted children within 60 days of the filing of the petition for adoption, Your child will be covered by either one, but not both of these policies. Your child may be added to either policy, but not both.

#### **SECTION 5: TERMINATION OF COVERAGE**

1. Except as provided in paragraph 2 below, the coverage of any child covered under Your policy will cease on the first premium due date after such child becomes 23 years old, marries or ceases to be Your dependent, whichever occurs first.
2. You may keep an unmarried mentally retarded or physically handicapped child on Your policy if:
  - a. The child is not capable of self-sustaining employment;
  - b. The child is chiefly dependent on You for support and maintenance; and
  - c. You send Us written proof of such child's incapacity as described above within 31 days of the first renewal date after such child's coverage would have ended under paragraph 1 of this provision.

3. If You die while this policy is in force, Your spouse, if a Covered Person, will then become the Insured under this policy. If Your spouse is not a Covered Person, but there are other Covered Persons, Your policy will terminate on the renewal date following Your death. Otherwise, Your policy will be cancelled on the day after Your death. Under each such condition any unearned premium will be returned. This premium refund will be made payable to Your estate.
4. If We accept any premium for a period for which a Covered Person would not be covered because of this provision, We will continue coverage until the end of that period for which premium has been accepted.
5. The termination of coverage for any Covered Person or the termination of this policy will not prejudice any pending claim.

## **SECTION 6: CONVERSION PRIVILEGE**

When coverage for a child ceases under the Termination of Coverage provision, or when Your spouse, if covered, is no longer eligible under the Eligibility provision, We will issue an individual policy to such Covered Person, without evidence of insurability, if:

1. Application is made within 31 days of the termination of coverage for such Covered Person under this policy; and
2. The required premium is submitted with the application.

The new policy will be on the form then issued by Us most comparable to this policy for an amount of coverage most like that provided by this policy. The premium will be the premium applicable at the attained age of such Covered Person. The effective date of the new policy will be the date coverage ceased for such Covered Person under this policy.

## **SECTION 7: GENERAL PROVISIONS**

**Entire Contract: Changes.** This policy, (with the application and attached papers) is the entire contract between You and Us. No change in this policy will be effective until approved by one of Our officers. This approval must be noted on or attached to this policy. No agent may change this policy or waive any of its provisions.

### **Time Limit on Certain Defenses:**

1. **Misstatements in the Application.** After two years from the Policy Date only fraudulent misstatements in the application may be used to void the policy or deny any claim for loss incurred after such two year period by any Covered Person included under this policy on the Policy Date.  
  
When a Covered Person is added after the Policy Date, the two year period for that Covered Person begins on the date coverage for such Covered Person became effective.
2. **Pre-existing Conditions.** No claim for loss incurred by any Covered Person after twelve (12) months from the effective date of coverage of such person will be reduced or denied because a Sickness or physical condition not excluded by name or specific description effective on the date of loss had existed before the effective date of coverage of such Covered Person.
3. **Converted Policy.** If this policy is issued as the result of Your exercising a conversion privilege provided under any other health insurance policy issued by Us, the time periods specified in this Time Limit on Certain Defenses provision shall be deemed to have commenced on the effective date of coverage for the Covered Person under the policy from which the conversion occurred.

**Your Right To Request Cancellation.** You have the right to cancel this policy at any time by written notice delivered or mailed to Us. Such cancellation will be effective upon receipt or on such later date as You state in such notice. In this event, We will return promptly the pro rata unearned portion of any premium paid. Cancellation shall not prejudice any claim starting prior to the effective date of cancellation.

**Installment Privileges.** You may elect to pay any premium due in installments agreed upon by You and Us. Failure to pay any installments when due or within the grace period shall be construed to be a request to cancel this policy effective on the last day of such grace period.

**Grace Period.** This policy has a 31 day grace period. During the grace period, the policy will stay in force. This means that if any premium or installment thereof is not paid on or before the date it is due, it may be paid during the following 31 days. The grace period will not apply if, at least 30 days before the premium due date, We have delivered or mailed to Your last address shown in Our records written notice of Our intent not to renew this policy.

**Reinstatement.** If the renewal premium is not paid before the grace period ends, the policy will lapse. Later acceptance of the premium by Us or by an agent expressly authorized to accept payment without requiring an application for reinstatement will reinstate this policy.

If We or Our agent requires an application, and the application is approved, the policy will be reinstated as of the approval date. Unless We have previously written You of Our disapproval, the policy will be reinstated on the 45th day after the date of the receipt of such application.

The reinstated policy will cover only loss that results from an Injury sustained after the date of reinstatement or Sickness that starts more than 10 days after such date. In all other respects Your and Our rights remain the same, subject to any provisions noted on or attached to the reinstated policy.

Any premiums We accept for a reinstatement will be applied to a period for which premiums have not been paid. No premium will be applied to any period more than 60 days before the reinstatement date.

**Notice of Claim.** Written notice of claim must be given within 30 days after a covered loss starts or as soon as reasonably possible. Notice may be given to Us, at Bloomington, Illinois or to any State Farm agent. Notice should include Your name and the policy number.

**Claim Forms.** When We receive the notice of claim, We will send the forms for filing proof of loss. If these forms are not given to You within 15 days, You will meet the proof of loss requirements by giving Us a written statement of the nature and extent of the loss within the time limit stated in the Proofs of Loss section.

**Proofs of Loss.** Written proof of loss must be given to Us within 90 days after the end of the period for which We are liable. If it is not reasonably possible to give written proof in the time required, We will not reduce or deny the claim for this reason if the proof is filed as soon as reasonably possible. In any event, the proof required must be given no later than one year from the time specified unless You were legally incapacitated.

**Time of Payment of Claims.** Indemnities payable under this policy will be paid immediately upon receipt of proper written proof of such loss.

**Payment of Claims.** Benefits will be paid to You unless subject to a valid assignment. Accrued benefits unpaid at Your death will be paid to Your estate.

If benefits are payable to Your estate or to an insured who cannot give a valid release, We may pay benefits up to \$1,000 to a person related to You by blood or marriage whom We consider to be entitled to the benefits. We shall be discharged to the extent of any such payment made in good faith.

**Physical Examination and Autopsy.** We have the right to have any Covered Person examined at Our expense as often as reasonably necessary while a claim is pending. We may also have an autopsy done unless prohibited by law.

**Legal Actions.** No legal action may be brought to recover on this policy within 60 days after written proof of loss has been given as required by this policy. No such action may be brought after 3 years from the time written proof of loss is required to be given.

**Misstatement of Age.** If any Covered Person's age has been misstated, the benefits will be those the premium paid would have purchased at the correct age.

**Unpaid Premium.** When a claim is paid, any premium due and unpaid may be deducted from the claim payment.

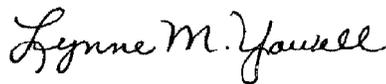
**Assignment.** No assignment of interest under this policy shall be binding upon Us until it is received at Our Home Office in Bloomington, Illinois. We do not assume any responsibility for the validity of an assignment.

**Conformity With State Statutes.** Any provision of this policy which, on the Policy Date, is in conflict with the laws of the state in which You reside on that date is amended to conform to the minimum requirements of such laws.

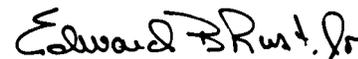
#### SECTION 8: MUTUAL CONDITIONS

1. **Membership.** While this policy is in force, You are entitled to vote at all meetings of members and to receive dividends the Board of Directors in its discretion may declare in accordance with reasonable classifications and groupings of policyholders established by such Board.
2. **No Contingent Liability.** This policy is non-assessable.
3. **Annual Meeting.** The annual meeting of the members of the company shall be held at its home office at Bloomington, Illinois, on the second Monday of June at the hour of 10:00 A.M., unless the board of Directors shall elect to change the time and place of such meeting, in which case, but not otherwise, due notice shall be mailed to each member at the address disclosed in this policy at least 10 days prior thereto.

IN WITNESS WHEREOF, THE STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY has caused this policy to be signed by its President and Secretary at Bloomington, Illinois, and countersigned on page one by a duly licensed resident agent of the Company.



Secretary



President