

DRAFT DISCLOSURE - NOT INTENDED FOR USE AT THIS TIME
(Reflecting Provisions of LTC Proposed Rules - Subject to Amendment/Change)

Instructions to Company: Insert appropriate language included in parenthesis.

Long Term Care Insurance Potential Rate Increase Disclosure Form
(Company Name, address & phone number)

1. This long-term care coverage is Guaranteed Renewable. This means that the rates for this coverage may be increased in the future. Your rates CANNOT be increased due to (your increasing age or) declining health, but your rates may go up based on the experience of all insureds with a policy/rider similar to yours. Rates may be changed (next anniversary date/next billing date, etc.)
2. (Premium rate/Premium rate schedules) that (is/are) applicable to you and that will be in effect until a request is made and filed with the Texas Department of Insurance for an increase (is/are) (\$_____/shown on the application.) The (premium/premium rate schedule) for this coverage will be (shown on the schedule page of/attached to) your (policy/rider).
3. If you receive a (premium rate/premium rate schedule) increase in the future, you will be notified of the new premium amount and you will be able to exercise at least one of the following options:
 - (a) Pay the increased premium and continue your coverage in force as is.
 - (b) Reduce your coverage benefits to a level such that your premiums will not increase.
 - (c) Exercise your nonforfeiture option, if purchased. This option is available for purchase for an additional premium.
 - (d) Exercise your contingent nonforfeiture rights - See No. 5. This option is available if you do not purchase a nonforfeiture option mentioned in (c) above.
4. Rate Increase History

We have sold long-term care insurance since (year) and have sold this (policy/rider), Form No.(____) since (year). (We have never raised rates for any long-term care (policy/rider) sold in this state or any other state.) (We have not raised rates for this (policy/rider) or a similar (policy/rider) in this state or any other state in the last ten years.) (We have raised rates on this (policy/rider) or a similar (policy/rider) in the last ten years. Following is a summary of the rate increases:

Instructions to Company: List each premium increase the company has instituted on this or similar policy/rider in this state or any other state during the last ten calendar years. The list shall provide the form number, the calendar

DRAFT DISCLOSURE - NOT INTENDED FOR USE AT THIS TIME
(Reflecting Provisions of LTC Proposed Rules - Subject to Amendment/Change)

years the form was available for sale, and the calendar year and the amount or percentage of each increase. The company shall provide minimum and maximum percentages if the rate increase is variable.)

5. Contingent Nonforfeiture Rights

If the premium rate for your (policy/rider) goes up in the future and you did not buy a nonforfeiture option, you may be eligible for contingent nonforfeiture. Here's how to tell if you are eligible:

(a) You will keep some long-term care insurance coverage, if:

(1) Your premium after the increase exceeds your original premium by the percentage shown, or more, in the table (provided on the next page/below); and

(2) You do not pay your premium within 120 days of the increase causing your (policy/rider) to lapse.

(b) The amount of coverage, new lifetime maximum benefit amount, etc. you will keep will equal the total amount of premiums you have paid since your (policy/rider) was first issued. If you have already received benefits under the (policy/rider), so that the remaining maximum benefit amount is less than the total amount of premiums you have paid, the amount of coverage will be that remaining amount.

(c) Except for this reduced lifetime maximum benefit amount, all other (policy/rider) benefits will remain at the levels attained at the time of the lapse and will not increase thereafter.

Should you choose this Contingent Nonforfeiture option, your (policy/rider), with this reduced maximum benefit amount, will be considered "paid-up" with no further premiums due.

Example:

- You bought the (policy/rider) at age 65 and paid the \$1,000 annual premium for ten years, so you have paid a total of \$10,000 in premium.
- In the eleventh year, you receive a rate increase of 50%, or \$500 for a new annual premium of \$1,500, and you decide to not pay any more premiums causing your (policy/rider) to lapse.

DRAFT DISCLOSURE - NOT INTENDED FOR USE AT THIS TIME

(Reflecting Provisions of LTC Proposed Rules - Subject to Amendment/Change)

- Your "paid-up" (policy/rider) benefits are \$10,000, provided you have at least \$10,000 of benefits remaining under your (policy/rider.)

Contingent Nonforfeiture Cumulative Premium Increase over Initial Premium That Qualifies for Contingent Nonforfeiture Table

Percentage increase is cumulative from date of original issue. It does NOT represent a one-time increase.

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

DRAFT DISCLOSURE - NOT INTENDED FOR USE AT THIS TIME
(Reflecting Provisions of LTC Proposed Rules - Subject to Amendment/Change)

88	12%
89	11%
90 and over	10%