

# Major Medical Expense Rider

Made a part of the policy to which it is attached.

In consideration of the application and of the payment of a premium which is part of the First Premium for this policy and is stated in the Policy Schedule of the policy, payable on the dates, and in the manner under the conditions specified in the policy, the Company agrees to pay the additional benefits provided by this rider.

## THIS COVERAGE IS EXCESS TO OTHER INSURANCE

| RIDER SCHEDULE          |                              |
|-------------------------|------------------------------|
| EFFECTIVE DATE OF RIDER | MINIMUM DEDUCTIBLE AMOUNT \$ |
| POLICY NUMBER           | LIFETIME MAXIMUM BENEFIT \$  |

### PART I—RIDER RENEWAL PROVISIONS

The subdivision of the policy on page one thereof entitled Renewal Provisions in which are set forth the terms and conditions of renewability of the policy shall not apply to this rider, and instead the following provisions shall apply to this rider:

#### RENEWAL PROVISIONS

##### GUARANTEED RENEWABLE WHILE POLICY REMAINS IN FORCE TO THE DATE OF ELIGIBILITY FOR MEDICARE AT PREMIUM RATES IN EFFECT AT DATE OF RENEWAL

The Insured shall have the right while the policy is in force to continue this rider in force to the date of eligibility for medicare by the timely payment of renewal premiums at premium rates in effect on the date of renewal.

The Company reserves the right to modify at any time and from time to time, the table of rates applicable to premiums becoming due after the first premium. Accordingly, the amount of each renewal premium shall be determined from the Company's applicable table of rates in effect on the due date thereof, for the Covered Persons then covered, and in accordance with the classification of risks in effect on said due date; provided, however, that no change shall be made in the classification of Covered Persons as to insuring age or sex nor solely on account of a change in physical condition of any Covered Person or of claims incurred under this rider. While this rider is in force, the Company shall not have the right to cancel or refuse to renew this rider or to place any restrictive riders hereon with respect to coverage already in force.

No change in premiums for this rider by reason of a change in the table of rates shall become effective unless at least 15 days prior thereto the Company shall have delivered to the Insured or mailed to his last address as shown on the records of the Company written notice of such change. Following such notice, such changed premium shall remain effective until further notice by the Company.

### PART II—DEFINITIONS

The following definitions are added to the subdivision of the Policy entitled "Definitions" on page one of the Policy:

**Covered Person.** "Covered Person," as used herein, shall mean any person named in the Policy Schedule of Covered Persons set forth on page three hereof, subject to the provisions for individual termination of coverage and addition of any members as set forth in the provision entitled "Covered Persons" in Part V of this rider. Persons eligible to become Covered Persons shall be the spouse of the Insured and any unmarried minor dependents of the Insured or the Insured's spouse under the age of nineteen years who are insurable in accordance with the general underwriting standards of the Company.

**Covered Injury.** "Covered Injury," as used herein, shall mean accidental bodily injury sustained by a Covered Person while this rider is in force with respect to such Covered Person, for the treatment of which medical expenses are first incurred while this rider is in force. All bodily injuries sustained by any one individual in any one accident shall be deemed to be a single "Covered Injury."

**Covered Sickness.** "Covered Sickness," as used herein, shall mean sickness of a Covered Person first manifesting itself while this rider is in force with respect to such Covered Person, for the treatment of which medical expenses are first incurred while this rider is in force. Any and every sickness resulting from the same or related conditions, including recurrences, shall be deemed to be a single "Covered Sickness."

**Date Expenses Are Incurred.** Medical expenses shall be deemed to be incurred as of the date the service giving rise to the expense is performed or as of the date the purchase giving rise to the expense is made.

**Home Health Agency.** "Home Health Agency," as used herein, shall mean a licensed (if home health agency licensing is required where it is situated) public or voluntary non-profit organization primarily engaged in providing directly or through contract arrangement professional nursing services and other therapeutic and related services to persons at home.

**Home Care.** "Home Care," as used herein, shall mean a formal program of care and treatment which is performed in the homes of patients discharged from a Hospital or Convalescent Facility, which is medically necessary and results in a shortened Hospital or Convalescent Facility confinement, which is not available from members of the Insured's household and which is organized and administered by and under the direct supervision of a Hospital or Home Health Agency.

**Eligible Medical Expenses.** "Eligible Medical Expenses," as used herein, shall mean those expenses incurred by or on behalf of a Covered Person as a result of a Covered Injury or Covered Sickness which

- (a) are necessary to the treatment of such Covered Injury or Covered Sickness and are incurred on the recommendation of a licensed physician or surgeon; and
- (b) are not in excess of the regular and customary charges for the services performed or the materials furnished; a regular and customary charge being deemed to mean the general level of charges made by persons or entities rendering or furnishing such services or materials within the area in which the service is performed or material furnished for the treatment of illness comparable in severity and nature to the illness being treated; the term "area" as applicable to any particular service performed or material furnished meaning a county or such greater area as is necessary to obtain a representative cross section of persons, groups or other entities rendering or furnishing such service or material; and
- (c) are not in excess of charges which would have been made in the absence of insurance; and
- (d) are incurred for one or more of the following, subject to any indicated limitations:
  - (1) daily room and board and routine nursing service for confinement as a registered bed patient in a Hospital, not to exceed the rate charged per day by such Hospital for its most prevalent two-bed room, and if the Hospital has no two-bed room then the prevailing rate for such rooms in the city or county in which the Hospital is situated,
  - (2) daily room and board and routine nursing service for confinement as a registered bed patient in a Convalescent Facility, provided such period begins within 48 hours after Hospital confinement for at least five consecutive days, and which are not in excess of \$25 per day or for a period longer than 60 days,
  - (3) Home Care, provided the period of Home Care begins within 48 hours after Hospital confinement for at least five consecutive days or within 48 hours after Convalescent Facility confinement which begins within 48 hours after Hospital confinement for at least five consecutive days, as follows:
    - (i) charges by such Hospital or Home Health Agency for Home Care administration and
    - (ii) fees of graduate nurses (R.N.) and licensed practical nurses, other than members of the Insured's household, for providing Home Care services and
    - (iii) charges by such Hospital or Home Health Agency for medical services and supplies provided at the home, which are not in excess of \$25 per day or for a period longer than 60 days,
  - (4) charges by a Hospital for medical services, drugs, medicines and supplies necessary to the care of the person confined,
  - (5) fees of licensed physicians and surgeons, other than members of the Insured's household, for medical care, treatment and surgical operations,
  - (6) anesthetics and the administration thereof,
  - (7) nursing fees, as follows:
    - (i) fees of graduate registered nurses (R.N.), other than members of the Insured's household or a person who is related by blood, marriage or legal adoption, for private duty nursing service;
    - (ii) fees of licensed practical nurses, other than members of the Insured's household or a person who is related by blood, marriage or legal adoption, for private duty nursing service rendered during confinement in a Hospital or Convalescent Facility,
  - (8) fees for X-ray examination, microscopic or laboratory tests and other diagnostic services,
  - (9) fees for X-ray or radioactive therapy and fees of licensed physical therapists for physical therapy treatments,
  - (10) local transportation to or from a Hospital or Convalescent Facility by professional ambulance service immediately preceding or following confinement in such Hospital or Convalescent Facility,
  - (11) drugs and medicines which require a written prescription of a physician and which must be dispensed by a licensed pharmacist or physician,
  - (12) medical supplies, as follows:
    - (i) blood, blood derivatives or other fluids to be injected into the circulatory system;
    - (ii) artificial limbs or eyes;

(iii) casts, splints, trusses, braces, crutches or surgical dressings;

(iv) rental of hospital-type equipment, including wheelchair, hospital-type bed, iron lung or other mechanical equipment for the treatment of respiratory paralysis and equipment for the administration of oxygen; and

(v) purchase or rental of hospital-type equipment for kidney dialysis for the Covered Person's personal and exclusive use, the total purchase price to be eligible on a monthly pro-rata basis during the first 24 months of ownership but only so long as dialysis treatment continues to be medically required; in addition, the Company will consider as eligible all charges for supplies, materials and repairs necessary for the proper operation of such equipment and also reasonable and necessary expenses for the training of a person to operate and maintain such equipment for the sole benefit of the Covered Person,

(13) with respect to the transplant of a natural organ or organs directly from one living person (hereinafter referred to as the donor) to the Covered Person, the medical expenses of the donor as a direct result of such transplant and within six months thereafter shall be considered as expenses of the Covered Person (subject to the same requirements and restrictions of the rider); and

(e) are not excluded from coverage by the terms of this rider.

Any portion of expenses which are in excess of the limits indicated for items (1), (2) and (3) of subsection (d) above shall not be considered as Eligible Medical Expenses under this rider nor counted as part of the Deductible Amount.

**Other Insurance Coverage.** "Other Insurance Coverage," as used herein, shall mean coverage provided for hospital, surgical or other medical expenses by any other insurance or welfare plan or prepayment arrangement, including Blue Cross or Blue Shield plans, whether provided on an individual or family basis or on a group basis through an employer, union or membership in an association. If such coverage is on a provision of service basis rather than an indemnity basis, the amount of benefits provided thereby shall be deemed to be the regular and customary charges for the services rendered.

### PART III—BENEFIT PROVISION

**Deductible Amount.** The "Deductible Amount" applicable to expenses incurred as a result of each Covered Injury or Covered Sickness is the greater of (a) the amount of benefits provided by Other Insurance Coverage as a result of such injury or sickness and (b) the Minimum Deductible Amount set forth on page one hereof of the Rider Schedule.

**Benefit Period.** A "Benefit Period" of ten years shall be established if Eligible Medical Expenses in excess of the Deductible Amount are incurred within a period of three years as a result of one Covered Injury or one Covered Sickness and are incurred while this rider is in force with respect to the injured or sick Covered Person. The Benefit Period will begin with the date the first Eligible Medical Expense is incurred during such three year period.

**Catastrophic Medical Benefit.** If Eligible Medical Expenses shall be incurred during a Benefit Period by or on behalf of a Covered Person as a result of the Covered Injury or Covered Sickness establishing such Benefit Period, the Company will pay the amount by which the total of such Eligible Medical Expenses exceeds the Deductible Amount; provided, however, that the aggregate amount payable under this rider on behalf of a Covered Person as a result of Eligible Medical Expenses incurred for all Covered Injuries and Covered Sickness of such Covered Person, whether incurred during one or several Benefit Periods, shall not exceed the Lifetime Maximum Benefits stated in the Rider Schedule.

**Increase in Lifetime Maximum Benefit.** Whenever benefits are payable on behalf of a Covered Person on the basis of a Deductible Amount that is greater than the Minimum Deductible Amount, the Lifetime Maximum Benefit Amount for such Covered Person as set forth on page one of the Rider Schedule shall be deemed increased by \$5 for each \$1 by which such Deductible Amount exceeds the Minimum Deductible Amount; however, such increases for each Covered Person are limited in the aggregate to \$50,000.

**Reestablishment of Lifetime Maximum Benefit.** If after a Covered Person's recovery from a Covered Injury or Covered Sickness for which Catastrophic Medical Benefits were paid, satisfactory evidence of the Covered Person's insurability is submitted to the Company, without expense to it, then all Medical Benefits paid as a result of expenses incurred by such Covered Person prior to the date on which the Company deems the evidence of insurability to be satisfactory shall be disregarded in applying the Lifetime Maximum Benefit to Medical Benefits paid with respect to such Covered Person as a result of expenses incurred by such Covered Person after such date.

**Common Accident.** The Deductible Amount shall apply separately to each Benefit Period, except when a single accident causes Covered Injuries to more than one Covered Person, a Benefit Period will be established for each such Covered Person and a single Deductible Amount shall apply to all the Benefit Periods so established.

### PART IV—EXCEPTIONS AND REDUCTIONS

The following Exceptions and Reductions shall apply to the benefits provided by this rider:

1. This rider does not cover any expenses incurred as a result of

(a) any act of war, whether declared or undeclared, or

(b) any attempt at suicide, whether sane or insane, or any intentionally self-inflicted injury, or

(c) mental disease or deficiencies, psychotic or psychoneurotic disorders or reactions, type or cause notwithstanding, except services performed or materials furnished while confined in a Hospital not specializing in the treatment of nervous or mental disorders, or

(d) rest cure, or

- (e) any accident sustained or sickness contracted while a member of the Military, Naval or Air Forces of any country or combination of countries (upon notice and proof of such service in such Forces, the Company will return the pro-rata portion of the premium paid for such Covered Person for any period of such service, or
- (f) any accident sustained or sickness contracted which is covered under any Workmen's Compensation, Occupational Disease, Employer's Liability or similar law of any State, Federal or regional Government, or
- (g) any care of treatment furnished by the Military, Naval or Air Forces of any country or combination of countries for injury or illness of a member, ex-member or dependent of a member or ex-member of such Forces, nor will benefits be payable under this rider for expenses which are incurred as a result of care or treatment of any such member, ex-member or dependent and which are paid by or on behalf of such Forces, to the extent of such payment, or
- (h) any care or treatment received while confined in facilities provided by the Veteran's Administration, or
- (i) care or treatment furnished or paid for by or through any government, or under any governmental plan or law, to the extent of such payment.

2. This rider does not cover, and no payment will be made on account of, any Hospital confinement, surgical operation or medical service of any kind with respect to a covered Covered Person after such person becomes eligible for any benefit under Title XVIII of the Social Security Act as amended.

## PART V

The Uniform Provisions contained in the policy shall be effective with respect to the benefits provided by this rider to the extent applicable thereto with the exception of the provisions entitled "Time Limit on Certain Defenses," "Notice of Claim," "Proofs of Loss" and "Time of Payment of Claims." The following provisions shall apply to the benefits provided by this rider:

### Time Limit on Certain Defenses.

- (a) After two years from the effective date of this rider no misstatements, except fraudulent misstatements, made by the applicant in the original application for this rider shall be used to void the rider or deny a claim for loss incurred by or on behalf of any Covered Person insured on said effective date commencing after the expiration of such two year period. No misstatements, except fraudulent misstatements, made by the applicant in any application required for the addition of one or more persons to the Covered Persons shall be used to void the rider or to deny a claim for loss incurred by or on behalf of such Covered Person after this rider has been in force for two years following the effective date of coverage for such Covered Person.
- (b) No claim for loss incurred by or on behalf of a Covered Person after two years from the effective date of coverage for such Covered Person shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on date of loss had existed prior to the effective date of coverage of this rider with respect to such Covered Person.

**Notice of Claim.** Written notice of claim must be given to the Company within twenty days after the occurrence or commencement of any loss covered by this rider, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the Insured to the Company at its Home Office in Indianapolis, Indiana, or to an authorized agent of the Company with information sufficient to identify the Insured, shall be deemed notice to the Company.

**Proofs of Loss.** Written proof of loss must be furnished to the Company at its said office within ninety days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required.

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

The following additional policy provisions shall apply to the benefits provided by this rider:

### Covered Persons.

- (a) Upon written application to the Company and payment of the premium therefor while this rider is in force, any persons eligible to become Covered Persons shall be added to this rider.
- (b) Any child born to the Insured and his spouse while this rider is in force shall automatically become a Covered Person, provided the rider is then in force. Such child shall continue to be a Covered Person until the end of the Premium Period during which said birth occurs. Following such Premium Period, such child shall continue to be a Covered Person only if written notice of such birth is received by the Company within 45 days of such birth or prior to the end of such Premium Period, whichever is later, and only if the rider is continued in force according to its terms including the payment of the premium required for such child.
- (c) Any child or minor dependent of the Insured or the Insured's spouse shall cease to be a Covered Person on the expiration of the Premium Period during which such child's or minor dependent's marriage or twenty-third birthday occurs. It is understood and agreed that while this rider provides for termination of a dependent child's coverage on the expiration of the Premium Period during which such child's twenty-third birthday occurs, when such a child is mentally or physically incapable of earning his own living on the termination date, the rider shall continue to insure such child while the rider is in force and so long as such incapacity continues, if due proof of such incapacity is received by the Company within thirty-one days of such termination date. The spouse of the

Insured shall cease to be a Covered Person on the expiration of the Premium Period during which divorce or legal separation occurs. If the Company accepts a premium applicable wholly or in part to any period subsequent to any period of eligibility provided in this rider, the insurance provided hereunder will continue in force after such period, but only until the end of any period for which the premium has been accepted.

- (d) Any person shall cease to be a Covered Person on the day before the date such person becomes eligible for any benefit under Title XVIII of the Social Security Act as amended. Upon notice and proof of such eligibility, the Company will return the pro-rata portion of the premium paid for such Covered Person for any period beyond such day.

**Privilege of Conversion.** In the event that coverage under this rider with respect to any Covered Person terminates in accordance with paragraphs (c) or (d) of the provision captioned "Covered Persons" or expires for reasons other than failure to pay the renewal premium due, such Covered Person shall be entitled to have issued to him without evidence of insurability an individual policy of medical expense insurance on any form then issued by the Company to Covered Persons eligible for conversion from this form of rider provided such Covered Person is then eligible for such individual policy as determined by the Company's issue rules with respect to sex, age and occupation, except that the Company will not be required to issue any individual policy which would result in overinsurance as determined by the rules of the Company at the time of such termination. Written application for such policy and payment of the first premium must be made within thirty-one days after termination of insurance under this rider. The converted policy, if issued, shall take effect on the day following termination of coverage under this rider. Any special exclusion applicable to such Covered Person under this rider will also apply to such person under any converted policy.

In all other respects the provisions, exceptions and reductions of the policy remain unchanged and are applicable to this rider.



American States Insurance Company  
INDIANAPOLIS, INDIANA

*Edwin J. [Signature]*  
President

Countersigned by \_\_\_\_\_ LICENSED RESIDENT AGENT \_\_\_\_\_

*Paul M. [Signature]*  
Secretary