

MARKETPLACE BULLETIN (F6391)

United American Insurance Company Policy Specification Sheet and Underwriting Instructions for
FOUNDATION Signature Series™
(Policy Form MMGAP)

MARKETING NAME

FOUNDATION Signature Series™

PRODUCT OVERVIEW

The MMGAP is limited benefit hospital expense coverage and will be marketed to customers with existing or pending comprehensive health coverage (major medical). The MMGAP is designed to cover all, or part of, the major medical deductible, copayments and coinsurance associated with an hospital inpatient stay up to a calendar-year maximum benefit of \$2,000 up to \$10,000, depending on the amount selected by the applicant. There is an Optional Outpatient Hospital Benefit Rider that will cover 50% of the major medical deductible, copayments and coinsurance associated with Hospital Outpatient expenses, subject to the policy calendar-year maximum benefit amount selected.

REQUIRED FORMS (may vary by state)

Application: MGAPB(XX)

Optional Dependent Form: MGAPB(XX)-ODF (Required only for 6 or more applicants on the same policy)

Product Brochure: F6388 (Must be left with the applicant)

Rates: F6389(XX) – State Specific (Agent Use Only)

Outline of Coverage: DS-MMGAP(XX) – State Specific (Must be left with the applicant)

Notices: UA Life & Health Privacy & Disclosure Booklet UAPDI F5616
Consumer Form 3728
Suitability Review Form F6897

The agent must carefully review these notices with the applicant. The applicant's Signature must be obtained on the HOME OFFICE page and submitted with the application. The applicants retain their copy.

SUITABILITY

MMGAP Policy Suitability Review Form F6897

The MMGAP Policy Suitability Review Form (F6897) is required with all individual and worksite applications for policy MMGAP. Proper completion of this form will derive the applicant's total **out-of-pocket expenses**, under their Primary Medical Policy, required for determining the appropriate MMGAP policy maximum calendar year benefit amount. The MMGAP maximum calendar year benefit amount must be the amount nearest, but which does not exceed, the total out-of-pocket expenses shown in Part II, #3, of Form F6897. We do not allow the MMGAP benefit amount to be significantly less than the applicant's maximum out-of-pocket expenses.

MMGAP policy benefits in a calendar year will never exceed:

1. The Applicant's maximum out-of-pocket expenses under their Primary Medical Policy in any one calendar-year, and/or
2. The Maximum Annual Benefit amount of the MMGAP policy.

The Underwriting Department reserves the right to decline MMGAP applications with maximum annual benefit amounts that do not adhere to the MMGAP Suitability Review requirements.

SUITABILITY CONTINUED

You should determine in each case that any policy sold is suitable to the needs of the Applicant.

At a minimum, you should consider an Applicant's financial condition, his/her need for insurance, and the values, benefits and costs in relation to the existing coverage that he/she has in order to determine whether in the totality of each Applicant's circumstances, the sale is suitable to the Applicant's needs.

Here are a few questions for you and the Applicant to consider when determining whether the **FOUNDATION Signature Series™** (Policy Form MMGAP) is suitable when assisting the Applicant in selecting the appropriate amount of the calendar-year maximum benefit:

Does the policy that is intended to serve as the Applicant's Primary Medical Policy:

1. require the Applicant to pay a deductible, coinsurance and/or copayments on a calendar-year basis? What are those amount(s)?
2. provide adequate comprehensive/catastrophic coverage?
3. have a yearly maximum out-of-pocket expense? What is the amount?

Does the Applicant:

1. understand that the **FOUNDATION Signature Series™** will not help pay for deductibles, coinsurance or copayments for doctor's visits, prescription drugs, or laboratory or radiology expense unless performed in a hospital or free-standing imaging facility or free-standing diagnostic laboratory?"
2. understand that the **FOUNDATION Signature Series™** will not help pay for outpatient hospital expenses? (Unless the optional Hospital Outpatient Benefit Rider has been purchased).
3. have an existing or pending Health Savings Account (HSA)? Is he/she funding the HSA or does he/she intend to fund the HSA? If the client is funding or intends to fund the HSA, the MMGAP is not permitted.

ELIGIBILITY

The proposed insured must have a major medical policy/comprehensive health policy in force in order for MMGAP Policy to pay any benefits. Eligibility is subject to Home Office Underwriting approval based on the answers to the health questions on the application.

Quality Assurance Calls (QAC) are required on all applications. Complete the "Best Time To Call" section on page 4 of the application and tell the applicant to expect a call from the Home Office. Policies will not be issued without completed QAC calls and verification of Primary Medical Policy (Major Medical). If the applicant is not able to provide the Insurance Company, Policy number, and Effective Date during the QAC call, a letter will be automatically sent to the applicant requesting the information. A sample of the letter can be found on page 11 of this document.

Agents who submit MMGAP applications with a current/pending major medical policy but do not include the insurance provider name, policy number, and effective date will receive a request from the home office for this information when the MMGAP Policy is ready for issue. Please e-mail the information below to MMGAP@torchmarkcorp.com.

MMGAP

Applicant Last Name
Applicant First Name
MMGAP Policy Number

MAJOR MEDICAL POLICY

Insurance Provider Name
Insurance Provider Policy Number
Insurance Provider Effective Date

Applicants with a Primary Medical Policy in force

The Insurance carrier Name and the Applicant's policy number are required on Question Number 1 (application form MGAPB). To expedite the underwriting process, please also write in the policy effective date on the MGAPB application.

Applicants with a pending application for a Primary Medical Policy

The Insurance carrier Name and the Applicant's policy number are required on Question Number 1 (application form MGAPB). Write in the requested policy effective date. Foundation Signature Series policies cannot be issued until the Primary Policy is issued. These applications will be pended for 90 days waiting for the other coverage to be issued and will be in ready-issue status. The Foundation policy effective date can be no earlier than the Primary Policy effective dates.

Applicants with preexisting health conditions or participation in hazardous occupations or avocations

You will need these Training and Reference Manuals (available for download):

- F5836 General Underwriting Instructions
- F5837 Rated Premium Instructions
- Rated Premium Worksheet U-1280
- AMDL Glossary of Terms

Uninsurable Conditions

Refer to the Point Value Table (alphabetical list of conditions) in the F5837 Rated Premium Instructions Manual, to determine if the condition is insurable. "Uninsurable" is listed under the column titled "Recovery Period". Contact the Home Office if the applicant's condition isn't listed in the Point Value Table.

If a condition is not classified as uninsurable, detailed description of the condition and complete contact information for the doctors and medical facilities must be included on the application. Options for applicants with health conditions or previous health history that are not classified as uninsurable include:

APR – Additional Premium Rider *(Not approved in OR.)*

An Additional Premium Rider, or Rated Premium Notice (RPN), is a notice that is attached to a health insurance policy regarding certain preexisting health condition(s). The policyholder is charged an additional premium to compensate for the preexisting condition. The preexisting waiting period specified in the policy (in most states 12 months) will apply. Full policy benefits are paid for claims associated with the conditions listed in the RPN after the preexisting limitation has expired.

APR rates are obtained from Premium Conversion Tables F – J in the F5837 Rated Premium Instructions Manual. The APR Rate is calculated by a point system. Refer to the Point Value Table in the F5837 Rated Premium Instructions Manual, to determine the point value for a condition. The point values for height/weight ranges are shown on the Height/Weight Chart in the F5837 Rated Premium Instructions Manual. Applicants with conditions that total more than 150 points are considered uninsurable.

Use the *Rated Premium Worksheet U-1280* to record information about the condition and calculate the APR rates. Use "Basic Plan Premium" for the MMGAP. Use "OHE Rider Premium" for the Optional Hospital Outpatient Benefit Rider. The completed **U-1280** must be submitted with the application.

APRs will be the preferred method of rider provided unless an EBR is specifically requested with supporting documentation.

EBR – Exclusion Benefit Rider *(Not approved in OR. Not approved for medical conditions in CA or ID.)*

An Exclusion Benefit Rider is a rider that is attached to a health insurance policy for certain health condition(s) or certain hazardous sports or avocations. That condition, or avocation, is excluded from any claims.

An EBR is automatically added when the answer to the following question (app form MGAPB) is answered “yes”; [7.] “Does any proposed insured participate in any hazardous sports or avocations? No benefits will be provided for loss due to such participation.”

An EBR is allowed when the applicants prove their Primary Major Medical policy has the same exclusion.

The policyholder does not pay additional premiums and does not receive any benefits for claims associated with the condition(s), or avocations, listed in the EBR.

An APR and EBR combination is normally not allowed on the same person. An APR and EBR combination is allowed if the EBR is for Hazardous Sports or Avocations. An EBR may be added if the same exclusion exists in the Primary Medical Policy.

PREEXISTING CONDITION LIMITATION

The MMGAP policy does not insure against loss incurred during the 12 months* immediately after the Effective Date of the policy if that loss results from a Preexisting Condition. In addition, any Preexisting Condition listed on the application is not covered for the first 12 months* after the policy Effective Date.

A Preexisting Condition is any condition for which symptoms existed which would cause an ordinary prudent person to seek diagnosis, care or treatment within the 12 month** time period immediately prior to the Effective Date of the insured's coverage under the policy. It also means any condition for which the insured did receive treatment or medical advice during the 12 month** time period immediately prior to the insured's Effective Date of coverage under the policy.

Language in policy may vary by state.

* 6 months in Nevada and New Mexico

** 6 months in Nevada, New Mexico, and Wyoming

REPLACEMENTS

Replacement of existing Torchmark Corporation Company(ies) policies is not allowed. Torchmark Companies include: American Income Life Insurance Company, First United American Life Insurance Company, Globe Life And Accident Insurance Company, Liberty National Life Insurance Company, National Income Life Insurance Company, United American Insurance Company and United Investors Life Insurance Company. Refer to the UA State Compliance Sheet for specific state requirements and downloadable replacement forms.

MMGAP Policy *can* be sold in conjunction with the following UA Supplemental policies:

SMXC MSXC SSXC HIXC HMXC CANLS2 CILS UA250 GSP3A

UA Policies are not Major Medical nor do they qualify as a Primary Medical Policy.

MMGAP Policy *cannot* be sold in conjunction with the following UA Health policies:

GSP2 GSP1 CS1 HSXC INDEM1 MMXC SHXC

The MMGAP policy cannot be applied for if applicant has had an active United American policy (GSP3, GSP2, GSP1, CS1, HSXC, MMXC, SHXC, MMGAP, INDEM1, SE2, SMXC, MSXC, SSXC, HIXC, HMXC, GGSP, Globe Flex) or affiliate company Hospital/Medical/Surgical policy within the past 90 days.

Conversions are not allowed.

INPATIENT HOSPITAL BENEFIT

Policy Form: MMGAP

Description: MMGAP Policy will pay benefits equal to 100% for out-of-pocket **Hospital Inpatient** deductible, coinsurance, and copayments required under the Policyholder's Primary Medical Policy, up to the MMGAP calendar-year maximum benefit amount for **hospital inpatient expenses**, such as:

Hospital charges for Room and board; Hospital miscellaneous charges including operating room, equipment, supplies, and drugs; Intensive care unit charges; Physicians' charges incurred during the stay.

MMGAP Policy is not a Major Medical policy and is not a replacement for one.

No United American or other Torchmark Corporation company policy can serve as the Primary Medical Policy that works in conjunction with the MMGAP Policy.

There is no limit to the number of inpatient hospital confinements during one year – as long as the expense is covered by the Primary Medical Policy.

Refund of premium for loss of life from accidental bodily injury. Death must occur while the policy is in force and within 180 days of injury.

Any preexisting conditions including those listed on the application are not covered by the policy for the first 12 months after the policy effective date.

Plan Code: HD2

Issue Ages: 0-63

Benefit Amounts: Available to all eligible applicants.
\$2,000, \$2,500, \$3,000, \$4,000, \$5,000, \$6,000, \$7,500, \$10,000. Benefit amounts run Jan. 1 to Dec. 31. The maximum benefit amount is per person. All covered persons under the same policy must have the same maximum benefit amount. The calendar-year maximum benefit amount does not have to equal the major medical deductible.

Rates: State specific. Issue Age, Sex-Distinct, Age-Banded: 0-17 (The 4th and any subsequent children are at **\$0** additional premium), 18-25, 26-30, 31-35, 36-40, 41-45, 46-50, 51-55, 56-60, 61-63

Registration Fee: None.

HSA Eligibility: None. A person with a high deductible major medical plan who purchases the MMGAP Policy will not be eligible to fund an HSA (Health Savings Account).

Examples:

- A. Applicant has existing HSA and is funding HSA; MMGAP Policy should not be sold as it would make funding ineligible for tax breaks.
- B. Applicant has existing HSA and is not funding HSA; MMGAP Policy can be sold as a funding vehicle for out of pocket expenses.
- C. Applicant has pending HSA; can sell MMGAP Policy as funding vehicle for out of pocket expenses; if applicant wants to fund HSA, do not sell MMGAP Policy (would make funding ineligible for tax breaks.)

STANDARD LIMITATIONS AND EXCLUSIONS

(may vary by state) as per the policy:

We will not pay benefits under this policy for:

1. Services not covered under the Primary Medical Policy; or
2. Expenses in excess of benefit limits or maximums in the Primary Medical Policy; or
3. Normal pregnancy (including childbirth, false labor, occasional spotting, physician-prescribed rest, morning sickness, hyper emesis gravid arum, preeclampsia and similar conditions associated with a difficult pregnancy which do not constitute a distinct complication of pregnancy) or voluntary termination of pregnancy; or
4. Usual and customary routine nursery care, or well-baby care or immunizations; or any other usual and customary routine care and treatment following full term or premature birth, not incident and necessary to the treatment of Injury or Sickness; or
5. Convalescent, skilled nursing, educational care or for nervous or mental disorders, unless covered by Your Primary Medical Policy; or
6. Dental treatment, hearing aids or eye refractive exams, refractive surgery or refractive treatment; or
7. Any Inpatient Hospital Stay or other service for which You or a Family Member do not incur a charge; or
8. Any loss covered by any Workmen's Compensation or Employers' Liability Law; or
9. Any Inpatient Hospital Stay or other service that is not medically necessary, or is cosmetic in nature; or
10. Any expense incurred in excess of the usual, customary and regular charges for any service or materials in the geographic area where furnished; or
11. Charges incurred for professional radiological, pathological or EKG interpretations, unless covered by Your Primary Medical Policy; or
12. Rehabilitative care services received at a facility not meeting the definition of a Hospital, unless covered by Your Primary Medical Policy; or
13. Treatment or services incurred outside of the U.S. boundaries; or
14. Infertility or sterilization treatment procedures, unless covered by Your Primary Medical Policy.

State Specific limitations and exclusions may apply as required by the states. Refer to the Outline of Coverage.

Claims: Policyholder will submit their EOB (Explanation of Benefits), documentation showing amounts the policyholder is responsible for and a copy of the standard hospital billing form UB-04. Claims may be paid to policyholder or directly to health service provider.

Mandated Benefits: As required by the states. Mandated benefit riders that are optional and require additional premium are listed on the state-specific rate card.

OPTIONAL RIDER(S)

OPTIONAL HOSPITAL OUTPATIENT BENEFIT RIDER

Rider Form: R-MMGAP-HO

Description: Selection of the optional Hospital Outpatient Benefit Rider will amend the policy to include 50% of the Major Medical deductible, copayments and coinsurance associated with outpatient hospital expenses such as:

- Facility and physicians' expenses for outpatient surgery in a hospital or free-standing outpatient surgery center;
- Facility and physicians' expenses for outpatient diagnostic testing in a hospital or free-standing imaging facility or free-standing laboratory;
- Hospital and physicians' expenses for treatment in a hospital emergency room;
- Hospital and physicians' expenses for other outpatient treatment in a hospital.

The total out-of-pocket deductibles, copayments, and coinsurance covered under the Hospital Inpatient Benefit and the Hospital Outpatient Benefit Rider combined are limited to the maximum annual benefit per calendar year.

There is no limit to the number of outpatient hospital visits during one year – as long as the expense is covered by the Primary Medical Policy.

Plan Codes: not applicable

Issue Ages: 0-63

Benefit Amounts: **The addition of the Hospital Outpatient Benefit Rider does not change the MMGAP calendar-year maximum benefit amount.**

Rates: State specific. Issue Age, Sex-Distinct, Age-Banded: 0-17 (The 4th and any subsequent children are at **\$0** additional premium), 18-25, 26-30, 31-35, 36-40, 41-45, 46-50, 51-55, 56-60, 61-63

Claims: Policyholder will submit their EOB (Explanation of Benefits), documentation showing amounts the policyholder is responsible for and a copy of the standard hospital billing form UB-04.

Underwriting Guidelines: The Outpatient rider is not available for anyone being treated with a maintenance drug for a condition that requires routine outpatient testing. Most persons with high blood pressure do not require routine outpatient testing and will be considered for this benefit. A prescription drug check will be ordered on all adults.

Date: 02/04/08 *(Auto Populate from Mainframe)*

1st Notice

Mr. John Doe Applicant *(Auto Populate from Mainframe)*
777 Main Street *(Auto Populate from Mainframe)*
Anywhere, TX 75777 *(Auto Populate from Mainframe)*

Re: Policy # *(Auto Populate from Mainframe)*

Dear Applicant:

Thank you for choosing United American to supplement your major medical/comprehensive coverage. Your application has been approved and is pending issue.

However, before we can issue your policy, please provide the below information:

MMGAP Plan:

Applicant Last Name *(Auto Populate from Mainframe)*
Applicant First Name: *(Auto Populate from Mainframe)*
MMGAP Policy #: *(Auto Populate from Mainframe)*

Major Medical Plan

Insurance Provider Name: _____
Insurance Provider Policy #: _____
Insurance Provider Effective Date: _____

We understand you may not have this information available to you. However, you must forward this information to us in order to issue your policy. Otherwise, your application will be withdrawn and monies refunded within a reasonable time period. For your convenience we have enclosed a self-addressed postage-paid envelope.

Thank you for your attention to this matter,

Policy Issue Department
United American Insurance Company