



AMERICAN STATES INSURANCE COMPANY
 INDIANAPOLIS, INDIANA
 A STOCK COMPANY

INSURED

POLICY NUMBER

POLICY DATE



PREMIUM
 (payable every)

PREMIUM PERIOD

**THIS POLICY GUARANTEED RENEWABLE TO YOUR AGE OF ELIGIBILITY FOR MEDICARE
 PREMIUMS WILL BE CHANGED EVERY FIVE YEARS**

PLEASE READ YOUR POLICY CAREFULLY

This is a **MAJOR MEDICAL EXPENSE** insurance policy. It is a legal contract between you, as the insured and owner, and us, American States Insurance Company.

We promise to pay the benefits as provided in this policy subject to the policy terms. Benefits are paid for any Covered Person for a covered loss which begins while your policy is in force. Benefits are paid for any Covered Injury or Sickness. We issue this policy in consideration of your application and the payment of premiums in advance from the policy date. A copy of your application is attached to the policy. It is a part of this policy.

This policy is **GUARANTEED RENEWABLE TO YOUR AGE OF ELIGIBILITY FOR MEDICARE**. This means that until you or any Covered Person become eligible for Medicare and as long as the premium is paid we **cannot**:

1. Cancel this policy;
2. Change this policy;
3. Add any restrictions.

THE PREMIUMS YOU PAY FOR THIS POLICY WILL CHANGE EACH FIVE YEARS. The Table of Renewal Premiums on the Policy Data page shows the amount of premium you will pay based on our current premium schedule for this policy form for each five-year period.

We may change the premiums for all policies of this form at any renewal date. If we change premiums in this manner, we will notify you of the change at least 31 days before the change. Notice of change will be in writing. Such notice will be made to your last address as shown on our records. The following apply to premium changes:

1. Any change in premium for this form will include all policies issued before or after your policy.
2. Your new premium will be based on your age at the time of the change, and sex.
3. If premiums are changed as so described, the Table of Renewal Premiums will be changed in a like manner.

Your policy begins and ends at twelve o'clock, Noon, Standard Time, at your home.

CERTAIN LOSSES ARE NOT COVERED by this policy. We will not pay benefits for any loss we have excluded in your policy by name or specific description. During the first two years your policy is in force, we will not pay for any loss caused by a sickness or physical condition which existed before the policy date if it was not shown on your application.

NOTICE: RIGHT TO RETURN AND CANCEL POLICY. You may cancel this policy by written notice or by telegram or by returning this policy before midnight of the 10th day after you receive it. Notice given by mail and return of the policy are effective on being postmarked, properly addressed and postage prepaid. Our address is American States Insurance Co., 500 N. Meridian, Indianapolis, Indiana 46207. We will return all payments made for this policy within 10 days of receipt of your notice and this policy. Your policy will be void from its start.

Signed for and issued by American States Insurance Company in Indianapolis, Indiana as of the policy date shown above. Your policy shall become a valid contract when it is signed by our licensed agent

Thomas M. Ober
 Secretary

Robert A. Center
 President

 Licensed Resident Agent

**GUARANTEED RENEWABLE TO AGE OF ELIGIBILITY FOR MEDICARE
 MAJOR MEDICAL EXPENSE POLICY
 PREMIUMS WILL BE CHANGED EVERY FIVE YEARS**

GUIDE TO YOUR POLICY

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DEFINITIONS

The following words are used often in this policy. When we use these words, this is what we mean:

YOU, YOUR, COVERED PERSON(S)

Those persons insured by this policy. Such persons insured include: 1. Those persons named on the application for this policy and listed on the Policy Data page of this policy; and 2. Those persons who qualify to be insured under the Additions part of this policy. Covered Persons may include you, your spouse and your children who are not married. "Children" shall include legally adopted children, stepchildren and foster children who live in your home. Children must be less than age 19 on the policy date.

INSURED, ORIGINAL INSURED

This is the person named as Insured on the application of this policy. This person is named on the Policy Data page.

WE, OUR, US

American States Insurance Company

POLICY DATE

It is the date your policy begins. It is the date from which the premium due dates are set.

INJURY

Accidental bodily injury that is sustained while this policy is in force.

SICKNESS

Disease or illness which first manifests itself while the policy is in force. By "first manifests" we mean when it first appears (or makes itself known).

PRE-EXISTING CONDITION

This means an injury or sickness which first appears or makes itself known before the date of coverage for any Covered Person.

HOSPITAL

A place which keeps patients overnight on a regular basis. Such a place has medical, diagnostic and major surgical areas within it. This place has a staff of one or more physicians who watch over it. It also has 24-hour service by graduate nurses (R.N.'s). If such a place makes a charge which you by law must pay, then we will pay for such charge up to the limits of your policy. Such a place shall not be used only as a clinic, nursing, rest or convalescent home.

CONVALESCENT HOME

A place which is open under law for the chief purpose of giving full-time care. Such a place gives resident patients care for injury or sickness. Care must be overseen by a physician or a registered graduate nurse (R.N.). This place is **not** for the chief purpose of treating mental disorders, the aged, alcoholics or drug addicts. This place is **not** a hotel.

PHYSICIAN, SURGEON

They are people who practice healing arts.

They must be licensed and cannot be you or a member of your immediate family. They must practice within the bounds of their license. They shall not be a dentist except when treating teeth or gums as the result of an injury to natural teeth.

COVERED EXPENSES

These are the expenses for which you are covered by your policy. They are shown in detail in the Benefits Provision of this policy. To be paid for Covered Expenses must be the result of an order from your physician.

MEDICARE

This is Title 18 of the Social Security Act and any changes made in the act. It is also any plan of medical insurance put in force by the United States government or any part of it.

MEDICARE ELIGIBILITY DATE

This is the date on which you or any Covered Person are first able by law to get any benefit from Medicare.

DEDUCTIBLE

Your deductible is shown on the Policy Data page. This is the amount of Covered Expenses which each Covered Person must pay. We will not pay for these expenses.

Your deductible may change if you have Other Medical Expense Coverage. Such deductible shall be incurred for all covered injuries or sicknesses in any one given calendar year. A new deductible shall be incurred each year before any benefits are payable. If this policy insures more than 3 covered persons, only 3 such deductibles shall be required during any one calendar year.

If any part of any calendar year's deductible is incurred in October, November and December, the next year's deductible will be reduced by the amount incurred at that time.

OTHER MEDICAL EXPENSE COVERAGE

This is payment for any Covered Expenses by any insurance policy other than this policy. This includes any prepaid plan or Medicare. It does not include any State Medical Assistance Act (Medicaid), as amended, or other medical assistance plan for the needy or indigent.

COMPLICATIONS OF PREGNANCY

They are conditions that are distinct from pregnancy or childbirth. They are affected or caused by pregnancy or childbirth. Here are some examples of such complications which will be covered:

1. Post partum hemorrhage; toxemia;
2. Rupture or prolapse of the uterus;
3. Ectopic pregnancy which is terminated; and
4. Similar severe medical and surgical conditions.

Here are some conditions which are **not** complications and will **not** be paid for:

1. Abortion, false labor, occasional spotting;
2. Physician prescribed rest, morning sickness;
3. Caesarean section; and
4. Similar conditions related to the management of a difficult pregnancy.

HOME HEALTH CARE

These are services by a home health agency which operates under the law in your state of residence. Such home health services shall include:

1. Service by a registered or licensed practical nurse;
2. Service by a physical, occupational, respiratory or speech therapist;
3. Service by a home health aide;
4. Medical supplies, drugs, medicine, and laboratory service; or
5. The service of a licensed midwife or a licensed nurse midwife.

All such home health care services must be the result of a written order of a physician.

BENEFIT YEAR PERIOD

A benefit year or benefit period begins when Covered Expenses are greater than your Deductible.

A benefit period ends on the earliest of:

1. the day the Maximum Benefit is paid; or
2. the last day of the calendar year in which it was started; or
3. the day a Covered Person stops being a Covered Person.

MAXIMUM MAJOR MEDICAL BENEFIT

The amount shown on the Policy Data page is the maximum amount we will pay for all Covered Expenses. This amount shall be for each Covered Person. This amount shall be for all injuries and sicknesses combined during the time that this policy is in force. This benefit may be paid over more than one calendar year.

BENEFIT PROVISIONS

This part of your policy will explain how we will pay benefits to you.

MAJOR MEDICAL BENEFITS

After you pay the Deductible amount, we pay 85% of most Covered Expenses. Covered Expenses are listed in the Covered Expenses part of this section. Some Covered Expenses are paid on a basis other than 85%. After we have paid \$5,000 on one claim during any calendar year, we will pay 100% of any additional Covered Expenses relating to that claim for that calendar year.

DEDUCTIBLE AMOUNT

Your Deductible is the larger of the amount shown on the Policy Data page or the sum of benefits paid by Other Medical Expense Coverage. The Deductible is for any calendar year for each Covered Person.

If we use Other Medical Expense Coverage as your Deductible, we will increase your Maximum Major Medical Benefit. For every \$1 which is paid by Other Medical Expense Coverage over your Deductible (shown on the Policy Data page), we will add \$3 to your Maximum Major Medical Benefit. The largest amount we will add is \$5000 for each time we use Other Medical Expense Coverage as your Deductible.

Such deductible shall be incurred for all covered injuries or sicknesses in any one given calendar year. A new deductible shall be incurred each year before any benefits are payable. If this policy shall cover more than 3 covered persons, only 3 such deductibles shall be required during any one calendar year.

If any part of any calendar year's deductible is incurred in October, November and December, the next year's deductible will be reduced by the amount of deductible incurred at that time.

The total amount of payments made by us and any payments from Other Medical Expense might not be enough to pay 100% of your Covered Expenses. If this happens, we will make an extra payment:

1. This payment shall not be greater than the difference between your Minimum Deductible and the amount you are paid by Other Medical Expense Coverage.
2. The total of all payments, including other coverage, will not be more than all of your Covered Expense.
3. The sum of our payments shall not be more than would have been paid if there were no Other Medical Expenses paid.

COVERED EXPENSES

The expenses listed below will apply to your Deductible. These same expenses are items for which we will pay as shown in Major Medical Benefit. These items will be paid for if:

1. They are called for by a physician;
2. They are needed for treatment of an injury or sickness;
3. They are the usual, reasonable and customary charges for services or supplies in your area.

We will pay 100% of the covered expenses in Item 1 and 2. We will pay 85% for items 3 through 11 until we have \$5000 in any calendar year. Thereafter we will pay 100% for items 3 through 11 in that same calendar year.

1. Charges for daily room and board when you are confined in a hospital. Payment will not be more than the amount stated on the Policy Data page.
2. Charges when you are confined in an intensive care unit in a hospital will be paid at two times the Daily Hospital Benefit as stated on the Policy Data page. Charges which are more than the payments stated in 1. and 2. will not be applied to the deductible. They also will not be considered as Covered Expenses under your Major Medical Benefits.
3. Hospital charges for medical services, drugs, medicines and supplies.
4. Charges for X-rays, laboratory tests, and other diagnostic services.
5. Charges of a physician who is not you or a member of your household.
6. Charges of nurses (R.N. or L.P.N.) who are not you or members of your household.
7. Charges for drugs and medicines.
8. Charges for professional ambulance service. These charges are limited to a 200-mile round trip from your point of leaving to the Hospital or Convalescent Home and back.
9. Charges for the rental of therapeutic supplies or equipment called for by a physician.
10. Charges for the treatment of alcoholism, chemical dependency, drug addiction or mental illness. Such benefits shall be paid for as a sickness as defined in the Definitions Section of this policy. Such treatment must be in:
 - a. A licensed hospital;
 - b. A residential treatment program licensed by your state of residence and diagnosed or recommended by a physician (M.D.); or
 - c. A non-residential treatment program approved or licensed by your state of residence.

Benefits paid for treatment in a licensed hospital or residential treatment program shall not be for more than 75 days in any one benefit year. Benefits paid for treatment in a non-residential treatment program shall be 130 hours of such treatment in any one benefit year.

11. Charges for Home Health Care up to 100 visits in any one calendar year.
12. Charges for room and board and routine care while confined in a Convalescent Home. Such confinement must be within 3 days of a stay in a Hospital. The amount paid shall not be more than 40% of the Daily Hospital Benefit as shown on the Policy Data page. Such benefit shall be paid for not more than 50 days of confinement for each calendar year.

LIVE DONOR

If any Covered Person receives any body organ from a live donor who is not a Covered Person in a transplant operation, the Covered Expenses for the live donor shall be paid:

1. if the Covered Person has not used all of the Maximum Major Medical Benefit for its own expenses; and
2. such live donor benefits shall be paid only above any of such live donor's Medical Expense Coverage.

COMMON ACCIDENT

If more than one Covered Person incurs Covered Expenses because of injuries from a common accident, only one deductible will be used. Each Covered Person injured in such common accident will have a separate Major Medical Benefit and Benefit Period. This one deductible will be for the first calendar year only. Each Covered Person will have separate deductibles for any additional calendar years. No Covered Person shall have a larger deductible because of a common accident than they would have had if there was no common accident.

PREGNANCY, COMPLICATIONS OF PREGNANCY

This policy does not insure expenses of a normal pregnancy. If any Covered Person shall have Covered Expenses from complications of pregnancy, as defined by this policy, these Covered Expenses will be paid by us as if they were due to sickness. Both the pregnancy and complications of pregnancy must start at least 30 days after the Policy Date to be covered by this policy. The policy must be in force for such Covered Person at the time the Covered Expenses occur. No expense for a pregnancy will apply to your deductible or will be paid by us if such expenses would have been incurred if there had been no complications of pregnancy.

WAIVER OF PREMIUM

The two definitions are for this part of your policy.

1. Head of Family. This is the one, who at the time total disability begins is:
 - a. Working in an occupation for gain, pay or profit.
 - b. A Covered Person, and
 - c. An adult male, the spouse of an adult female, or an adult female who provides the only or primary financial support for the household.

If no Covered Person meets this definition, this Waiver of Premium provision is void.

2. Total Disability. Total disability must be caused by a covered injury or sickness. This means the Head of Family is unable to do all of the main duties of the person's regular occupation during the first 36 months of continuous disability. After 36 months the Head of Family shall still be totally disabled if the person is unable to work in any occupation for which the person is suited by education, training and background at the time total disability began.

If Total Disability of the Head of Family lasts for 6 months without stopping, we will waive each following premium for this policy as long as the Total Disability lasts. Total Disability must begin while this policy is in force. It must begin before the date the Head of Family becomes eligible for Medicare. This policy and its benefits will continue as though the premiums had been paid. This policy will continue in force to the date the Head of Family becomes eligible for Medicare. We will refund any premiums which were due and paid during the first 6 months of disability. If such disability ends prior to the date the Head of Family becomes eligible for Medicare, you must start paying premiums on the next regular date such premiums are due for your policy to still be in force.

EXCEPTIONS AND LIMITATIONS

Your policy will not pay for a loss which results from:

1. War or any act of war;
2. Injury or sickness which occurs while in the armed forces of any country. If any Covered Person enters such armed forces, we will refund a pro rata portion of the premium paid for that Covered Person for such time of service;
3. Self-inflicted injury on purpose;
4. Surgery or treatment to the teeth or gums except when needed because of injury to natural teeth. Such injury must occur while this policy is in force;
5. Cosmetic surgery except when needed because of an injury. Such injury must occur while this policy is in force. Cosmetic surgery performed to correct a congenital anomaly in child born to any Covered Person will be paid. Such child must be born and the surgery done while this policy is in force;
6. Eye refractions or the purchase or fitting of hearing aids, eyeglasses or contact lenses;
7. Normal pregnancy, childbirth or elective abortion;
8. Injury or sickness which is covered by any Worker's Compensation or Occupational Disease Law or Act, and
9. Pre-existing conditions.

PREMIUMS

Your first premium is due as of the policy date. All premiums after the first are payable on or before their due date. Premiums must be paid or mailed to us at our home office. They may also be paid to our licensed agent who has signed your policy. He will give you a receipt.

PREMIUM PERIOD

The premium period on the Policy Data page tells you when and how often you must pay your premium due.

GRACE PERIOD

This policy has a 31-day grace period. This means that if a premium is not paid on or before the date it is due, it may be paid during the 31 days after that date. During the grace period the policy will stay in force. If you do not pay the premium by the end of the grace period, the policy will lapse.

REINSTATEMENT

If the premium is not paid when it is due, a later acceptance of it by us, or by one of our agents authorized by us to accept payment, without requiring you to fill out an application for reinstatement, will reinstate this policy.

If we or our agent require such an application and give you a conditional receipt for the premium you pay, this policy will be reinstated if the Company approves your application. Your application is approved unless we write you within 45 days from the date of the conditional receipt that we have not approved your application.

Your reinstatement policy will cover only loss resulting from an injury sustained after the date of reinstatement or sickness which may begin more than 10 days after such date.

In all other respects, both your and our rights will be the same as they were just before the due date of the premium not paid, subject to any provisions endorsed or attached with the reinstatement.

PREMIUM REFUND AT DEATH

That part of any premium paid for the period after your death will be refunded. The refund will be made when we have received proof of death.

OTHER IMPORTANT PROVISIONS

ADDITIONS

Persons who qualify as Covered Persons may be added to this policy after its issue date. Such added Covered Person must prove they are insurable. An application for each added Covered Person must be submitted to and approved by us. All policy parts (unless stated in writing) will apply to the new Covered Person on the date that we accept that person. Any added premiums needed must be paid before coverages are in force.

Any newborn child of yours, your spouse's or your dependent child is covered from birth. Such spouse or dependent child must be a Covered Person at the time pregnancy began. This coverage includes congenital defects. It does not include well-baby care. This coverage will last until the next premium for this policy is due or 90 days after birth, whichever is later. This newborn child will be covered after this date if:

1. Written notice to include the newborn child as a Covered Person is received by us prior to the time limit above; and
2. You pay the renewal premium, including any extra premium needed for the newborn child.

All policy parts (unless stated in writing) will apply to such newborn child on the date we accept such newborn.

If you, your spouse and one other child are Covered Persons on your policy, then the newborn child shall become a Covered Person at birth. There will be no added premium charge. You will not have to give us written notice of such birth. Coverage for such newborn child will include congenital defects. It will not include well-baby care.

TERMINATIONS

1. If you and your spouse (if a Covered Person) enter a valid decree of divorce, your spouse will still be a Covered Person until the later of the next premium due date or 60 days. During this time your spouse has the right to convert to a like policy. Such like policy shall not exceed the coverage of this policy. Your spouse shall not have to prove insurability. The former spouse may not have Other Medical Expense Coverage which will make for a condition of over insurance. Such condition of over insurance shall be judged by our standard risk selection practices.
2. A dependent child shall not be a Covered Person on the premium due date after the earlier of such child's 23rd birthday, marriage or when your care and support stops. Such child shall still be a Covered Person if such child:
 - a. Is not capable of self-support due to mental retardation or physical handicap; and
 - b. Is dependent on you for support and maintenance.

We may check to see if the child is disabled and dependent child. We may check 2 months before the child's 23rd birthday. We may check every year after the child becomes age 23. You must show proof that the child is disabled and dependent within 60 days of our check. If you fail to show such proof, we may stop the child's coverage after the child becomes age 23. If we do not check on the child, such child will still be a Covered Person for the term, extension or renewal of this policy.

A terminated dependent child is eligible for a similar policy. Such terminated child must apply for this like policy within 31 days after termination. Such child will not have to show proof of insurability. We will charge premiums for such child's age at time of termination. Such child may not have Other Medical Expense coverage which will make for a condition of over insurance. Such condition of over insurance shall be judged by our standard risk selection practices.

3. If the original Insured shall cease to be a Covered Person while this policy is in force, the Insured's spouse shall become the Insured. The spouse must be a Covered Person at this time. Future premiums will be reduced to reflect this change. If the spouse does not survive the Insured, this policy shall stop for your children at the end of the time for which we have accepted premium.

If needed as a result of a termination, we will change premiums for those Covered Persons who are still covered by this policy.

If we accept premiums for a terminated person, this policy will continue for the time period covered by such premium. However, if you do not tell us about the divorce of a spouse or of a child's dependency stopping, we will not pay for any loss. We will return any premium paid for such terminated Covered Person.

GENERAL PROVISIONS

ENTIRE CONTRACT

This policy with the application and attached papers is the entire contract between you and us. No change in this policy will be valid until approved by one of our officers. This approval must be endorsed on or attached to this policy. No agent may change this policy or waive any of its provisions.

TIME LIMIT ON CERTAIN DEFENSES

a. Misstatements in the Applications:

After 2 years from the issue date, no misstatements, except fraudulent misstatements, in the application will void the policy or be used to deny any claim for loss or disability that starts after the 2-year period.

b. Pre-Existing Conditions:

No claim for loss or disability that starts after 2 years from the issue date will be reduced or denied because a sickness not excluded by name or specific description before the date of loss had existed before the issue date.

NOTICE OF CLAIM

Written notice of claim must be given within 30 days (6 months in Montana) after a covered loss begins or as soon as possible after that. The notice can be given to us at our home office or to our agent. Notice should include the name of the Insured and the policy number.

CLAIM FORMS

When we receive your notice we will send you forms for filing proof of loss. If these forms are not sent to you within 15 days, you will have met the proof of loss requirements if, within 90 days after the loss began, you give us a written statement of the nature and extent of your loss.

PROOFS OF LOSS

If your policy provides for periodic payment for a continuing loss, you must give us proof of loss within 90 days after the end of the period for which you claim benefits. For any other loss, written proof must be given within 90 days after such loss.

We will not deny nor reduce any claim if it was not reasonably possible for you to give us proof within the time required. In any event, you must give us proof within one year after it is due unless you are legally not able to do so.

TIME OF PAYMENT OF CLAIMS

Benefits for any loss covered by this policy will be paid as soon as we receive proper proof of loss.

PAYMENT OF CLAIMS

Benefits will be paid to you unless such benefits are assigned by you to another party. If, upon your death, there are any unpaid benefits, they will be paid to your spouse. If your spouse is not living at that time, such unpaid benefits will be paid to your estate.

If any benefits are payable to your estate, or to a Covered Person who is a minor or not competent to give a valid release, we may pay such benefits to any relative by blood or marriage who we feel is entitled to the benefit. Such payment shall not exceed \$1000. Any such payment made by us in good faith shall fully discharge us for the amount of the payment.

PHYSICAL EXAMINATIONS

At our expense, we will have the right to have you examined as often as reasonably necessary while your claim is pending.

LEGAL ACTION

No legal action may be brought to recover on this policy within 60 days after written proof of loss has been furnished as required by this policy. No such action may be brought after 3 years (5 years in Kansas, 7 years in South Carolina) from the time written proof of loss is required to be furnished.

MISSTATEMENT OF AGE

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

CONFORMITY WITH STATE STATUTES

Any provision of this policy which, on its effective date, is in conflict with the laws of the state in which you live on that date is amended to conform to the minimum requirements of such laws.

ASSIGNMENT

No assignment of this policy shall be binding on us until it is filed with us at our Home Office. We will assume no responsibility for the validity or sufficiency of any assignment.

GUARANTEED RENEWABLE TO AGE OF ELIGIBILITY FOR MEDICARE
MAJOR MEDICAL EXPENSE POLICY
PREMIUMS WILL BE CHANGED EVERY FIVE YEARS