

[April 17, 2003]

[Name]

[Address]

[City, State, ZIP]

Re: Policy Number XXXXXXXXXXXX

Dear

This letter is meant to clarify the use of the Cash Benefit Rider under the LTC By DesignSM Insurance policy underwritten by The Prudential Insurance Company of America.

1. How does the Cash Benefit Rider work?

Once the policyholder has been determined eligible for benefits and the Elimination Period¹ has been met, the Cash Benefit Rider will pay the policyholder a cash benefit equal to the number of days in the month, times the Home and Community-Based Care Maximum Daily Benefit. No receipts or bills need to be submitted. (See required Plan of Care in #4.) This method of payment is called an indemnity plan.²

2. What can you use the Cash Benefit Rider to pay for?

As an indemnity plan, the cash benefit that is received can be used in any way the policyholder wishes. Possible expenditures include but are not limited to:

- Care received in a nursing home or assisted living facility (see question #3).
- Informal caregiver services received from family members, friends and neighbors.
- Nursing home or home and community-based care delivered outside the US.
- Bills and incurred costs, both medical and non-medical.

3. What if a policyholder with the Cash Benefit Rider goes into an institutional care facility?

Since the Cash Benefit is based on the Home and Community-Based Care Maximum Daily Benefit, it could pay less than the Maximum Daily Benefit for institutional care, but the policyholder may use the Cash Benefit instead of their Maximum Daily Benefit for institutional care to pay for nursing home, assisted living facility or other institutional care expenses. In no case may the Cash Benefit and the Maximum Daily Benefit for institutional care be used simultaneously.

4. How does a policyholder submit a claim for eligibility, foreign or domestic-based, for a policy with the Cash Benefit Rider?

Within the United States:

¹ The Elimination Period is an option selected by the customer. No payment of benefits is made for charges incurred during the Elimination Period, unless expressly stated under Covered Services. The Elimination Period is counted with the first date you incur Eligible Charges for Qualified Long Term Care Services after your Chronic Illness or Disability begins.

² If the benefits paid under this rider are in excess of the per diem limit as prescribed by law, they will be considered taxable income. This per diem limit is indexed for inflation. You should consult your tax advisor with respect to the tax implications of ownership of a long term care insurance policy.

A Licensed Health Care Practitioner must assess the policyholder. The policyholder may either use his own Licensed Health Care Practitioner or one can be recommended by Prudential. Besides the assessment, a Plan of Care is required. A Licensed Health Care Practitioner must also develop the Plan of Care. Again, the policyholder may choose to have Prudential make arrangements or do so privately.

After eligibility is established, reassessments following the same requirements as the original assessment are performed at least once a year. After completion of the Elimination Period and as long as eligibility continues, benefits will be payable without submission of bills.

Outside the United States:

The eligibility determination process is the same regardless of whether the policyholder files in or outside the United States EXCEPT all assessment and reassessment requirements and arrangements are the responsibility of the policyholder. Prudential *cannot* guarantee that it can arrange for an assessment, Plan of Care, and/or reassessment by a Licensed Health Care Practitioner in a foreign county. Once the policyholder locates a Licensed Health Care Practitioner, the assessment must be done using Prudential's assessment tool, in English, and proof of the Licensed Health Care Practitioner's licensure must be submitted to the Prudential claims office. In the case of a reassessment, the Licensed Health Care Practitioner must be agreeable to Prudential as well as the policyholder. Should the policyholder be unable to arrange an acceptable assessment or reassessment, he/she may be required to return to the United States to establish or re-establish eligibility.

All payments under the Cash Benefit Rider will be paid to the policyholder or his/her designee in U.S. currency.

Very truly yours,

Eric Holtzman
Vice President

LTC By DesignSM is underwritten by The Prudential Insurance Company of America, a Prudential Financial company, 751 Broad Street, Newark, NJ 07102, (800) 732-0416. This coverage contains benefits, exclusions, limitations, eligibility requirements, and specific terms and provisions under which the insurance coverage may be continued in force or discontinued. All insurance policies may not be available in your state. Coverage issued under LTC By DesignSM Insurance policy number GRP 112202; however policy numbers may vary by state. Prudential Financial is a service mark of The Prudential Insurance Company of America, Newark, NJ, USA and its affiliates.