

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

You may be entitled to a monetary payment from a class action settlement because of a previous denial of a claim for benefits under your long term care insurance policy with CNA.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- A class action lawsuit was filed in 2013 challenging Continental Casualty Company’s (“Defendant” or “CNA”) denial of certain claims for stays in Connecticut Managed Residential Communities (“MRC”), served by an Assisted Living Services Agency under certain CNA long term care insurance policies.
- CNA’s records show that you are or were a long term care insurance policyholder with a policy issued in Connecticut. You may be eligible for a monetary payment under this proposed settlement if you made a prior claim for a stay in an MRC, CNA denied your claim, and you satisfy the other requirements of this settlement.
- This notice relates to your potential eligibility for a monetary payment based on a past MRC claim denial. If you still have an active and in force policy, you will also receive a separate notice that explains how your rights will be impacted under your policy going forward by this settlement.
- Your legal rights are affected whether you act, or don’t act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
YOU CAN SUBMIT A CLAIM FORM	This is the only way to obtain a monetary payment under this settlement if you qualify.
YOU CAN ASK TO BE EXCLUDED	If you ask to be excluded, you will not be eligible to receive a monetary payment under the settlement and you should not submit a claim form. You may not object. You may sue the Defendant as part of another lawsuit over the claims resolved by this settlement.
YOU CAN OBJECT	You can write to the Court about why you don’t agree with the settlement. If you object, you will still be eligible to receive benefits under the settlement if it is approved provided that you also submit a claim form.
YOU CAN GO TO A HEARING	If you do not ask to be excluded, you can ask to speak in Court about the settlement.
YOU CAN DO NOTHING	If you do nothing, you give up rights to sue the Defendant as part of another lawsuit over the claims resolved by this settlement and you will not be eligible for any monetary payment under the settlement.

- These rights and options—**and the deadlines to exercise them**—are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Monetary payments under the settlement will only become available if the Court approves the settlement and the settlement becomes final. Your patience during this process is greatly appreciated.

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BASIC INFORMATION

1. Why was this notice issued?

You have received this notice because CNA's records show that you (or your deceased relative, or someone for whom you act as a representative) are or were a CNA long term care insurance policyholder and that you may be eligible for a monetary payment under this proposed settlement if you had a claim denied for a stay at an MRC. A Court authorized this notice because you have a right to know about a proposed settlement of this class action with CNA, and about all of your options, before the Court decides whether to give "final approval" to the settlement. This notice explains the lawsuit, the settlement, your legal rights, and the benefits provided by the settlement.

The United States District Court for the District of Connecticut is overseeing this class action. The case is known as *Gardner, et. al., v. Continental Casualty Company*, No. 13-cv-01918. The people who sued are called the "Plaintiffs," and the company they sued, Continental Casualty Company, is called the "Defendant."

2. What is this lawsuit about?

The lawsuit stems from CNA's denial of certain claims for stays in Connecticut MRCs in which Assisted Living Services Agencies ("ALSA") provide services to residents. CNA denied the claims at issue on the grounds that MRCs were not licensed by the State and cannot and did not provide the level of care and services required by the policy for coverage. The Plaintiffs believe these claims should not have been denied and should have been paid. CNA strongly denies any wrongdoing and asserts that it complied with all laws and other requirements in connection with these policies. CNA also says that any and all coverage denials were correct under the terms of the policies,

3. Why is this a class action?

In a class action, one or more people called "Class Representatives" sue on behalf of people who the court determines have similar claims. All these people are a "Class" or "Class members." This notice relates to the portion of the settlement that details the recovery of monetary benefits. The Class and the Class members who may be entitled to monetary benefits are referred to as "Class I" and the "Class I Members" herein. Because this is a class action, one court resolves the issues for all Class I Members, except for those who exclude themselves from Class I. If you have an in force policy, you will receive a separate notice that relates to how MRC claims will be treated in the future under your CNA policy. That separate notice will relate to "Class II," which is not covered by this notice.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or the Defendant. Instead, both sides agreed to settle this case to avoid the cost and risk of trial. The settlement does not mean that any law was broken or that the Defendant did anything wrong. The Defendant denies all legal claims in this case. The Class Representatives and their lawyers think the settlement is best for all Class I Members.

WHO IS IN THE SETTLEMENT

To see if you are eligible for benefits from this settlement, you first have to determine if you (or your deceased relative) are a Class I Member.

5. How do I know if I am part of the settlement?

Class I includes all CNA policyholders with the Policies listed below that were issued in Connecticut and (1) who made a claim under a policy relating to a stay in a managed residential community ("MRC") in the State of Connecticut; (2) who were medically eligible for benefits; (3) but were not afforded coverage for the costs and expenses relating to the stay; (4) on the grounds that the facility (a) was not licensed by the state and/or (b) could not legally provide 24-hour-a-day, or continuous nursing services/care and/or (c) did not provide daily medical records, (5) who was not denied coverage for any other reason, and (6) who suffered ascertainable damages as a result of being denied coverage. Call Class Counsel, Sean K. Collins at 1-855-693-9256 if you are not sure whether you are included in the Class.

6. Which policies are included?

The settlement includes any individual LTC 1 series policy numbered 15203, 16356, or 16944 purchased from CNA in Connecticut and any Con Care B series policy numbered 59433 or 59806 purchased from CNA in Connecticut.

7. I am still not sure if I am included.

Class Counsel, Sean K. Collins is available to answer your questions and can be contacted free of charge at 1-855-693-9256.

THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY

8. What does the settlement provide?

If you are a Class I Member, and you submit a valid claim form, the settlement provides for:

- Cash payment of 80% of the daily facility benefit for claims that were submitted in writing to CNA and/or denied by CNA in writing that fall within the Category One, Category Two or Category Three benefit categories discussed below. These benefits are applicable to each covered day of stays at an MRC (in the case of Category One and Category Two) or a private residence (in the case of Category Three) from December 27, 2007 through March 31, 2016.
 - **Category One:** To be entitled to the Category One benefit, the Class I Member must have actually resided in an MRC and must have paid for and received “Qualified Care” (defined below) from an on-site ALSA. This benefit is paid only for days in which the Class I Member actually resided in an MRC while receiving Qualified Care from an on-site ALSA.
 - **Category Two:** To be entitled to the Category Two benefit, the Class I Member must have actually resided in an MRC and must have paid for and received “Qualified Care” (defined below), but need not have received the care from an on-site ALSA. The Class I Member must, however, have: (i) paid for and received Qualified Care from a third party provider while residing in the MRC; (ii) provide documentation of payment for such Qualified Care (e.g., bank statements, cancelled checks, receipts), together with an affidavit or declaration, demonstrating that the provider’s daily or monthly cost was lower than the ALSA’s daily or monthly cost; and (iii) submit an affidavit confirming he or she would have engaged the ALSA if CNA had approved rather than denied the claim, but engaged the third party provider only because of the claim denial and because it was less expensive than the ALSA. This benefit shall be paid only for days in which the Class I Member actually resided in an MRC while receiving Qualified Care from a third party provider.
 - **Category Three:** To be entitled to the Category Three benefit, the Class I Member must have resided in a private residence (e.g., your home) after the claim for a stay in an MRC was denied. To qualify for the Category Three benefit: (i) the Class I Member must have paid for and received Qualified Care (defined below) from a third party provider following the denial; (ii) the Class I Member or Class I Member representative must provide documentation of payment for such Qualified Care (e.g., bank statements, cancelled checks, receipts), together with an affidavit or declaration, demonstrating that the Class I Member would have stayed at the MRC and engaged the ALSA to provide care if CNA had approved rather than denied the claim, but instead moved to or remained at a private residence and engaged the third party provider only because of the claim denial and because it was less expensive than moving to or remaining at the MRC and paying the MRC and ALSA; and (iii) the service provider must not be another facility. This benefit shall be paid only for days in which the Class I Member actually resided at home while receiving Qualified Care.
- For claims qualifying under Category One, Category Two or Category Three, cash reimbursement of 80% of the premiums you paid that would have been waived during the above stays if your claim(s) had originally been approved (“Waiver of Premium Benefit”).
- Claims that would qualify under Category One, except that the Class I Member did not file a claim in writing and did not receive a claim denial in writing, can receive 50% of their policy’s daily facility benefit, and 50% of the Waiver of Premium Benefit, for every day they (a) resided in an MRC from December 27, 2007 through March 31, 2016 while paying for and receiving Qualified Care (defined below) or (b) resided in a private residence from December 27, 2007 through March 31, 2016 while paying for and receiving Qualified Care (defined below). To receive this benefit, the Class I Member or the Class I Member’s representative must submit a sworn statement that he or she was told by CNA on the telephone that MRCs were not covered under his or her policy and did not make a written claim for that reason; and the affidavit is corroborated by a telephone recording or some other form of contemporaneous evidence maintained by CNA.

- “Qualified Care” means: (1) skilled nursing or intermediate nursing care – which is medical care above the level of assistance with the activities of daily living – at least three times a week; or (2) one of the following activities of daily living, with the frequency as indicated: Bathing (at least three times a week), dressing (at least five times a week), transferring (at least once a day), eating (at least once a day), incontinence care (at least once a day), medication (at least three times a week), mobility (at least once a day), or toileting (at least once a day); or (3) confinement in a locked or lockable memory care or dementia unit serving patients who are elopement risks with regular assistance. Care provided by friends or family members of any kind is not included.
- The total of all payments to be made to all Class I Members pursuant to these benefits shall be capped at \$2.75 million (“Payment Cap”). To the extent that the amount of approvable claims to all Class I Members exceeds the \$2.75 million cap, the approvable claims submitted by the Class I Members shall be reduced proportionately by the percentage necessary to bring the total of all payments for approvable claims within the \$2.75 million Payment Cap.
- Settlement benefits will be offset by any other payments made to the Class I Member under his or her policy, such as, by way of example, for a previously approved home health care benefit. The days of settlement benefit payments shall be capped by any applicable benefit periods and maximums in the policy.
- To determine your daily benefit amount, consult the declarations page of your policy and, if you purchased it, any inflation protection rider.

HOW TO APPLY FOR BENEFITS

9. How can I apply for benefits?

To ask for monetary payment benefits, you must complete and mail the attached Claim Form. You can also get another copy of the Claim Form at www.CTLongTermCareInsuranceSettlement.com. The Claim Form describes what you must do to apply for benefits. Please read the instructions carefully, fill out the Claim Form, and mail it postmarked no later than **February 20, 2017** to:

Gardner v. Continental Casualty Co. Settlement
c/o KCC, Settlement Administrator
P.O. Box 8060
San Rafael, CA 94912-8060

An envelope addressed to the claims administrator is included for your convenience. If you return a valid Claim Form, you will receive a benefits determination letter after all claims are reviewed.

10. How will my benefits be determined?

A claims administrator will review your Claim Form and any documents or other information you mail with your Claim Form. The administrator will determine your settlement benefits, subject to review by CNA and Class Counsel (see “Do I have a lawyer in this case?” section below). You will then be informed of your eligibility for benefits. If you disagree with the claim administrator’s final determination of your claim, you may appeal by mailing a notice of objection to the claim administrator, explaining the basis for your appeal or disagreement. Your notice of appeal must be postmarked no later than 30 days from the date that the claim administrator mailed the final determination letter to you. If you timely submit a notice of appeal, an independent neutral evaluator agreed upon by Plaintiffs and Defendant (and approved by the Court) will issue a binding, non-appealable decision within 30 days of receiving the notice of your appeal. The decision by the neutral evaluator is final and binding, and not subject to further appeal or review. The Settlement Agreement, available at www.CTLongTermCareInsuranceSettlement.com, provides more information on the Claims process.

11. When will I get my benefits?

If you are a Class I Member and you send in a valid Claim Form on time, any benefits you may be eligible for will be paid after the Court grants final approval of the settlement, any appeals to the Federal Appellate Court(s) of the final settlement approval are resolved, and the settlement claims process is fully completed. The settlement claims process and appeals of the final settlement approval, if any are filed, can take time to resolve, so your patience is appreciated.

12. Will receiving benefits impact my taxes?

Receiving benefits under the settlement could have tax consequences for you, depending on your personal circumstances. Neither the Plaintiffs nor the Defendant, nor any of their counsel, can provide advice concerning the possible tax consequences for you. You should consult with your own tax advisor regarding the tax consequences of any payments, contributions or credits provided under the settlement along with any tax reporting obligations.

13. What am I giving up to get benefits or stay in the Class?

If the settlement becomes final, Class I Members that submit a Claim Form or do nothing at all will be releasing the Defendant from all of the claims described and identified in the Settlement Agreement. This means you will no longer be able to sue the Defendant regarding any of the claims described in the Settlement Agreement. You will be bound by all of the provisions in the Settlement Agreement, including granting to Defendant a full and complete release of all Released Claims, as described in Section III of the Settlement Agreement and the Court's Final Approval Order. This includes any Released Claims you now have or ever had relating to benefits under your Policy. The release does not prevent you from making a future claim to enforce the terms of the Settlement Agreement or other claims unrelated to this matter. You should consult the Settlement Agreement at www.CTLongTermCareInsuranceSettlement.com for further details. You can talk to the law firms representing Class I for free (see "Do I have a lawyer in this case?" section below) or you can, at your own expense, talk to your own lawyer if you have any questions about the settlement, the released claims or what they mean.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you are a Class I Member and do not want any benefits to which you may be entitled from this settlement, but you want to keep the right to sue the Defendant about the issues resolved by the settlement that relate to the monetary benefits offered, then you must take steps to get out of the settlement. This is called excluding yourself from—or is sometimes referred to as "opting out" of—Class I.

14. How do I get out of the settlement?

If you are a Class I Member, to exclude yourself from the settlement as it relates to the monetary benefits offered, you must send a letter by mail saying that you want to be excluded from *Gardner v. Continental Casualty Company*. Be sure to include the case number (No. 13-cv-01918), your full name, address, policy number(s) for your long-term care insurance, and signature. You must mail your request for exclusion postmarked by **January 27, 2017** to:

Gardner v. Continental Casualty Co. Settlement
c/o KCC, Settlement Administrator
P.O. Box 8060
San Rafael, CA 94912-8060

You can't exclude yourself on the phone, by email, or at the website.

15. If I am a Class I Member and do not exclude myself, can I sue the Defendant for the same thing later?

No. Unless you exclude yourself, you give up any right to sue the Defendant for all of the claims that this proposed settlement resolves relating to the monetary benefits offered. You must exclude yourself to start your own lawsuit, continue with a lawsuit, or be part of any other future lawsuit seeking damages relating to the claims in this case. Remember, the exclusion deadline is **January 27, 2017**.

16. If I exclude myself, can I get benefits from this settlement?

No. If you exclude yourself, you may not apply for any monetary payments under the proposed settlement and you cannot object to the proposed settlement as it relates to any monetary benefits. However, if you ask to be excluded, you may sue, continue to sue, or be part of a different lawsuit against the Defendant in the future seeking damages relating to the claims in this case. If you ask to be excluded, you will not be bound by anything that happens in this lawsuit relating to the monetary benefits offered by this Class I settlement.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court appointed (1) Sean K. Collins of the Law Offices of Sean K. Collins, (2) Lionel Z. Glancy and Ex Kano Sams II of Glancy Prongay & Murray LLP, (3) Louis George and Jeffrey O. McDonald of Hassett & George PC, (4) Jeffrey Goldenberg of Goldenberg Schneider LPA, and (5) Janet E. Pecquet of Beckman Weil Shepardson LLC to represent you and other Class I Members as “Class Counsel.” You do not have to personally pay Class Counsel. Class Counsel Sean K. Collins is available to answer any questions you may have about this settlement and can be reached at (855) 693-9256. If you want to be represented by your own lawyer, and have that lawyer appear in court for you in this case, you may hire one at your own expense.

18. How will the lawyers be paid?

Class Counsel will ask the Court for a combined award of attorneys’ fees, expense reimbursements, and contribution awards for the Class Representatives not to exceed \$1,587,827. The Class Representatives contribution awards are a way to recognize the efforts made by the Class Representatives on behalf of Class I and Class II. The Court must approve all payments and may award less than this amount. The Defendant will pay the fees, expenses and contribution awards as approved by the Court. These payments will not reduce the benefits available to eligible Class I Members. The Defendant will also pay the costs to administer the settlement.

OBJECTING TO THE SETTLEMENT

You can tell the Court if you do not agree with the settlement or some part of it.

19. How do I tell the court if I do not like the settlement?

If you stay in Class I and you do not want the Court to approve the settlement, you must file a written objection. You must give reasons why you think the Court should not approve it. To object, send a letter saying that you object to *Gardner v. Continental Casualty Company*. Be sure to include the case number (No. 13-cv-01918), your name, address, telephone number, your signature, the reasons why you object to the settlement, any legal support you wish to bring to the Court’s attention, and all documents you want the Court to consider. Mail the objection to each of the three addresses below so that it is postmarked no later than **January 27, 2017**:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court District of Connecticut Richard C. Lee Courthouse 141 Church Street New Haven, CT 06510	Sean K. Collins Law Offices of Sean K. Collins 184 High Street, Suite 503 Boston, MA 02110	Brent R. Austin Eimer Stahl LLP 224 S. Michigan Avenue, Suite 1100 Chicago, IL 60604

20. What is the difference between objecting and asking to be excluded?

Objecting is simply telling the Court that you don’t like something about the settlement. You can object only if you are a Class I Member and choose to stay in Class I. Excluding yourself is telling the Court that you don’t want to be part of Class I relating to the monetary benefits offered by this settlement. If you exclude yourself, you have no basis to object to the monetary benefits offered by this settlement because the case as it relates to these monetary benefits no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you do not have to.

21. When and where will the Court decide whether to approve the settlement?

The Court has scheduled a Fairness Hearing at 1:00 p.m. on February 28, 2017 at the United States District Court for the District of Connecticut, Richard C. Lee United States Courthouse, 141 Church Street, New Haven, CT 06510 in Courtroom 2. The hearing may be moved to a different date or time without additional notice, so it is a good idea to check www.CTLongTermCareInsuranceSettlement.com or call 1-888-251-7042 for current information.

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court may listen to people who have asked to speak about an objection (*see* Objecting to the Settlement). The Court may also decide how much to award Class Counsel as fees for representing the Class I and whether and how much to award the Class Representatives for representing the Class I. At or after the hearing, the Court will decide whether to approve the settlement. We do not know how long this decision will take.

22. Do I have to come to the hearing?

No. Class Counsel will answer any questions that the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed and mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend if you so choose.

23. May I speak at the hearing?

Yes. You, or an attorney you hire at your own expense, may ask the Court for permission to speak at the Fairness Hearing. To do so, you must file a Notice of Appearance of counsel or pro se Appearance with the Court. Alternatively, in the case of an unrepresented individual, you may deliver to Lead Class and Defense Counsel a Notice of Intent to Appear in *Gardner v. Continental Casualty Company*. Any Notice of Appearance, pro se Appearance or Notice of Intent to Appear should include your name, address, telephone number, and your signature, and must identify any documents you will seek to introduce and witnesses who you want to testify at the hearing. Any Notices must be filed and/or postmarked no later than January 27, 2017 and be sent to the addresses listed in Question 19.

IF YOU DO NOTHING

24. What happens if I do nothing at all?

If you are a Class I Member and you do nothing, you will get no benefits from this settlement. And, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendant about the claims released in this case.

GETTING MORE INFORMATION

25. How do I get more information about the settlement?

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement at www.CTLongTermCareInsuranceSettlement.com. You may also call with questions to 1-888-251-7042 or write to **Gardner v. Continental Casualty Co. Settlement; c/o KCC, Settlement Administrator; P.O. Box 8060; San Rafael, CA 94912-8060**. You can also call Class Counsel Sean K. Collins at (855) 693-9256 with any questions you may have regarding the settlement.