

C O N T R A C T P R O V I S I O N S

Art. I. CONTRACT, CONSIDERATION & GUARANTEE

This Health Care Contract entered into by Kaiser International HealthGroup, Inc. Kaiser and the Member named herein, the Membership Application signed by the Member, the Schedule of Benefits and any duly authenticated Annex, Rider or Endorsement attached hereto constitute the entire contract between the parties. No statement, promise or inducement made by any party, agent or representative, unless contained herein, shall be valid or binding.

This Contract between the parties shall take effect on the Effective Date indicated in the Schedule of Benefits, upon approval by Kaiser of the Membership Application and issuance of the Health Care Contract signed by its authorized official.

For and in consideration of the payment of this Contract Price and other applicable fees, and subject to the terms and conditions stipulated in this Contract, Kaiser guarantees to provide the health care benefits and other rights and privileges set forth herein.

Art. II. DEFINITION OF TERMS

CONTRACT YEAR shall be reckoned from the Effective Date.

HOSPITAL means a legally constituted establishment which meets all of the following requirements:

1. holds a valid and current license to operate as a hospital by the Department of Health;
2. operates primarily for the reception, care and treatment of sick, ailing or injured persons as in-patient;
3. provides 24 hours-a-day nursing service by registered nurses;
4. has a staff of one or more licensed physicians available at all times;
5. provides organized facilities for diagnosis and surgery; and
6. is not primarily a clinic, nursing/convalescent home or similar establishment, nor a place for alcoholics or drug addicts.

CLINIC means a legally constituted establishment which meets all of the following requirements:

1. holds a valid and current license to operate as a medical clinic by the Department of Health;
2. operates primarily for care and treatment of sick, ailing or injured persons as out-patient;
3. not licensed as a hospital, primarily a nursing/convalescent home or similar establishment.

PHYSICIAN means any person licensed by the Professional Regulatory Commission, or other countries' similar government authority to render medical and surgical services and acting with the scope of his license, other than the Member or the Member of the Member's immediate family within the third civil degree, whether by affinity or by consanguinity, or salaried by the Member.

SICKNESS shall mean a physical condition marked by pathological deviation from the normal healthy state. If sickness is the result of a pre-existing condition or of a personal lifetime exclusion, limitations as provided in this Contract conditions will apply.

INJURY shall mean accidental bodily injury resulting independently of any other causes sustained while this Contract is in force, and producing a visible contusion or wound on the exterior of the body except in cases of drowning and internal injury revealed by medical examination or autopsy.

DISABILITY shall mean a sickness or injury; all bodily injuries sustained in any one accident shall be considered as one disability and any sickness existing simultaneously with an injury or other sickness shall likewise be considered as one disability.

EMERGENCY shall mean the sudden and unexpected onset of illness or injury which at the time of occurrence reasonably appears to have the potential of causing immediate permanent disability or death, or which requires the immediate alleviation of severe pain and discomfort.

HOSPITAL CONFINEMENT means confinement in a hospital as a resident patient for necessary treatment of sickness or injury. Hospital confinement to be compensable must be recommended by a qualified physician.

IN-PATIENT shall mean the Member who has been admitted to a hospital as a registered bed patient.

OUT-PATIENT shall mean the Member receiving medical services but is not considered as an in-patient.

TREATMENT or CARE shall mean the Member receiving medical services as either In-Patient or Out-Patient.

CONVALESCENT CARE. Prolonged medical care for a gradual recovery or restoration of the Member's ability to function as normally as possible after a disability.

CUSTODIAL/DOMICILLIARY CARE. Care furnished primarily to provide room and board, or care furnished to a person who is disabled and

1. who is not under any specific medical or surgical treatment to reduce the existing disability to the extent necessary to enable the Member to live outside an institutional providing such care; or
2. when despite such treatment, there is no reasonable possibility that the disability will be reduced or diminished; or
3. in-patient care is not necessary.

MEDICALLY NECESSARY shall mean medical services which are

1. consistent with the diagnosis and customary medical treatment of a condition;
2. in accordance with standards of a good medical practice;
3. not for the convenience of the Member or the Physician;
4. performed in the least costly manner required by the medical condition;
5. is not experimental in nature or not generally accepted by the medical profession such as but not limited to the following diagnostic and therapeutic modalities: chelation therapy, iridology, acupuncture, reflexology, herbal medications, holistic approach, cell implant therapy and ultraviolet and other modes of radiation.

WAIVER shall mean an intentional relinquishment of coverage for a particular adverse medical condition



PRE-EXISTING MEDICAL CONDITIONS shall mean those illnesses or injuries considered to be in existence prior to the Effective Date of this Contract. A disease is considered to be pre-existing if any of the following cases are present:

1. such illness or injury was in any way evident to the Member before the Effective Date of this Contract;
2. any professional advice or treatment was obtained prior to the Effective Date of this Contract;
3. the illness or injury can be clinically determined to have started prior to the Effective Date of this Contract;
4. medical conditions disclosed in the application form.

All pre-existing illnesses shall not be covered during the accumulation period.

In addition, the following conditions are considered pre-existing if occurring during the seven (7) years of the Member's coverage: bronchial asthma, pulmonary tuberculosis, COPD, diabetes, thyroid diseases, systematic allergies, hernias, dysfunctional uterine bleeding, chronic hemorrhoids, anal fistula, gastric or duodenal ulcers, liver cirrhosis, kidney diseases, blood dyscrasia, immunologic and collagen diseases, endometriosis, cholecystitis, hallux valgus and lithiasis.

Art. III. HEALTH CARE BENEFITS DURING THE ACCUMULATION PERIOD

During the Accumulation Period, as stated in the Schedule of Benefits, Kaiser shall provide the Member with the Medical Benefits described below at its accredited hospital, clinic, laboratory or other service providers to be administered by its accredited physician, specialist or dentist upon the written authorization, and under the direction, of its Medical Director or his authorized representative.

BASIC MEDICAL BENEFITS. If the Member while covered under this Contract, becomes confined in an accredited hospital and under the care of an accredited physician, Kaiser, agrees to cover the following benefits, the aggregate of which if any, shall not exceed the Maximum Benefit Limits indicated in the Schedule of Benefits:

1. **ACCREDITED HOSPITAL'S ROOM & BOARD.** A benefit equal to the charges for room & board up to the maximum daily rate and not to exceed the Room & Board limits indicated in the Schedule of Benefits. Use of intensive care, critical care or similar facility shall be considered as charge for room & board unless separately provided in the Schedule of Benefits.
2. **ACCREDITED PHYSICIAN'S FEE.** A benefit equal to the fees actually charged not to exceed the Physician's Fee limits indicated in the Schedule of Benefits.

No benefit shall be paid for any treatment by a Physician given to the Member on or after the date a surgical operation is performed unless given by a Physician other than the Physician who performed the surgical operation and for a disability entirely unrelated to the disability which required the operation.

3. **ACCREDITED SPECIALIST'S FEE.** A benefit equal to the fees actually charged but not exceeding the Specialist's Fee limits stated in the Schedule of Benefits. The benefit is provided only on cases where a Specialist other than the Attending Physician is required. A

Specialist is a duly licensed practitioner certified by the Specialty Board of his specialization. The benefit is limited to one Specialist

Fee per day and actual attendance must be declared and duly documented. Should the Attending Physician at the same time be a Specialist, only the Physician's Fee Benefit will be provided, the other Specialist then must have a specialization different from the specialization of the Attending Physician.

4. **ACCREDITED SURGEON'S FEE.** A benefit equal to the fees actually charged for treatment, but not to exceed limits specified for such operation in the attached Schedule of Operations, provided that in no event shall the total amount payable for all operations performed for any one disability exceed the Accredited Surgeon's Fee limits indicated in the Schedule of Benefits.

The maximum benefit for a surgical operation shall be determined by multiplying the percentage specified for that operation in the Schedule of Operations by the Maximum Benefit for Surgeon's Fee shown in the Schedule of Benefits.

MULTIPLE SURGERIES. If more than one surgical operation is performed through a single incision or because of the same or related conditions, such multiple surgeries may be regarded as one operation and the benefit applicable under this segment shall be equal to the benefit for that one of the operations for which the largest amount is payable, provided this does not exceed the maximum amount specified in the Schedule of Benefits.

If more than one surgical operation is performed on the same person through separate incisions because of unrelated conditions and such conditions result from the same injury, or such operations are performed within a twenty-four (24) hour period, the benefit applicable for such multiple surgeries shall be equal to the benefit for that one of the operations for which the largest amount is payable plus one-half of the benefit provided for each of the other operations, provided this sum does not exceed the maximum amount specified in the Schedule of Benefits.

However, if more than one surgical operation is performed on the same person because of unrelated conditions and such operations are separated by a period of more than twenty-four (24) hours, surgical benefits shall be determined for each of the operations individually, subject to the maximum amount specified in the Schedule of Benefits. Also, where more than one surgical operation is performed on the same person and these operations were separated by an interval during which that person completely recovers and resumes full normal activities for at least three (3) months, benefits will be determined for each of the operations individually, even if the operations are performed because of the same or related conditions.

SURGICAL OPERATIONS NOT CONTAINED IN THE SCHEDULE OF OPERATIONS. If the operation performed is not shown in the Schedule of Operations, Kaiser reserves the right to determine the amount of Surgeon's Fee payable for such operation. An operation of comparable or equivalent gravity and severity will be used as a basis for the settlement, but not to exceed the maximum provided under this Contract.

5. **ACCREDITED ANESTHESIOLOGIST'S FEE.** A benefit equal to the fees actually charged for treatment, but not to exceed the percentage with respect to the Surgeon's Fee payable as indicated in the Schedule of Benefits.

6. **OPERATING ROOM FEE.** A benefit equal to the fees actually charged for use of Operating Room facilities including recovery room, but not to exceed the percentage with respect to the Surgeon's Fee payable as indicated in the Schedule of Benefits.

7. **HOSPITAL INTENSIVE CARE.** A benefit equal to the charges for use of an intensive care, critical care or other similar facility but not to exceed the Intensive Care Unit limits indicated in the Schedule of Benefits.

If both Hospital Room & Board and Hospital Intensive Care benefits are provided, only one shall be payable for each day of hospital confinement.

8. **MISCELLANEOUS FEES.** A benefit equal to the charges actually made for the items enumerated below but not to exceed on the aggregate, for one disability, the maximum as indicated in the Schedule of Benefits.

a. charges made by a hospital for other necessary services not covered by any of the above benefits and supplies during a period of confinement for which hospital room & board benefits are payable,

b. charges for local professional and ambulance service, maximum of PHP 2,000 per usage.

If the Member occupies a higher classification of room & board than what the limit per the Schedule of Benefits provides, the Member shall be liable for the room rate differential and the accompanying rate differential for all other medical fees, following the hospital's standard incremental increases, minimum of 20%.

9. **EMERGENCY BENEFITS.** If the Member while covered under this Contract is treated in and/or admitted to a hospital as an emergency case, Kaiser agrees to cover all charges for the Basic Medical Benefits covered herein provided the Member or his representative notifies Kaiser within 24 hours from admission. Failure to do so however, shall not invalidate nor reduce the benefit under this Contract if it can be shown that it was not reasonably possible to do so within such time and that such advise was given as soon as it was reasonably possible.

If the emergency treatment is rendered in an Accredited Hospital, Kaiser shall cover expenses up to the maximum amounts indicated in the Schedule of Benefits. If the emergency treatment is rendered in a non-accredited hospital, Kaiser shall cover 80% of expenses up to the maximum amounts indicated in the Schedule of Benefits. If professional services are rendered by a non-accredited physician, KIH shall be liable only for 80% of reasonable professional fees, but not to exceed the amount which Kaiser would have paid to an Accredited Physician.

Kaiser reserves the right to transfer the Member to an Accredited Hospital when it is medically safe to do so. If the Member or his representative refuses to do so, Kaiser shall not be responsible for any expenses incurred after the day for which transfer has been recommended.

ANNUAL PHYSICAL EXAMINATION BENEFITS. The Member shall be entitled to an annual physical examination to be administered by an accredited service provider. The annual physical examination shall cover the following:

1. Physical examination, chest x-ray, stool examination, routine urinalysis, complete blood count
2. Electrocardiogram for Members above 35 and pap smear for female Members above 35 years old or as required.

IN-HOSPITAL CONFINEMENT PRE-REQUISITE. Admission order from an Accredited Physician must be secured by the Member before actual in-hospital admission except as provided under EMERGENCY BENEFITS.

LIMITATIONS. The convenience of Kaiser's Service Provider Accreditation is subject to the following limitations:

1. Hospital services are subject to all its rules, regulations and discretions including those governing admission, discharge, availability of facilities or personnel, accreditation with Kaiser and acknowledgement of validity of identification and coverage of the Member; Kaiser shall not be liable for any delay or failure of the hospital to provide services in view of its rules, regulations and discretion.
2. If the Member refuses to follow the treatment or procedures recommended by the Accredited Physician for personal reasons or religious beliefs, Kaiser shall no longer be responsible to provide care for the condition under treatment.

PHILHEALTH. Unless specified otherwise in the Schedule of Benefits, all the benefits and its limit provided under this benefits provision are inclusive of PhilHealth Benefits and as such, if the Member is not covered by PhilHealth, the amount that would have been payable by PhilHealth shall be paid by the Member prior to discharge from the hospital.

DEFINITIONS. With respect to all benefits provided:

1. accredited shall mean authorized by Kaiser to render medical services to its Members.
2. accredited service providers shall mean a physician, hospital or clinic authorized by Kaiser to render medical services to its Members.
3. the use of the terms hospital, clinic and physician with reference to all the other provisions of this Contract when applicable, shall refer to accredited hospital, accredited clinic and accredited physician.
4. successive periods of hospital confinement shall be considered as being for one disability unless:
 - a. a complete recovery from sickness or injury causing the previous treatment has taken place before the later treatment or confinement commences and after the Individual has returned to active work on a full-time basis for a continuous period of at least two weeks, or a Dependent's later treatment or confinement commences after an interval of at least six (6) months from the previous confinement's date of discharge or,
 - b. the later treatment is due to causes entirely differently from those of the previous treatment.
5. covered charges shall mean the actual charges or the benefit limit as indicated in the Schedule of Benefits, whichever is higher.



WAIVER OF PRIVILEGED COMMUNICATION. Whenever reasonably necessary, any representative of Kaiser is hereby authorized by the Member and the Member to secure any relevant medical information from the hospital, physician and other reliable sources.

WHEN CLAIM IS PAYABLE. The amount of any loss for which KIH may be liable under this Contract, shall be paid within thirty (30) days after complete proof of loss is received by Kaiser from its Accredited Service Providers, and which payment shall be made directly to the Accredited Service Provider for the account of the Member. Kaiser shall then compute for the benefits the Member is entitled to following all of this Contract Provisions and the applicable limits in the Schedule of Benefits and charge to the Member any portions settled by Kaiser to its Accredited Service Providers which are not covered or in excess of the benefits entitled by the Member. Failure by the Member to reimburse Kaiser with such portion or excess within thirty-one (31) days from the date of request by Kaiser to the Member will entitle Kaiser to collect interests for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board.

The Accredited Service Providers shall initially compute for expenses that the Member must shoulder before an in-hospital confinement discharge including incremental costs if any, and the Member shall be required to settle all due before the hospital clears the Member for discharge. Expenses related to the continuation of a confinement in view of the unavailability of the Member to settle the hospital bills shall likewise be charged to the Member before discharge. Should there be any discrepancy with the computation of the hospital and the actual benefits, Kaiser shall collect or credit, as the case may be, the amount of discrepancy from or to the Member.

SUBROGATION. If the Member's bodily injury is caused by an act or omission of a third party, the payment for treatment shall entitle Kaiser to subrogation of whatever rights the Member may have by reason of such act or omission that gave rise to such claim to the extent of the benefits paid by Kaiser.

Art. IV. INSURANCE BENEFIT

If, at the time of signing the Membership Application, the Member is in good health, is at least eighteen (18) but not more than sixty-five (65) years old and performing the normal activities of daily life, he shall be insured by Kaiser under a Group Master Insurance Contract underwritten by a reputable and duly authorized insurance company, as described below:

1. **Term Life Insurance** – If the Member dies before attaining the age of sixty-five (65) years and prior to entitlement to the Long-Term Care Benefit as indicated in the Schedule of Benefits, his beneficiary shall be entitled to an amount equal to the sum of the Long-Term Care Benefit and the Long-Term Care Bonus upon approval of the claim by the insurance company.
2. **Accidental Death & Dismemberment Insurance** – Should the Member suffer, directly and independently of all other causes, any bodily injury effected solely through external, violent and accidental means, occurring prior to the Member's 65th birthday and prior to entitlement to the Long-Term Care Benefit, which result in any of the specified losses below within 180 days after the accident causing the injury, the insurance company will pay a percentage of the sum of the Long-Term Care Benefit and the Long-Term Care Bonus in accordance with the following schedule:

Description	Percentage
Loss of life	100%
Loss of both hands	100%
Loss of both feet	100%
Loss of sight of both eyes	100%
Loss of one hand & one foot	100%
Loss of one hand and sight of one eye	100%
Loss of one foot and sight of one eye	100%
Loss of one hand or one foot	50%
Loss of sight of one eye	50%

Loss shall mean the dismemberment of hands and feet by severance at or above the wrist bone or ankle joints respectively. Loss of eyesight must be total and irrecoverable.

Any partial benefit already paid for any loss(es) shall not be carried over in the subsequent contract year, i.e., the amount of benefits to be paid in the succeeding contract year shall not be reduced by any amount paid in the preceding contract year.

The loss of the first joint of the thumb or any other finger or of any toe shall be considered as equal to the loss of one half of the thumb or finger or toe. The loss of more than one phalanx of the thumb or of any other finger or of any toe shall be treated as loss of the entire thumb or finger or toe. Where there is loss of two or more parts of the hand, the percentage payable shall not be more than the loss of one whole hand.

The aggregate of all percentages payable with respect to any one accident shall not exceed 100%.

3. **Waiver of Installment due to Death** – If the Member dies during the Accumulation Period and before exceeding the age of sixty-five, the proceeds of the credit life insurance shall be applied to the balance of this Contract Price upon approval of the claim by the insurance company, if any. The difference, if any, shall be paid to his designated beneficiaries.
4. **Waiver of Installment due to Total and Permanent Disability** – If the Member becomes totally disabled during the Accumulation Period and before his 65th birthday thereby preventing him from engaging in any occupation for compensation or profit, is so disabled for life, and such disability continues for at least six (6) months, Kaiser shall waive the payment of each installment becoming due during the period of disability. However, pending approval of the claim, installments should be paid as they fall due, subject to refund upon approval.

All claims under the above insurance coverage shall be subject to contestability as provided for by law, but for a reduced period of two (2) years from the date of issue or reinstatement of this Contract.

If the Member dies while the policy is enforces, the Principal Beneficiary named herein shall be substituted as the new Member, but no longer with insurance benefits and subject to the provisions on Pre-existing Illness or Injury (Art. VII).

NOTICE OF CLAIM. Written notice of claim must be given to Kaiser within thirty (30) days after the occurrence or commencement of any loss covered by this Contract. Failure to give notice within such time shall not invalidate or reduce any claim if it can be shown that it was not



reasonably possible to give such notice within the required time and that such notice was submitted as soon as reasonably possible.

CLAIM FORMS. Kaiser, upon receipt of a notice of claim, shall furnish to the claimant such forms as are usually required by Kaiser for filing proofs of loss. If such forms are not so furnished by Kaiser within fifteen (15) days after its receipt of such notice, the claimant shall be deemed to have complied with the requirements of this Contract as to proof of loss upon submitting within the time fixed in this Contract for filing proofs of loss, written proof covering the occurrence, character and extent of the loss for which claim is made. All certificates, information, and evidence required by Kaiser shall be furnished free of expense to Kaiser.

PROOF OF LOSS. Completed claim form and all other proofs of loss reasonably required by Kaiser must be furnished to Kaiser within ninety (90) days after the date of such loss. Failure to furnish such proofs within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to provide them within such time.

EXAMINATION. Kaiser, at its own expense, shall have the right and opportunity through its representative to examine the Member when and as often as it may reasonably require during the pendency of a claim hereunder, and also the right and opportunity to make an autopsy in case of death where it is not forbidden by law.

Art. V. GENERAL EXCLUSIONS

Unless exceptions to the following general exclusions are made under the Benefits Provisions, this Contract does not cover any loss caused by or resulting from any of the following:

1. Intentionally self-inflicted injury, suicide, death, self-destruction or any attempt thereat while sane or insane.
2. Illness, injury or death attributable to the Member's own misconduct, gross negligence, intemperate or under the influence of drugs or alcohol, vicious or immoral habits; participation in the commission of a crime, violation of law or ordinance.
3. Unnecessary exposure to needless perils including firecracker injuries, hazardous sports and activities (such as aqualung diving, boxing, climbing, flying except air travel, football, hang-gliding, hunting, hurling, ice hockey, motor competitions, motorcycling in any form, parachuting, polo, pot-holing, power boating, racing, show jumping, skydiving, use of wood-working machinery, water ski-jumps and tricks, winter sports, wrestling, and yachting beyond 5 kilometers of a coastline).
4. War, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or undeclared), mutiny, riot, civil commotion, strike, civil war, rebellion, revolution, insurrections, conspiracy, military or usurped power, martial law or state of siege, or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege, seizure, quarantine or customs regulations; or nationalization by or under the order of any government or public or local authority; or any weapon or instrument employing atomic fission or radioactive force whether in time of peace or war.
5. Services in the Armed Forces of any country or international authority, whether in peace or war; participating in any political, police, investigative, fire fighting, military or para-military activity; or any bodily injury or sickness contracted while in the military, naval, or air service.
6. Murder or assault, homicide or any attempt thereof; or physical injuries, occasioned by provocation of the Member.
7. Ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
8. Mental, nervous or other functional disorders of the mind; congenital anomalies and conditions arising therefrom.
9. Treatment of any pre-existing medical conditions.
10. Hospitalization primarily for diagnosis, x-ray examinations, therapies, routine physical examinations, check-ups, dialysis, rest cures, or non-surgical care for tuberculosis. Custodial, domiciliary, convalescent, or intermediate care; long term rehabilitation. Treatment for neo-natal and post-natal abnormalities developing within 6 months and their complications.
11. Any dental work, treatment or surgery; oral surgery, procedure for treatment of error of refraction, fitting of eye glasses or hearing aids; cosmetic including treatment for warts, plastic or reconstructive surgery, except to the extent that any of them are necessary for the repair and alleviation of damage to the Member caused solely by accidental bodily injury covered under this Contract.
12. Treatment involving sophisticated procedures such as thallium scintigraphy, angiography, dialysis, hyperalimentation, allergy testing, radiotherapy, chemotherapy, brachytherapy, organ transplantation or open heart surgery or treatments where comparable traditional/conventional modes of treatment exist. Respiratory therapy, speech therapy, physical therapy, occupational therapy and the like.
13. Human blood products; human anti-rabies or anti-tetanus vaccine (excluding first dose); other vaccines; out-patient benefits such as take home drugs and medicines.
14. Any treatment in connection to pregnancy or resulting childbirth or miscarriage or complications therefrom; sterilization of either sex or reversal of such, artificial insemination, sex transformation or care for infertility; treatment of venereal diseases and other sexually transmitted diseases and Acquired Immune Deficiency Syndrome (AIDS); treatment of cataract, benign prostatic hypertrophy, scoliosis, guillain-barre syndrome, chronic glomerulonephritis, spinal stenosis or vitiligo, epilepsy, cardiac valvular or rheumatic heart disease and chronic dermatoses.
15. Any charges where expenses are provided or covered by law or government including PhilHealth or treatment where charges are provided free of charge by any local or national government or treatment for any communicable disease declared by any government agency or entity as causing a state of emergency in an area.
16. Any treatment which are not recommended and performed by a Physician as being medically necessary including any charges for non-medical services such as telephone, radio, television, extra bed, extra food, toilet articles and the like, private duty nurse or physician.

17. Purchase or use of durable medical equipment, oxygen dispersing unit except rental for use only while confined; expenses for corrective/prosthetic appliances, artificial aids, surgically implanted external devices and orthopedic hardware.
18. For Accidental Death & Dismemberment and Waiver of Premium due to Total and Permanent Disability, injury or disability resulting from:
 - a. bodily or mental infirmity, hernia, ptomaines or bacterial infection (except pyogenic infection which shall occur with and through an accidental cut or wound) or disease or sickness of any kind; or
 - b. poison, gas or fumes (voluntarily or involuntarily taken), atomic explosions, nuclear fission or radioactive gas; or
 - c. entering, operating, servicing or ascending from or with any aerial or marine device or conveyance except while traveling as a passenger airline or shipping line on a scheduled air or sea service over an established passenger route.

Art. VI. HEALTH CARE BENEFITS DURING THE EXTENDED PERIOD

During the Extended Period, the period following the end of the Accumulation Period, the Member shall be entitled to the Extended Benefits which include the Yearly Health Benefits, the Long-Term Care Benefit and, subject to the provisions hereunder, the Additional Long-Term Care Benefit stated in the Schedule of Benefits on the specified dates therein.

A Member shall be entitled to the Additional Health Care Benefit if he has not incurred any medical claim or availed of any medical benefits under this Contract, other than the Annual Physical Examination Benefits, during the Accumulation Period.

At the end of the second contract year and every year thereafter, Kaiser may also declare Additional Health Care Benefits, provided the Member has not incurred any medical claim or availed of any medical benefits under this Contract, other than the Annual Physical Examination Benefits during the period prior to the end of the current contract year.

During the Extended Period, the Member may avail of the medical benefits provided during the Accumulation Period without the limitations and exclusions, and outpatient, maternity and dental benefits (as described hereunder) provided the costs therefore are covered by the Extended Benefit Balance and availed through Kaiser's accredited service providers.

The Extended Benefit Balance is the accumulation of the Extended Benefits for which the Member has been entitled to and the Additional Health Benefits plus the annual increments less the cost of medical benefits availed during the Extended Period and administrative charges, if any. The annual increment is a percentage, to be determined by Kaiser from time to time, applied to the Extended Benefit Balance as of the end of each contract year. The percentage shall not be less than 3% p.a. for the first twenty (20) contract years. Thereafter, such percentage shall be as set by Kaiser.

No administrative charges shall be levied for the first 20 contract years. Thereafter, Kaiser shall set the appropriate administrative charges. The Member shall be informed of such charges three (3) months before effectivity.

The Member may use the Extended Benefit Balance to pay for medical coverage from Kaiser or any other plans under Kaiser subject to the

acceptance of Kaiser and the prevailing rates and conditions at the time of purchase.

Once the Extended Benefit Balance becomes nil, unless an additional long-term care benefit is expected in the future from the Riders attached to this Contract, this Contract shall be terminated and all obligations of Kaiser shall be deemed fully complied with. In no case shall Kaiser be responsible for all medical charges not covered by the Extended Benefit Balance.

OUT-PATIENT BENEFITS.

1. **CONSULTATION FEE.** A benefit covering charges by a Physician for diagnosis or treatment.
2. **DRUGS OR MEDICINES.** A benefit covering charges for purchase of prescribed drugs or medicines to be used by the Member up to a maximum of 31 days per disability.
3. **DIAGNOSTIC TEST.** A benefit covering charges for required x-rays, laboratory and other diagnostic procedures.

MATERNITY BENEFITS. Treatment and consultations related to pregnancy.

Art. VII. CASH VALUE / SURRENDER

The Member may surrender this contract for its Cash Value stated in the Schedule of Benefits less any outstanding indebtedness plus 80% of the Extended Benefit Balance. After entitlement to the Long-Term Care Benefit, the surrender benefit shall be equal to 100% of the Extended Benefit Balance.

At any time after a Cash Value is available under this contract and while this contract is in force, the Member may obtain a loan for an amount not exceeding the Cash Value less any indebtedness on the sole security of this contract.

The loan will be charged interest at then prevailing loan interest rate of Kaiser. Before granting or renewing the loan, Kaiser shall notify the Member of any change in interest rate. The loan is payable on or before the next contract anniversary, but if not paid, both loan and any applicable interest automatically becomes a new loan as of that time on which interest will be charged.

All loans and interests are deducted automatically from any benefit the Member is entitled to under this contract. This contract is automatically terminated if the total indebtedness exceeds the Cash Value.

Art. VIII. CONTRACT PRICE AND GRACE PERIOD

The Member shall pay this Contract Price and other applicable charges over the period stated in the approved Application Form in accordance with the selected mode of payment on or before the designated due date, without need of notice or reminder. All payments should be made to Kaiser at any of its offices or through its authorized representative and will only be binding on Kaiser if covered by its official receipts.

If payment is not made on or before the due date, this Contract shall lapse. However, the Member shall be given a grace period of one (1) month from due date to pay the due installment. Benefits may be provided to the Member during the grace period only after the due installment is paid.

If payment is not made before the end of the grace period, this Contract shall, without need of notice to the Member, be terminated and shall no longer be of any force or effect. The Member shall lose all rights and privileges except the right to reinstate, subject to the requirements for a new applicant for Membership in effect at that time.

The Member shall be given a period of two (2) years from the first unpaid due date to reinstate this Contract. If reinstatement is not made within that time, Kaiser shall unilaterally cancel this Contract without need of notice to the Member. All payments previously made by the Member shall also be forfeited in favor of Kaiser as liquidated damages.

Art. IX. OTHER PROVISIONS

IDENTIFICATION CARD. Kaiser shall provide each Member with an Identification Card with his name and information on his membership, among others. The Member is obligated to surrender, without need for demand by Kaiser, the Identification Card upon termination of his Membership. The Member shall be legally responsible to reimburse costs of any medical services sought and rendered subsequent to the effective date of termination and agrees to settle directly to Kaiser the full amount. Failure by the Member to reimburse Kaiser within thirty (30) days from date of request by Kaiser to the Member will entitle Kaiser to collect interests for the duration of the delay at the rate of twice the ceiling prescribed by the Monetary Board.

BILL-BACK ARRANGEMENT. Medical expenses which are not covered under this Contract, which may have been advanced by Kaiser, intentionally or not, shall be billed back to the Member. The Member commits to reimburse Kaiser within 15 working days from the billed amount inclusive of a service fee of 12%. If the Member fails to settle make the reimbursement within the prescribed period, the amount shall be treated as a loan against the Cash Value net of any other indebtedness.

If the Cash Value net of any other indebtedness is not sufficient to reimburse the said expenses, this Contract will automatically terminate and the remaining balance shall bear charged with interest at the rate of 3% per month counted from the date the Billing Notice was received. For the purpose of interest charging, a fraction of a month shall be considered as one full month.

REINSTATEMENT. This Contract may be reinstated upon the request of the Member and his compliance with the following requirements provided this Contract has not been surrendered for its Cash Value:

1. Submission of an Application for Reinstatement, surrender of this lapsed Contract, and payment of the reinstatement fee.
2. Payment of all indebtedness and unpaid installments plus surcharge of one and one-half percent (1½%) per month from the due date of each unpaid installment.

Upon approval of the Application for Reinstatement, the Member shall be considered a new Applicant with respect to the provisions on Pre-existing illness or injury and for purposes of contestability of insurance coverage.

TRANSFER. The Member shall be allowed to transfer his rights under this Contract at any time while the same is in force, upon submission of his written request and surrender of this Agreement together with a Membership Application signed by the Transferee and payment of the processing fee. However, the Transferee shall be considered a new Applicant subject to acceptance by Kaiser. If approved, his Membership shall be subjected to the provisions on Pre-existing illness or injury and contestability of insurance coverage.

UNFORSEEN EVENTS.

1. Kaiser shall not be liable for any inconvenience, delay, loss, damage, or other adverse conditions that may be sustained by the Member due to fire, earthquake or civil disturbance, extraordinary economic upheaval, or labor disputes, acts of God, government legislation or regulation or other conditions beyond its control, in connection with the discharge of its obligations under this Contract.
2. The Member and Kaiser expressly agree to waive the applicability to this Contract of Art. 1250 of the Civil Code of the Philippines (RA386) which provides "In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment...."
3. Should a new tax or fee be imposed in the future by law or ordinance affecting this Contract, this Contract Price, or the charges for the health care and other benefits guaranteed herein, the Member shall be liable for the same.

VENUE AND PRESCRIPTION. The venue for any legal action that may be filed with respect to this Contract shall be exclusively in the City of Makati, Philippines. No such legal action may be filed beyond the period of five (5) years from the time the cause of such action shall have arisen.

NON-WAIVER OF CONTRACT PROVISIONS. Failure of Kaiser to insist upon compliance of this Contract at any given time or under any given set of circumstances shall not operate to waive or modify such provision, or in any manner whatsoever to render it unenforceable, as to any other time or as to any other occurrence, whether the circumstances are, or are not, the same.

INDEMNITY. If the Member covered under this Contract is also covered under other similar plans providing medical benefits or services, the benefits payable with respect to a claim are subject to reduction so that sum of the benefits payable under this Contract and under all the other plans including those provided outside Kaiser will not exceed the total actual expenses.

SUIT AGAINST COMPANY CLAUSE. If a claim be made and rejected and an action or suit be not commenced either in the Insurance Commission or any court of competent jurisdiction within one (1) year from receipt of notice of such rejection or in case of arbitration taking place, within one (1) year after due notice of the award made by the arbitrator or arbitrators or umpire, then the claims shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

UPGRADING OF PLAN:

The member shall be given a period of thirty (30) days from the effectivity of this contract to upgrade his plan with Kaiser. The owner shall be allowed to upgrade his mode of payment at anytime upon submission of signed Amendment of contract agreement form together with the payment of processing fee and new premium.

Downgrading of plan and mode of payment shall not be allowed.