

This notice is being provided on behalf of the following companies: (herein known as "We" or "Us"):

- New Era Life Insurance Company
- New Era Life Insurance Company of the Midwest
- Philadelphia American Life Insurance Company

We value you as a customer and know that the protection of your personal information is important to you. We want to assure you that we aggressively safeguard your interest and personal information.

OUR PRIVACY PLEDGE

- We do not sell customer information.
- We collect only the information we need to deliver superior products and services to you.
- If a company does provide products and services for you on our behalf, We require them to protect the confidentiality of your information in accordance with strict privacy standards.
- We do not share your health information outside of Us without your consent unless if permitted by state or federal law.

HOW WE USE YOUR INFORMATION

In order to underwrite your policy (ies), and service your account (s), including routine business administration, we may share your information within the company. We believe this is necessary in order to provide you with the best possible service.

HEALTH INFORMATION

We will not share any of our customers' health information unless allowed by applicable law and/or the customer has provided us the appropriate authorization.

We are required by the privacy regulations issued under the Health Insurance Portability and Accountability Act (HIPAA) to maintain the privacy of our customers' health information and have prepared a Notice of Privacy Practices which describes how medical information about you may be used and how you can get access to this information. You have a right to obtain this notice and can request it by writing to us at the address listed below.

PERSONAL INFORMATION WE MAY DISCLOSE AND TO WHOM

Data about you will be kept in our records. We may disclose data to issue and service policies and settle claims. Generally, we will not disclose data about you to any external organization without your prior authorization. However, we may, as allowed by law, share data that we collect as set forth below.

- We may disclose data to your insurance agent.
- We may disclose data to persons who represent you, including your attorney or trustee.
- We may disclose data to adjusters, appraisers, auditors, investigators and attorneys.
- We may disclose data to those who need the data to perform a business, professional or insurance function for us.
- We may disclose data to other insurance companies, agents or consumer reporting agencies, in connection with any insurance application, policy or claim involving you.
- We may disclose data to medical professionals to inform you of a medical condition of which you may not be aware and for claims payment purposes.
- We may disclose data to persons or organizations that conduct research provided that no individual data may be identified in any research study report.
- We may disclose data to our affiliated companies, however, we do not share information subject to the Fair Credit Reporting Act.
- We may disclose data to a court, state insurance department or other government agency pursuant to a summons, court order, search warrant, subpoena, or as otherwise required by law or regulation.

PERSONAL INFORMATION WE MAY COLLECT

We collect and use information we believe is necessary to administer our business, to provide you with customer service, and to advise you about our products and services. We may use the following sources to obtain information:

- The application and forms filled out by you during the application process
- Personal Telephone Interviews
- Your agent
- Our Customer Service Department
- Your claim history
- Underwriting
- We may collect the following types of information:
 - Name, address, Social Security number and other household information including your personal history
 - Health information collected with authorization from you, and outside sources including: consumer reporting agencies, health care providers, and the Medical Information Bureau.

PROTECTING YOUR PERSONAL INFORMATION

We abide by strict internal standards established to maintain your confidentiality when we share or disclose any information concerning you to third parties or non-affiliated entities.

We maintain physical, electronic, and procedural safeguards that meet state and federal regulations in the protection of your personal information. We give access only to employees who need to know the personal information to provide insurance products or services to you.

We apply the same privacy policies to former customers that we apply to current customers.

ACCESS TO INFORMATION

You may request access to certain personal information we collect to provide you with insurance products and services. You must make your request in writing and send it to the address below. The letter should include your full name, address, telephone number and policy number if we have issued a policy. If you request, we will send copies of the personal information to you. If the personal information includes health information, we may provide the health information to you through a health care provider you designate. We will also send you information related to disclosures. We may charge a reasonable fee to cover our copying costs. This section applies to personal information we collect to provide you with coverage. It does not apply to personal information we collect in anticipation of a claim or civil or criminal proceeding.

We strive to keep our records accurate. You have a right to correct any errors that exist in the information. If you contact us, we will promptly correct any inaccurate information.

CONTACTING US

If you have questions about our privacy policy, you may contact your agent or write to us at:

P.O. Box 4884
Houston, TX 77210-4884

NOTICE OF PRIVACY PRACTICES

Para recibir esta notificación en español por favor llamar al número provisto en este documento.

This Notice of Privacy Practices applies to health insurance coverage, self-funded employer plans, or mail order pharmacy programs issued or administered by New Era Life Insurance Company, Philadelphia American Life Insurance Company, New Era Life Insurance Company of the Midwest, or New Horizon Benefit Administrators, Inc. ("the Companies").

This notice describes how medical information about you may be used and disclosed and how you can get access to this information. Please review it carefully. The effective date of this notice is April 14, 2003.

The Companies consider personal information to be confidential. We protect the privacy of that information in accordance with federal and state privacy laws, as well as our own company privacy policies. This notice describes how we may use and disclose information about you in administering your benefits, and it explains your legal rights regarding the information.

When we use the term "personal information," we mean financial, health and other information about you that is nonpublic, and that we obtain so we can provide you with insurance coverage. By "health information," we mean information that identifies you and relates to your medical history (i.e., the health care you receive or the amounts paid for that care).

HOW THE COMPANIES USE AND DISCLOSE PERSONAL INFORMATION

In order to provide you with coverage, we need personal information about you, and we obtain that information from many different sources, including your employer or benefit plan sponsor, other insurers, HMOs or third-party administrators (TPAs), and health care providers. In administering your health benefits and providing mail order pharmacy services, we may use and disclose personal information about you in various ways, including:

HEALTH CARE OPERATIONS

We may use and disclosure personal information during the course of running our health business; that is, during operational activities such as quality assessment and improvement; licensing; accreditation by independent organizations; performance measurement and outcomes assessment; health services research; and preventive health, disease management, case management and care coordination. Other operational activities requiring use and disclosure include administration of reinsurance and stop loss; underwriting and rating; detection and investigation of fraud; administration of pharmaceutical programs and payments; transfer of policies or contracts from and to other health plans; facilitation of a sale, transfer, merger or consolidation of all or part of the Companies with another entity (including due diligence related to such activity); and other general administrative activities, including data and information systems management, and customer service.

PAYMENT

To help pay for your covered services, we may use and disclose personal information in a number of ways, including: conducting utilization and medical necessity reviews; coordinating care; determining eligibility; determining formulary compliance; collecting premiums; calculating cost-sharing amounts; and responding to complaints, appeals and requests for external review. For example, we may use your medical history and other health information about you to decide whether a particular treatment is medically necessary and what the payment should be; during the process, we may disclose information to your provider. We also mail Explanation of Benefits forms and other information to the address we have on record for the subscriber (i.e., the primary insured). We

also use personal information to obtain payment for any mail order pharmacy services provided to you.

TREATMENT

We may disclose information to doctors, dentists, pharmacies, hospitals and other health care providers who take care of you. For example, doctors may request medical information from us to supplement their own records. We also may use personal information in providing mail order pharmacy services and by sending certain information to doctors for patient safety or other treatment-related reasons.

DISCLOSURES TO OTHER COVERED ENTITIES

We may disclose personal information to other covered entities, or business associates of those entities for treatment, payment and certain health care operations purposes. For example, we may disclose personal information to other health plans maintained by your employer if it has been arranged for us to do so in order to have certain expenses reimbursed.

ADDITIONAL REASONS FOR DISCLOSURE

We may use or disclose health information about you in providing you with treatment alternatives, treatment reminders, or other health-related benefits and services. We also may disclose such information in support of:

- ◆ Plan Administration - to your employer, when we have been informed that appropriate language has been included in your plan documents, or when summary data is disclosed to assist in bidding or amending a group health plan.

ADDITIONAL REASONS FOR DISCLOSURE (CONT')

- ◆ Research - to researchers, provided measures are taken to protect your privacy.
- ◆ Business Associates - to persons who provide services to us and assure us they will protect the information.
- ◆ Industry Regulation - to state insurance departments, boards of pharmacy, U.S. Food and Drug Administration, U.S. Department of Labor and other government agencies that regulate us.
- ◆ Law Enforcement - to federal, state and local law enforcement officials.
- ◆ Legal proceedings - in response to a court order or other lawful process.
- ◆ Public Welfare - to address matters of public interest as required or permitted by law (e.g. child abuse or neglect, threats to public health and safety, and national security).

DISCLOSURE TO OTHERS INVOLVED IN YOUR HEALTH CARE

We may disclose health information about you to a relative, a friend, and subscriber of your health benefits plan or any other person you identify, provided the information is directly relevant to that person's involvement with your health care or payment for that care. For example, if a family member or a caregiver calls us with prior knowledge of a claim, we may confirm whether or not the claim has been received and paid. You have the right to stop or limit this kind of disclosure by calling the toll-free Customer Service number below.

If you are a minor, you also may have the right to block parental access to your health information in certain circumstances, if permitted by state law. You can contact us using the toll-free Customer Service number below - or have your provider contact us.

USES AND DISCLOSURES REQUIRING YOUR WRITTEN AUTHORIZATION

In all situations other than those described above, we will ask for your written authorization before using or disclosing personal information about you. If you have given us an authorization, you may revoke it at any time, if we have not already acted on it. If you have questions regarding authorizations, please call the toll-free Customer Service number below.

YOUR LEGAL RIGHTS

The federal privacy regulations give you the right to make certain requests regarding health information about you. You may ask us to:

- ◆ Communicate with you in a certain way or at a certain location. For example, if you are covered as an adult dependent, you might want us to send health information to a different address from that of your subscriber. We will accommodate reasonable requests.
- ◆ Restrict the way we use or disclose health information about you in connection with health care operations, payment and treatment. We will consider, but may not agree to, such requests. You also have the right to ask us to restrict disclosures to persons involved in your health care.

- ◆ Obtain a copy of health information that is contained in a "designated record set" - medical records and other records maintained and used in making enrollment, payment, claims adjudication, medical management and other decisions. We may ask you to make your request in writing, may charge a reasonable fee for producing and mailing the copies and, in certain cases, may deny the request.
- ◆ Amend health information that is a "designated record set." Your request must be in writing and must include the reason for the request. If we deny the request, you may file a written statement of disagreement.
- ◆ Provide a list of certain disclosures we have made about you, such as disclosures of health information to government agencies that license us. Your request must be in writing. If you request such an accounting more than once in a 12-month period, we may charge a reasonable fee.

You may make any of the requests described above, or may request a paper copy of this notice, by calling the toll-free Customer Service number below.

You also have the right to file a complaint if you think your privacy rights have been violated. To do so, please follow the complaint procedures described in your policy, certificate or plan document. You also may write to the Secretary of the U.S. Department of Health and Human Services. You will not be penalized for filing a complaint.

THE COMPANIES' LEGAL OBLIGATIONS

The federal privacy regulations require us to keep personal information about you private, to give you notice of our legal duties and privacy practices, and to follow the terms of the notice currently in effect.

THIS NOTICE IS SUBJECT TO CHANGE

We may change the terms of this notice and our privacy policies at any time. If we do, the new terms and policies will be effective for all of the information that we already have about you, as well as any information that we may receive or hold in the future.

Please note that we do not destroy personal information about you when you terminate your coverage with us. It may be necessary to use and disclose this information for the purposes described above even after your coverage terminates, although policies and procedures will remain in place to protect against inappropriate use or disclosure.

If you have questions regarding this notice, please contact the Companies' Customer Service area by mail at:

P.O. Box 4884, Houston, TX 77210-4884

by telephone at:

800-552-7879

or by fax at 281-368-7268

Include your name and telephone and fax numbers.