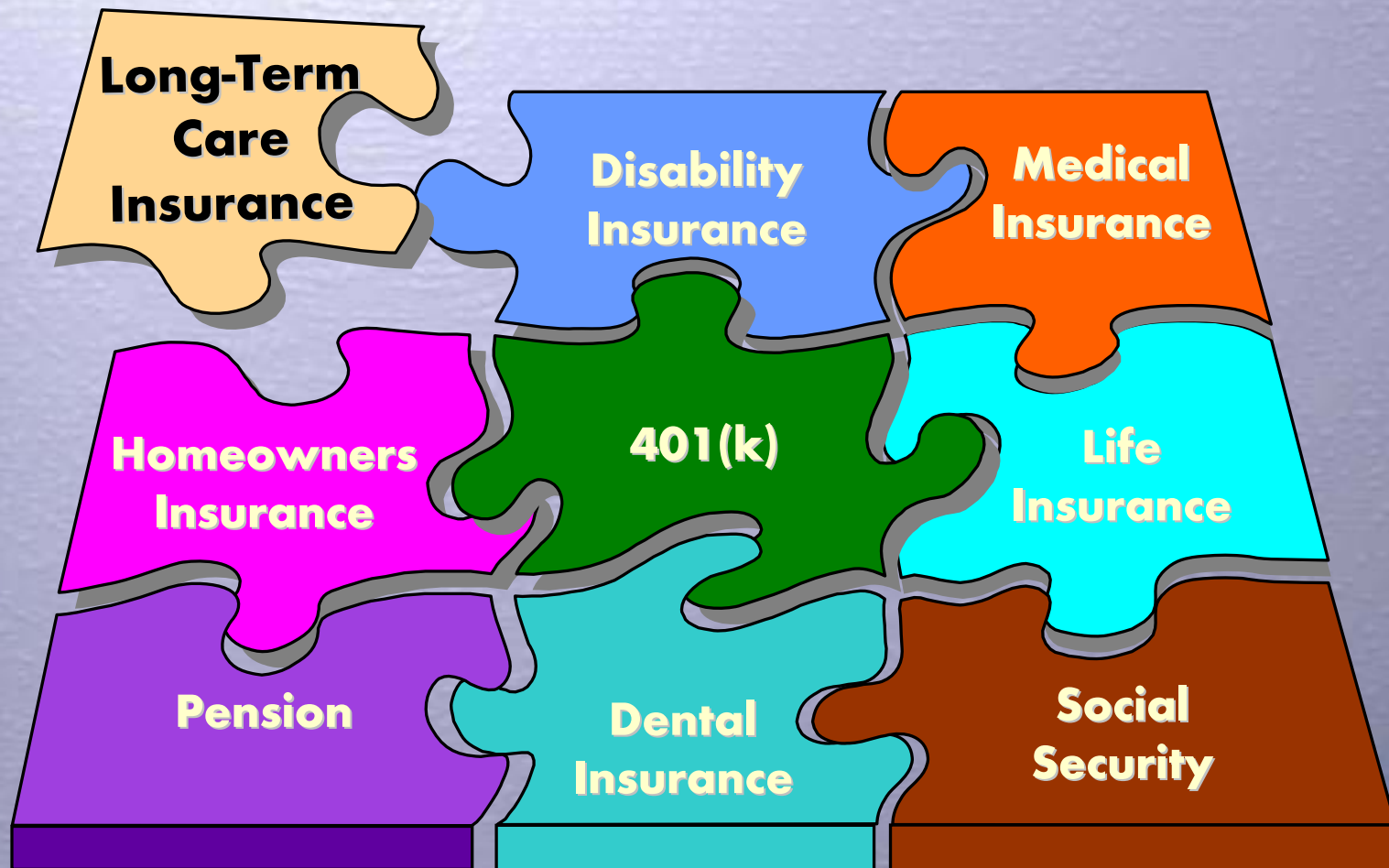


# Is Long-Term Care Insurance the Missing Piece of Your Benefits Program?



- /// **Began Operations in 1990**
- /// **Specialize in Multi-Life LTC**

*TBG*

- /// **Started w/Retirement Communities**
- /// **Shifted to Large Corporate in 1996**

*TBG*

# Multi-Life Markets

## /// Employer

- ➔ Small – Jumbo
- ➔ Carve Outs – Voluntary

## /// Association

- ➔ Professional
- ➔ Affinity
- ➔ Reachable

# Market Size

## /// Small (2 – 500 Lives)

- ➔ Executive Carve Outs
- ➔ Employer Paid Base Plans

## /// Large (501 – 5000)

- ➔ Voluntary (w/right demographics)
- ➔ Executive Carve Out/Er Paid Base Plans

## /// Jumbo (5000+)

- ➔ Voluntary (w/right demographics)
- ➔ Analyze Census for Potential

# Product Issues

- /// The Right Carrier & Platform
- /// The Right Plan Design
  - Customized w/No Limitations
  - Unlimited Options
- /// Built In Level Inflation vs. Attained Age
- /// MGSI vs. Full Underwriting
  - No Preferred Rate

# Long-Term Care Insurance Program

The Importance of the Right Kind of Inflation Protection

Group Approach			Individual Policy*			
Attained Age 5% Increases Every Third Year			The Todd Approach Standard Risk Pre-Paid/Level 5% Increases			
Age	Daily Benefit	Annual Premium	Cumulative Premiums	Daily Benefit	Annual Premium	Cumulative Premiums
50	100	\$ 390	\$ 390	100	\$ 677	\$ 677
51	100	390	780	105	677	1,353
52	100	390	1,169	110	677	2,030
53	116	466	1,636	116	677	2,706
54	116	466	2,102	122	677	3,383
55	116	466	2,568	128	677	4,059
56	134	572	3,141	134	677	4,736
57	134	572	3,713	141	677	5,413
58	134	572	4,286	148	677	6,089
59	155	730	5,016	155	677	6,766
60	155	730	5,746	163	677	7,442
61	155	730	6,477	171	677	8,119
62	180	975	7,452	180	677	8,795
63	180	975	8,428	189	677	9,472
64	180	975	9,403	198	677	10,149
65	208	1,333	10,736	208	677	10,825
66	208	1,333	12,070	218	677	11,502
67	208	1,333	13,403	229	677	12,178
68	241	1,881	15,284	241	677	12,855
69	241	1,881	17,166	253	677	13,531
70	241	1,881	19,047	265	677	14,208
71	279	2,698	21,745	279	677	14,885
72	279	2,698	24,443	293	677	15,561
73	279	2,698	27,141	307	677	16,238
74	323	3,937	31,078	323	677	16,914
75	323	3,937	35,015	339	677	17,591
76	323	3,937	38,952	356	677	18,267
77	373	5,796	44,748	373	677	18,944
78	373	5,796	50,544	392	677	19,621
79	373	5,796	56,340	412	677	20,297
80	432	8,437	64,776	432	677	20,974

Group Carrier		John Hancock - Essential Care	
Initial H.C. Daily Benefit	\$75	Initial H.C. Daily Benefit	\$80
Initial Asstd Living Daily Ben.	\$75	Initial Asstd Living Daily Ben.	\$80
Initial N.H. Daily Benefit	\$100	Initial N.H. Daily Benefit	\$100
Initial Max Ben. Amt.	\$219,000	Initial Max Ben. Amt.	\$219,000
Elimination Period	90 Days	Elimination Period	90 Days
		* 25% Couple's & Group Discount	

# Individual vs Group

## /// Individual Advantages

- ➔ Better/More Flexible Contract
- ➔ Unlimited Benefit Configurations
  - \* Diverse Coverage Needs
  - \* Educate Employees to Build Own Plan
- ➔ True Portability – Requires No EE Action
- ➔ Administration/Ownership of Contract
- ➔ More Optional Features

# Individual vs Group

## /// Individual Advantages

### ➔ More Opportunities

- \* Employees
- \* Retirees
- \* Family Members

### ➔ More Dependable Reserves

- \* Larger Reserves
- \* Broader Range of Ages
  - ▶ Better Risk Spread
- \* Fewer Lapses – Less adverse selection
- \* Greater Scrutiny/Protection by Ins. Depts

# Individual vs Group

## /// Group Advantages

- ➔ Situs State requires only 1 filing
- ➔ Pure Guaranteed Issue
- ➔ More profitable for carriers

# A Case Study – Now

## /// Communication Rollout

- ➔ Email Introduction w/Web Links
- ➔ Home Mailing w/Personalized Exhibits
- ➔ Virtual/On Site Information Meetings
- ➔ On-Line Enrollment/Benefit Specialist
- ➔ Completed Applications Emailed 4 Signature
- ➔ Electronic Program At A Glance

# Communications process is key...

## /// Communications

- ➔ People
- ➔ Paper
- ➔ Technology (Internet)

## /// Customer Service

- ➔ Experienced/licensed representatives
- ➔ Employee Advocacy – Alternative Carriers
- ➔ Program administered by MGA

# Communications/Customer Service

## /// Combination of Paper & Internet

- ➔ Pre Communication of New Benefit (E-Mail)
- ➔ Information Package with CEO Letter –
  - \* Personalized Exhibit for all employees (paper)
  - \* Premium Calculator
  - \* Quick Quote Email
  - \* Multiple messages (emailed) during open enrollment

## /// High Tech/High Touch

- ➔ The Benefit Specialist

# Individual Advantage...

## /// Discounts Available To

- ➔ Employee/Spouse – Partner
- ➔ Retiree/ Spouse – Partner
- ➔ Family Members

## /// Discounts Program

- ➔ Group Sponsored Discount
- ➔ Preferred Risk
- ➔ Couple's Discount (Each Spouse)

# ILTC Challenges – Multi Life

- /// Must be licensed in each state/not just corporate situs
- /// Pure GI vs MGI/No GI
- /// Web site must be approved in all jurisdictions
- /// Overcoming the corporate mentality that if it's a benefit it has to be group

# How to Enter This Market

- /// Get experience with smaller case size
- /// Find a Strategic Partner for large cases
- /// Leverage existing large case relationships

# What We Need From Carriers

## /// Better Call to Action

- ➔ MGSI sends the wrong message to wrong target audience
- ➔ Simplify application process
- ➔ Incentives to enroll now
  - \* Higher discounts
  - \* Certain provisions only available during open enrollment

## /// Lobby Congress - Tax Deductibility

## /// Industry – Standardize Terminology

## /// Build Multi-Life Products

# Multi Life – Keys to Success

- /// Employer Support/Commitment
- /// Viewed as Core not Voluntary Benefit
- /// Group Information Meetings
- /// Communications/Education
- /// Employer Agreement to  
Communications Plan – Get in Writing
- /// Set the Right Expectations

# Bottom Line – Individual LTCi

- /// Is the right thing to do for:
  - ➔ The Participant
  - ➔ The Employer

***Should be once in a lifetime purchase decision  
- done the right way the first time!***