

Presenter: Ted Pass, CEO
StrateCision, Inc.

www.LTCA.com



Technology for LTCI Sales

What you can do now ...

Where is the client in the decision to buy?

- I don't know if I need LTCI
- I think I need it, but can wait and buy later
- I'm ready to buy, but need to decide which policy and what benefits

Establish the Need to insure

- Likely to live a long life
- Aging leads to need for care
- Family will need help caring for you
- Insurance will provide that help and protect assets

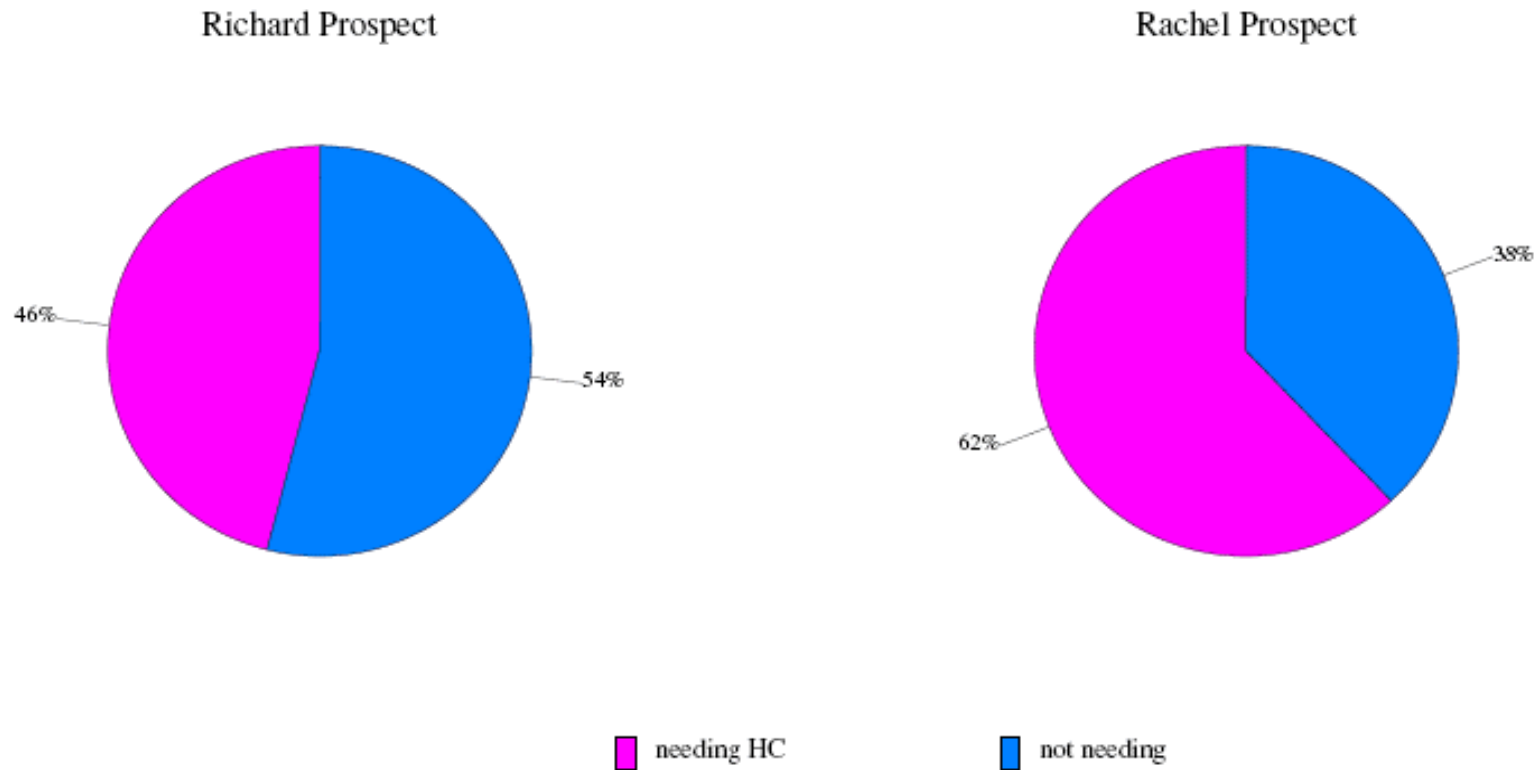
Can your computer help establish the need for care?

- Show risk of needing care
 - ◆ Not a rare event
- Estimate amount of care client will need
 - ◆ Potentially high out-of-pocket cost
- Show how insurance protects assets

Computer models for future need

- Use client age, marital status, health history
- Use national survey data
- Calculate risk of future need for care

Chances I'll need home care



This shows the chance that you will some day need paid home care. The chance is based on the percentage of people like you who went on to need home care in the past. "People like you" means people of your age, sex and marital status, with the same risk factors (if any).

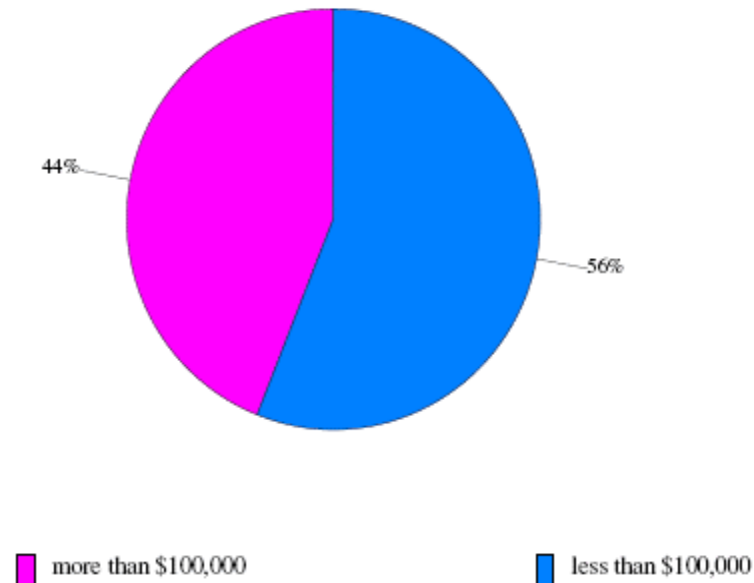
The shading labeled HC is the percent of people like you who will need home care. The shading labeled "not needing" is the percent who will not.

Estimate consequences of needing care

- Use current LTC costs
- Use projected cost inflation rates
- Use national length of stay data
- Calculate financial risk

What will all of my long term care cost?

Richard Prospect



This shows how much you may spend on all long-term care, assuming you will need some care. The pie chart shows your chance of needing care costing more than \$50,000, \$100,000, \$200,000, or \$500,000, including both nursing home and home care. The chart above reflects your choice of cost threshold, i.e. the most you would be willing and able to pay out of your income and assets if you were to need long-term care for an extended period.

The calculations depend on the current long-term care cost and expected rise in cost in your area.

Stage 2: I need it but I'll buy it Later

- Lifetime cost is higher if you wait
- Might become uninsurable while waiting
- Might need care you'll have to pay for

Genworth Privileged Choice

Cost of Waiting

If you decide that long term care insurance is the right decision to protect your assets and your family's financial future, the best time to buy it is now. By doing this:

You avoid the risk of needing care you will have to pay for yourself.

You avoid the risk of developing a condition that would make you uninsurable later.

You pay lower premiums now, rather than paying higher premiums later.

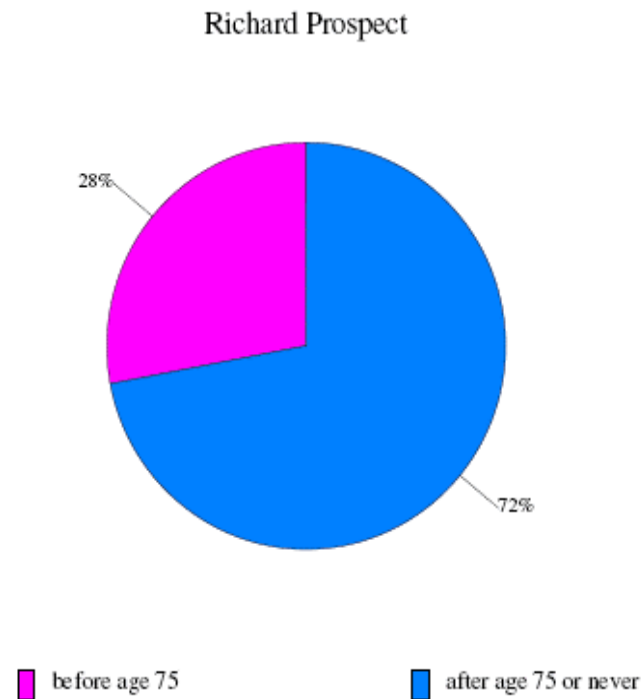
The tables below show the cost of waiting and buying later, assuming that premiums do not change, you remain insurable, and you buy the coverage shown in this illustration. The Daily Benefit is increased 5% for each year you wait, to cover the increased cost of care over time.

| | | | | | |
|-----------------------|-------------------------|-------------------------|--|---------------------|-----------|
| Client's Name: | Richard Prospect | | | Age: | 65 |
| Policy Type | Individual | Nonforfeiture | | Contingent | |
| Underwriting Class | Preferred | Return of Premium | | No | |
| Monthly Benefit | \$6000 | Restoration of Benefit | | No | |
| Benefit Period | 3 Years | Survivorship | | Included | |
| Home Care | 100% | Marital Discount | | Both Spouses | |
| Facility Elim Period | 30 days | Small Business Discount | | No | |
| Home Care Elim Period | 0 days | Payment Option | | Lifetime | |
| Inflation Protection | 5% Compound | Modal Factor | | Annual | |

| Age at Purchase | Monthly Benefit | Premium | Premiums Paid to Age 90 | Cost of Waiting |
|------------------------|------------------------|----------------|--------------------------------|------------------------|
| 65 | \$6,000 | \$2,760 | \$69,000 | \$0 |
| 67 | \$6,615 | \$3,638 | \$83,680 | \$14,680 |
| 69 | \$7,293 | \$4,668 | \$98,018 | \$29,018 |
| 71 | \$8,041 | \$6,272 | \$119,161 | \$50,161 |
| 73 | \$8,865 | \$8,510 | \$144,672 | \$75,672 |
| 75 | \$9,773 | \$11,142 | \$167,125 | \$98,125 |

This is an independent illustration. It does not bind the Insurer. Use Insurer's forms for applications.

When will I first have an ADL limitation?



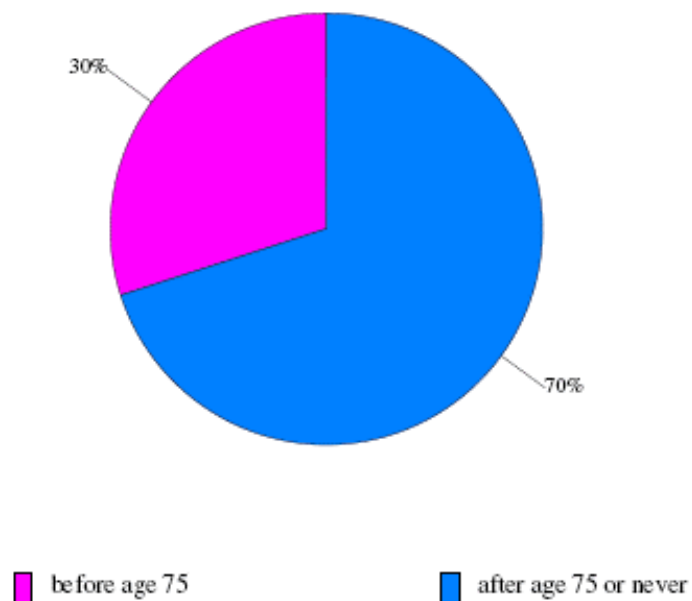
This shows your chance of developing 1 or more ADL limitations at different age intervals.

ADL means Activity of Daily Living, and an ADL limitation means that you are unable to do the activity without help or supervision by another person. Typical ADL activities are dressing, eating, bathing, using the toilet, continence, and getting in and out of bed or a chair.

Developing an ADL limitation is important because you may not be able to buy LTC insurance afterward. This graph tells you something about the risk of waiting and buying insurance later.

When will I first need home care?

Richard Prospect



This shows your chance of first needing home care at different age intervals.

The chart shows your risk of needing home care by certain ages. Move the slider button on the lower right to change the age.

Most long-term care policies pay for home care. If you decide to buy insurance later and need home care beforehand, you may have to pay for it yourself.

OK I'm buying, now what do I buy?

Compare Policies from Different Carriers

- Carrier Software is free, but shows only one company
- Third party programs can compare across carriers
- Valuable in a competitive selling environment
- Shows the client your command of the field

Long Term Care Premium Comparison

Date: 10/31/06

Prepared for: **Richard Prospect & Rachel Prospect**

Prepared by:
Ted Pass
StrateCision, Inc
www.LTCA.com

| | | |
|------------|--------|--------|
| State: | TX | TX |
| Birthdate: | 4/4/41 | 4/4/44 |
| Issue Age: | 65 | 62 |

| | Richard Prospect | Rachel Prospect | Richard Prospect | Rachel Prospect | Richard Prospect | Rachel Prospect |
|-----------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| | Genworth Privileged Choice | Genworth Privileged Choice | John Hancock Custom Care II | John Hancock Custom Care II | MetLife Ideal 2 | MetLife Ideal 2 |
| Tax Qualified | Yes | Yes | Yes | Yes | Yes | Yes |
| Underwriting Class | Preferred | Preferred | Preferred | Preferred | Preferred | Preferred |
| Facility Daily Benefit | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 |
| Facility Benefit Period | 3 Years | 3 Years | 3 Years | 3 Years | 3 years | 3 years |
| Home Care Daily Benefit | 100% | 100% | 100% | 100% | 100% | 100% |
| Home Care Benefit Period | Pooled | Pooled | Pooled | Pooled | Pooled | Pooled |
| Inflation Protection | Compound | Compound | Compound | Compound | Compound | Compound |
| Facility Elimination Period | 30 days | 30 days | 30 days | 30 days | 20 days | 20 days |
| Nonforfeiture | Contingent | Contingent | Contingent | Contingent | Contingent | Contingent |
| Spouse Premium Waiver | No | No | Yes | Yes | No | No |
| Survivorship | Included | Included | Yes | Yes | Yes | Yes |
| Marital Discount | Both Spouses | Both Spouses | Both Spouses | Both Spouses | Both Insured | Both Insured |
| Payment Option | Lifetime | Lifetime | Lifetime | Lifetime | Lifetime | Lifetime |
| Modal Factor | Annual | Annual | Annual | Annual | Annual | Annual |
| Other | Policy Type: Individual Monthly Benefit: \$6000 Home Care Elim Period: 0 days | Policy Type: Individual Monthly Benefit: \$6000 Home Care Elim Period: 0 days | Benefit Type: Daily | Benefit Type: Daily | | |
| Premium | \$2,760.00 | \$2,340.00 | \$2,876.19 | \$2,507.04 | \$3,055.18 | \$2,473.66 |
| | Genworth Privileged Choice is a Tax-Qualified Plan. | Genworth Privileged Choice is a Tax-Qualified Plan. | Tax-qualified plan with pooled benefit. Benefits can be daily or monthly. | Tax-qualified plan with pooled benefit. Benefits can be daily or monthly. | Tax-qualified plan with pooled facility and home/community care benefit. Benefits are paid monthly. | Tax-qualified plan with pooled facility and home/community care benefit. Benefits are paid monthly. |

Show all available plans

- Gives overview of the entire market
- Sort from least to most expensive
- You are the information resource for all plans

Search Results - 1

10/31/2006

State: TX
 Prepared for: Richard Prospect
 Birthdate: 4/4/41
 Age: 65

| | | | |
|--------------------------|---------|-----------------------------|--------------|
| Tax Qualified | Yes | Inflation Protection | Compound |
| Underwriting Class | Best | Facility Elimination Period | 30 days |
| Facility Daily Benefit | \$200 | Nonforfeiture | No |
| Facility Benefit Period | 3 Years | Marital Discount | Both Spouses |
| Home Care Daily Benefit | \$200 | Payment Option | Lifetime |
| Home Care Benefit Period | Pooled | | |

| Policy | Premium | Tax Qualified | Facility Daily Benefit | Facility Benefit Period | Home Care Daily Benefit | Home Care Benefit Period | Inflation Protection | Facility Elimination Period |
|-----------------------------------------------|------------|---------------|------------------------|-------------------------|-------------------------|--------------------------|----------------------|-----------------------------|
| Allianz Generation Protector | \$2,385.33 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| John Hancock Essential Care II | \$2,413.15 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Genworth Classic Select | \$2,580.00 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| UnumProvident Reimbursement Plan | \$2,600.40 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| John Hancock Custom Care II | \$2,638.71 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| MetLife Value 2 | \$2,658.98 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 20 days |
| United of Omaha, Assured Solutions Plus | \$2,743.77 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| United of Omaha, Assured Solutions | \$2,744.09 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Continental General Comprehensive LTC | \$2,752.00 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Genworth Privileged Choice | \$2,760.00 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| MetLife Ideal 2 | \$2,802.92 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 20 days |
| Great American Life At-Home Advantage | \$2,929.32 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 20 days |
| Penn Treaty Personal Freedom 3 | \$2,979.84 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Loyal American Security Advantage L-6000-TQ | \$3,078.82 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Great American Flexible Benefit LTC | \$3,095.95 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| State Farm 97059 Series | \$3,126.00 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Physicians Mutual Vista Care Choices P145-147 | \$3,211.89 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Physicians Mutual Vista Choices Basic 148 | \$3,251.87 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |
| Mutual of Omaha, Simplified LTC I | \$3,301.73 | Yes | \$200 | 3 Years | \$200 | Pooled | Compound | 30 days |

Compare Policy Features

- that are important to your client
- that show why you recommend Policy A
- that focus on the key differences
- that establish you as the expert
- that show the client she can stop shopping

Policy Comparison

11-01-2006

Prepared for: Richard Prospect
age 65, state: TX

Supplied by: Agent test

| Company | Genworth Life Insurance Company | John Hancock Life Insurance Co. | United of Omaha Life Insurance Co. |
|---------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy | Privileged Choice | Custom Care II LTC-03 | Assured Solutions Plus TQ |
| PREMIUMS & DISCOUNTS | | | |
| Rate Guarantee | No | No | 5 years built in. Options to extend for a total of 6, 7, 8, 9, or 10 years. |
| HOME CARE COVERAGE | | | |
| HHC daily benefit % of NH | 100% | 100% | 100, 200, 300% for Pro HC |
| HHC Payment Type | Reimbursement | Reimbursement Additional Cash Benefit Rider - provides a separate pool of money monthly equal to 5% of monthly benefit or 4.5x DB to assist you to stay at home while receiving HHC. Benefit paid does not reduce policy maximum. Not available with International Coverage. | Reimbursement or Cash Benefit of 10X Basic Services Daily Benefit |
| CAREGIVER OPTIONS | | | |
| Care by Family Members | Excluded unless family member is regular employee of organization providing services | Excluded unless family member is licensed nurse, physical, occupational, speech, or respiratory therapist, licensed social worker or registered dietitian and regular employee of facility or HHC agency providing services. | With Cash Benefit provision will pay for care by family members. Pays monthly 10X Basic Services DB instead of all other benefits. If not receiving Cash Benefit provision, care by family member is excluded unless family member is regular employee of organization providing service. |
| Care by Spouse | Excluded unless spouse is regular employee of organization providing services. | Excluded unless spouse is licensed nurse, physical, occupational, speech, or respiratory therapist, licensed social worker or registered dietitian and regular employee of facility or HHC agency providing services. | With Cash Benefit provision will pay for care by spouse. Pays monthly 10X Basic Services DB instead of all other benefits. If not receiving Cash Benefit provision, care by spouse is excluded unless spouse is regular employee of organization providing service. |
| Exclude if Live With Insured | Excluded if normally lives in home | Excluded if normally lives in home | Not Excluded |
| COUPLES BENEFITS | | | |
| Survivorship if claims paid | Survivorship is available regardless of claim paid only with Enhanced or Full Survivorship rider | No | Yes |

Simplify complex comparisons

- Reduce many dimensions to one
- Bring order out of chaos
- Let the computer do the work
- Example: Financial Ratings ...

Policy Comparison for Richard Prospect
Information supplied by Ted

11-02-2006

| | Genworth Life Insurance Company | MetLife | Physicians Mutual Insurance Co. |
|---------------------------|---------------------------------|------------|---------------------------------|
| Policy Name or ID number | Privileged Choice | VIP2-Ideal | VistaCare Choices P146 |
| Standard and Poors Rating | AA- | AA | AA- |
| Moody Rating | Aa3 | Aa2 | N/A |
| A.M. Best Rating | A+ | A+ | A |
| Fitch Rating | AA- | AA | N/A |
| Weiss Rating | C+ | B+ | A+ |
| Percentile Rating | 43 | 64 | 59 |

Effect of Inflation Protection

- Daily benefit increases each year
- Lifetime benefit increases each year
- Premium remains constant
- No buying additional coverage at attained age

Inflation Protection - Compound

Compound inflation protection provides an automatic annual increase in your policy's Daily Benefit and Lifetime Benefit. The annual increase is 5% of your current Daily Benefit. This amount is added to your benefit each year.

Long-term care costs have increased in the past, and are likely to continue to increase in the future. Inflation protection increases your benefits to compensate for these increased costs.

Cost increases are compounded over time; the increase each year is a percentage of last year's cost. Compound Inflation Protection increases your benefits each year by a percentage of the previous year's benefit, and thus is more likely to keep up with long-term care costs, compared to other forms of inflation protection.

Client's Name: **Richard Prospect**

Age: **65**

| | | | |
|-----------------------|--------------------|-------------------------|---------------------|
| Policy Type | Individual | Nonforfeiture | Contingent |
| Underwriting Class | Preferred | Return of Premium | No |
| Monthly Benefit | \$6000 | Restoration of Benefit | No |
| Benefit Period | 3 Years | Survivorship | Included |
| Home Care | 100% | Marital Discount | Both Spouses |
| Facility Elim Period | 30 days | Small Business Discount | No |
| Home Care Elim Period | 0 days | Payment Option | Lifetime |
| Inflation Protection | 5% Compound | Modal Factor | Annual |

| <u>Age</u> | <u>Monthly Benefit</u> | <u>Lifetime Benefit</u> | <u>Premium</u> |
|------------|------------------------|-------------------------|----------------|
| 65 | \$6,000.00 | \$216,000.00 | \$2,760.00 |
| 67 | \$6,615.00 | \$238,140.00 | \$2,760.00 |
| 69 | \$7,293.04 | \$262,549.30 | \$2,760.00 |
| 71 | \$8,040.57 | \$289,460.70 | \$2,760.00 |
| 73 | \$8,864.73 | \$319,130.40 | \$2,760.00 |
| 75 | \$9,773.37 | \$351,841.20 | \$2,760.00 |
| 77 | \$10,775.14 | \$387,904.90 | \$2,760.00 |
| 79 | \$11,879.59 | \$427,665.20 | \$2,760.00 |
| 81 | \$13,097.25 | \$471,500.90 | \$2,760.00 |
| 83 | \$14,439.71 | \$519,829.70 | \$2,760.00 |
| 85 | \$15,919.78 | \$573,112.30 | \$2,760.00 |
| 87 | \$17,551.56 | \$631,856.30 | \$2,760.00 |
| 89 | \$19,350.60 | \$696,621.50 | \$2,760.00 |
| 91 | \$21,334.03 | \$768,025.20 | \$2,760.00 |

This is an independent illustration. It does not bind the Insurer. Use Insurer's forms for applications.

Technology can help you ...

- Make the case for LTCI
- Make the case for buying now
- Show clients how plans compare on
 - ◆ Features
 - ◆ Price
- Make sense of complex, often contradictory data

Technology makes you the LTC
expert ...

- And makes you look cool ...